HT MEDIA LIMITED

FOURTH ANNUAL REPORT 2005-06

CONTENTS

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 Insitute 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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the operating environment

The Indian economy

The Indian economy continued to demonstrate firmness during the year under review, with most estimates pointing to an over 8% growth in GDP for fiscal 2006. Productivity across all core sectors, including agriculture which experienced a better monsoon, has shown improvement. During the first nine months of FY 2006, the services sector registered a 9.4% growth while the industrial sector expanded by 8.9%. Inflation has remained at acceptable levels during the year despite high global crude oil prices. The ability of the Indian economy to sustain healthy growth over the past several years underlines its fundamental strengths and we expect the country's economic outlook to remain positive.

The print media sector

The Indian newspaper industry is intensely competitive, with multiple national and regional players vying for a larger share of the readership, circulation and advertising market. A strong national brand combined with multi-city operations and a high level of content and product quality are emerging as the key differentiators, because it gives an opportunity to larger non-retail advertisers to reach out to multiple markets and high quality audiences at a low cost, while local advertisers can concentrate on city-specific advertising. Given these inherent advantages associated with having multi-city, large-scale operations, the industry has begun to witness a phase of consolidation. We expect this process of consolidation to continue.

The domestic industry at this time does not have foreign or multinational players operating, although that could happen in the future if and when the Government of India changes its foreign investment regulations and restrictions applicable to the print media segment.

In addition to intra-segment competition, the Indian newsprint industry is also faced with the competition posed by other forms of media including television broadcasters, magazines, radio broadcasters and websites. Trends indicate that unlike in the global markets, print-ad spend is growing faster than electronic in India. In the calendar year 2005, print media ad-spend grew by 15% against 12% television as per Industry estimates. Contrary to global trends, both readership and circulation of newspapers are also growing in India.

This strong growth trend for the Indian newspaper industry appears sustainable from medium-term perspective. Continued economic growth and increasing literacy is expected to enable players such as HT Media to be bigger beneficiaries in the event of any reversal in newsprint price trends.

Our business strategy

We are focused on strengthening our position as a leading player in the media business and increase shareholder value by enhancing our leadership status, capabilities, national footprint and quality of products, thus creating a more attractive offering for our customers. Our long-term growth strategy is to leverage upon our existing strengths to emerge as a cross-media company with a dominant position across all businesses and markets after carefully evaluating the opportunities and threats inherent to the business.

Improving our leadership positions across markets

In our traditional strongholds like Delhi, Bihar and Jharkhand we seek to optimize our readership mix and demographic reach to continue to attract high-quality advertisers. Towards that end, we are investing in continuous product quality improvements and creating value for our advertisers by expanding our reach to emerging market segments. In newer markets like Mumbai, Punjab and Uttar Pradesh, we aim to continually increase our market share and convert rising readership into higher advertising revenues.

Our efforts have been yielding results, with the latest IRS and NRS surveys showing "Hindustan Times" consolidating its lead over its nearest competitors in key markets of Delhi and Chandigarh and "Hindustan" consolidating its lead in Bihar and Jharkhand.

Expanding and leveraging our national footprint

A multi-city national presence is a key success factor for players in the Indian newspaper industry, as advertisers prefer the convenience of reaching out to a broad audience through a single platform. This takes on added importance because in India, advertising revenues are the key drivers of profitability for newspaper companies. We already enjoy a lead in that regard over others due to our existing presence in Delhi, Bihar, Jharkhand, Uttar Pradesh and Punjab.

During the year under review, we penetrated the Mumbai market and were able to achieve a sizeable circulation there in line with our plans, in less than a year since launch. Our strong operating performance in FY2006, driven primarily by our entry into Mumbai, which resulted in higher overall revenues and earnings, demonstrates the efficacy of our growth strategy and our ability to execute it successfully. It is our intent to further enhance our geographic footprint in the future in a well evaluated and considered manner.

Our focus on augmenting our footprint also includes the Hindi market, where we already are a strong player. We believe that the Hindi print market, with a 25% share of the national print advertising spend, offers substantial opportunities – especially for a player like us which is already a player of significant size and scale in the Hindi market. We intend to aggressively look for avenues to expand the footprint of "Hindustan", especially in high growth regions and locations that are synergestic with our existing editions. We are also increasing our marketing efforts in our existing markets to capture further advertising revenue for our editions of "Hindustan".

Improving our customer focus

Indian newspaper readers, both in the English and Hindi segments, are very discerning and demand high quality products in terms of both content and layout. Advertisers too prefer more efficient and cost-effective solutions for their requirements. Our in-depth understanding of the market and customer mindset, accumulated over the years through our long standing presence in the industry, has enabled to identify evolving customer preferences and quickly adapt to such changes. We also attempt to proactively make enhancements and modifications in our offerings that create a longer term affinity among customers for our products and services. We consider such customer focus to be an important asset for us and strive to improve our customer focus across our entire organization. Towards that end, we are leveraging technology to provide our advertising clients with a more customer-friendly service interface and a tailored product offering. For our readers, we are focusing our research efforts and our product development initiatives on better addressing their changing tastes. In addition to that, we are also imparting training to our staff to improve customer service orientation across all business functions.

Entering new genre and media businesses

HT Media is present in both English and Hindi language segments that allow it to offer very lucrative opportunities to advertisers. We believe that our product portfolio will be further strengthened by entering into complementary newspaper and print media businesses where we can either leverage our brands, our existing advertising customer base or both. We are considering a variety of business opportunities including launching a business/financial newspaper.

While we already have a very strong national brand in the English and Hindi language newspaper market with multi-city operations, the business genre is one segment that we do not have a presence in, at this time. We view this segment as a high potential opportunity and are in the process of analyzing the market. We do believe that we have the capability, brand equity and reach to provide a superior alternative to what readers have access to at this time. Any firm decision in this regard and future action will be taken after due consideration and evaluation of all aspects pertaining to this initiative.

To further our goal of transforming ourselves into a leading media company, we are also exploring other opportunities in the Indian media sector. As part of this strategy, we are entering the FM radio business through our subsidiary HT Music and Entertainment Company Limited, which successfully bid for licenses in Delhi, Mumbai, Bangalore and Kolkata in FY 2006. Our radio operation is expected to complement our existing basket of offerings and should go onstream during FY 2006-07. Virgin Radio, with whom we have tied-up for our radio operations, is part of the $8 billion Virgin Group and operates radio stations across various countries including the UK and Thailand. They have vast experience in radio operations, especially in emerging markets similar to India in profile, and we expect our tie-up with them to accelerate our growth in this venture.

We have formulated our business strategy after carefully analyzing our operating environment and identifying the potential threats to our business. These threats include the entry of new players in the marketplace, regulatory changes that allow foreign players to come in and volatility in newsprint prices. We expect to meet these threats by leveraging our strengths.

Our competitive strengths

Our nationally recognized brand, large and modern operations, decades of experience in the industry, editorial capabilities, deep customer relationships, and a strong market position in both the English and Hindi segments, combined with a professional management team, provide us with a significant advantage over other players in an industry that is highly fragmented and intensely competitive.

Strong Brand Equity

Both "Hindustan Times" and "Hindustan" are well-established brands, recognized widely for their high quality and broad geographic reach. The high level of credibility and excellence associated with our brands is an important enabling factor in our efforts to expand our operations into new markets, as a high brand equity that exists beyond our existing markets reduces our cost of entering new ones.

Large-scale operations

Our strong presence in multiple cities and in multiple languages enable us to attract higher ad-spend, better rates and more attractive business arrangements. We have editorial bureaus and sales offices all over the country, and that allows us to source news, advertisements and new customers on a national basis. A strong national backbone also makes it cheaper for us to launch our products in new markets. Our ability to enter and establish operations in a new market like Mumbai at a low cost was made possible by the existence of editorial, sales and administrative infrastructure even prior to our entry there.

Strong market position in both English and Hindi segments

We are market leaders in almost all the markets we operate in, and are among the key and fast-growing players in the rest. The fact that HT Media is a very strong player in both the English and Hindi segments, which account for 75% of India's print ad spend, provides us with an added and unique advantage. We expect our multi-city, multi-lingual offerings and circulation leadership to enable us to attract more national advertisers, provide us with economies of scale and give us greater purchasing power for our raw material requirements.

Modern and technology-led infrastructure and large printing capacity

We have been pioneers in the industry in making investments to create better and modern printing and IT infrastructure for our operations. We have printing facilities at 17 locations in the country, including a new state-of-the-art facility in Greater Noida commissioned during the year under review. Our pre-press and printing infrastructure employ modern printing technology and we have invested in IT to improve our business efficiency, enhance productivity and produce high quality newspapers.

Superior products

Our focus always has been on continually improving our products, both in terms of content as well as quality. Our newspapers are recognized for their superior editorial content and for our unbiased and independent reporting. Both "Hindustan Times" and "Hindustan" benefit from a nationwide network of journalists led by distinguished editorial teams. Product modifications are carried out on the basis of consumer feedback. During FY 2006, in December 2005, we revamped "Hindustan", making it the first all-colour Hindi newspaper in India with international format and styling. The re-launched product has received extremely positive response from the trade and consumers, positively impacting readership and circulation as well. It will be our endeavour to continue making efforts to ensure that our products exceed the expectations of our customers at all times.

Professional management team and a dedicated workforce

HT Media's management team comprises of professionals drawn from both the media and other industries with significant experience and understanding of business dynamics. Our Employee Stock Option Scheme, launched during the year under review, is expected to help us retain and reward talented professionals and create value for our shareholders in the long term. Our senior management team is guided and supported by a well-represented and balanced Board consisting of eminent personalities with diverse backgrounds who are committed to HT Media's long term growth and upholding high standards of corporate governance.

Review of operating performance

FY 2006 has been a strong operating year for us, driven by the successful execution of our growth plans, including the launch of our Mumbai operations, where we gained a noticeable foothold swiftly and economically, creating a more attractive offering for both our readers and advertisers. Our operations in other cities and states continue to be robust, as we maintained market dominance in Delhi, Chandigarh, as well as Bihar and Jharkhand markets.

"Hindustan Times" – continued leadership

Our flagship brand "Hindustan Times" continued to maintain its status as the market leader in Delhi, while strengthening its operations in the newly entered Mumbai market.

Following its launch in Mumbai, "Hindustan Times" is attracting better ad revenues and rates. In less than a year, we have been able to surpass our internal target in terms of circulation. Our research shows that readers have appreciated the availability of a superior alternative. Further recognition and awareness of our superior quality and content is expected to result in additional readership growth.

In Mumbai, we have a modern and efficient printing facility established at a low cost as it was relocated from Delhi. The requirements in Delhi are being met by our new Greater Noida printing facility. Our Mumbai printing facility is fully operational and has four printing machines with a total installed capacity of 120,000 copies per hour. In order to maximize asset turns from this facility, we engaged in third-party printing which allowed us to profitably utilize our surplus printing capacity.

The success of our Mumbai initiative upholds our strategy to expand our national footprint, and we expect our Mumbai operations to be able to break-even in less than the time earlier anticipated.

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. The recent findings of two reputed national readership surveys indicate that our strategy is working. Both the NRS and the IRS have once again established "Hindustan Times" as the undisputed leader in the North, with readership growing faster than the industry average in the region. With a reader base of about 2 million, "Hindustan Times" now has a lead of about 20% over its nearest rival.

Our successes in entering and capturing significant marketshare in new markets like Chandigarh and Mumbai where strong incumbents existed prior to our entry, is a testimonial to our execution capabilities and strong brand equity.

"Hindustan" – a high growth potential operation

We believe our Hindi operation has immense growth potential, given the pace of economic growth and increasing literacy levels in the country.

Our Hindi newspaper "Hindustan" is the 3rd largest read Hindi daily in the country, with over 10 million readers. During FY 2006, 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.

Growing this business is a thrust area for us, and we have initiated measures to introduce "Hindustan" to readers and advertisers in new geographies including Rajasthan and Madhya Pradesh.

Our Internet division – complementing our product portfolio

Our Internet operations have expanded exponentially over the past four years since launch, with 'hindustantimes.com' becoming one of the most popular websites for Indian news and content, attracting more than 90 million page views and almost 2 million unique visitors a month. The site primarily focuses on delivering news and analysis. The website is updated round-the-clock with breaking news and exclusive coverage by its independent editorial staff.

Last year, our Hindi daily "Hindustan" launched its own on-line news portal 'hindustandainik.com,' which provides the latest news and analysis to on-line readers in Hindi.

This business generates its own revenues, primarily from on-line advertising and delivers high operating margins. It is also of strategic significance to us as it enhances our product portfolio as we strive to transform ourselves into a cross-media company.

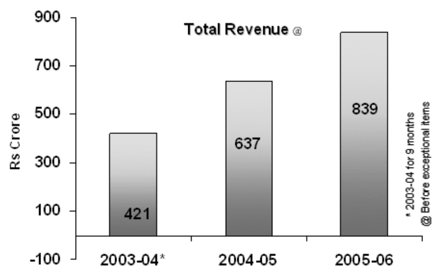
We have plans to further grow this business by incorporating matrimonial/classifieds/jobs and related areas into it. We believe that with the Internet-friendly population of India fast growing, these ventures offer significant business opportunities.

Review of financial performance

HT Media's financial performance for the year under review has been extremely encouraging and demonstrates the success of the Company's strategy and its implementation. This strong performance has been delivered despite complete expensing of our Mumbai operations and newsprint prices being at a 5-year high.

Our revenues for the year increased by 31.68% to Rs 838.74 crore, driven by better advertising and circulation revenues. This was primarily due to the contribution of our Mumbai edition to the overall performance and contribution to the earnings from our Chandigarh operation where HT Media is now the No.1 player.

FY2006 revenues increased 32%



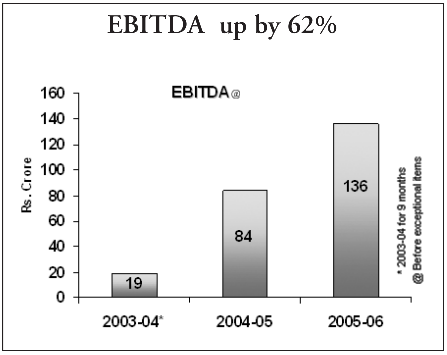
Advertising revenues registered a 31.80% increase from Rs. 496.83 crore in FY 2005 to Rs 654.84 crore in FY 2006, led by continued growth in print ad-spends by advertisers, improved market share of our editions, contribution from the Mumbai edition's ad-revenues and increased sourcing of ad-revenue from Mumbai for other editions. This contributed to the strong growth in our overall revenues.

Our revenues from the sale of publications was higher by 8.95% at Rs 136.83 crore in FY 2006, driven primarily by an increase in the cover price of the Delhi and Chandigarh editions during the year and incremental revenues from growing circulation in Mumbai.

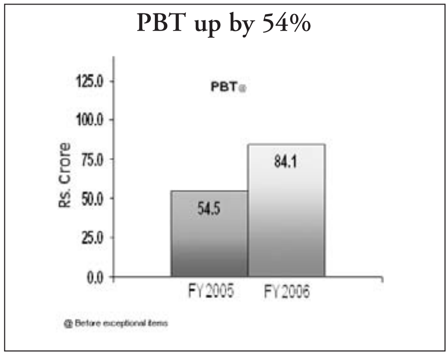
Our total expenditure during FY 2006 increased by 27.03% to Rs. 702.61 crore, although as a percentage of sales, total expenditure was lower at 83.77% of total sales, compared to 86.84% last year. Selling and distribution costs were significantly higher in FY2006 compared to the preceding year as we initiated new marketing and promotion campaigns at various locations and launched the Mumbai operations.

Raw material costs increased by 19.13% to Rs 341.71 crore in FY 2006 as newsprint prices remained firm during the year. We have been able to leverage our better purchasing power enabled by our large size of operations and long term relationships with leading international newsprint manufacturers to secure raw material at lower than market prices, thus limiting the impact of newsprint prices that are currently at levels close to the highest in several years. We also employ a judicious mix of domestic and imported newsprint to optimize costs.

Employee costs increased by 49.15%, reflecting additional editorial, marketing and support staff in Mumbai added during FY 2006.

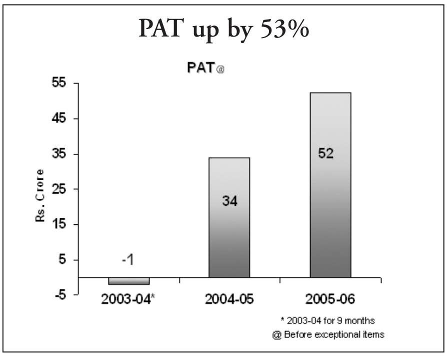


EBITDA up by 62%

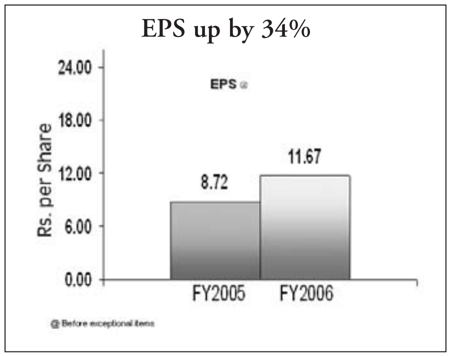


PBT up by 54%

Our Profits before Depreciation/Amortisation, Interest, Exceptional Items and Tax (EBITDA) for the year was higher by 62.24% at Rs 136.13 crore due to healthy growth in top-line and improving returns from past investments in business. Profit before Tax and Exceptional Items increased substantially to Rs 84.05 crore, achieved despite complete expensing of our Mumbai operations, higher depreciation costs pertaining to the new Greater Noida facility and other Capex initiatives.



PAT up by 53%



EPS up by 34%

Profit after Tax (before extra ordinary items) has increased by 52.94% to Rs 52 crore. Earning per Share (before extra ordinary items) has also increased by 33.83% to Rs 11.67.

HT Media Limited had entered into a Service Agreement with The Hindustan Times Limited in August, 2003 for availing the services of some of its employees who were critical to its operations and who declined to accept the transfer of service to HT Media Limited. In terms of the Service Agreement, HT Media Limited has reimbursed a sum of Rs. 21.88 crore to The Hindustan Times Limited for separation compensation under the VRS Scheme.

Our operating results for FY 2006 clearly signify a progress in the direction of our business, which aims for a long term sustainable growth in performance.

A strong outlook

We are in a growth mode and our operating and financial performance outlook for the future continues to be strong. We are executing multiple initiatives aimed at enhancing our national presence, strengthening our market leadership, reinforcing our relationships with advertisers and providing high quality content to our readers.

The benefits from our presence in both Delhi and Mumbai, as well as our leadership status in Delhi, Chandigarh, Bihar and Jharkhand is expected to more than compensate for the increase in raw material costs and the investments in Mumbai operations. Higher ad revenues post Mumbai launch, higher circulation revenue post Delhi cover price hike and improved market share of some of our newer editions are likely to help improve our profitability. Our Mumbai operations continues to gain momentum and we expect to break-even there sooner than earlier anticipated, following which we expect further improvement in our margins and earnings.

Newsprint is a key cost component for us and current prices are considerably higher than past 5-year average. Normalization of prices will give us a significant financial benefit. Our purchases are at competitive rates helped by large volume purchases. We also employ a judicious mix of imported and cheaper domestic newsprint to save on newsprint cost.

The long-term outlook for the sector in India is also very encouraging, with print ad-spend growing faster than electronic and readership and circulation of newspapers rising. Economic growth is resulting in greater overall ad-spend, while growing literacy is driving newspaper readership. We believe that larger players with national/multi city operations enjoy significant competitive advantage. Going forward, a normalization of newsprint prices as well as better contribution from our Mumbai edition should result in improvement in margins and profitability.

Our Human Resources – long term growth enablers

HT Media operates in a highly competitive industry, which hitherto had been unexposed to significant changes but is now rapidly evolving. Keeping in view the significant changes occurring in the industry, which requires players to focus and deliver on product quality as well as customer satisfaction, we are committed to enabling our people to adapt smoothly to change through an enlightened HR policy. This is a priority, not only in the interest of the organization but also towards the personal career objectives of each of our employees.

We have comprehensive training and development programmes in place, designed to support these objectives. Some of the key initiatives being implemented by us to train our people and upgrade their skills are discussed in greater detail in the following paragraphs.

Building a Value Based Organization: We have identified and developed clear statements of shared values and are enabling each employee to understand and contribute to them. Our "Values" statement define and guide us on how we strive to interact with our customers, readers, internal community and stakeholders.

Reward and Recognition Program: Introduced to identify high performers and reward them for taking the initiative to achieve extraordinary results beyond their normal job responsibilities. This initiative is a natural outcome of our growth strategy that hinges upon flawless execution.

Performance Management Process: This process, created earlier, was modified during the year under review to include the assessment of employee behaviour in line with Corporate Values to ensure that each employee is aware of expectations not only of the Performance Goals but also of Behavioural Objectives.

Training and Development: We provide training and skill enhancement support to employees on an ongoing basis in areas including Selling Skills, Constructive Feedback and Goal Setting.

Building and Sustaining Teams: The advantages of having a team of competent professionals and individuals working towards shared objectives cannot be over-emphasised. We conduct regular programmes to impart skills pertinent to facilitating better teamwork to our employees at all levels.

Building the leadership pipeline: For a growth-oriented organization like ours, it is essential that we have a strong pipeline of talented professionals who can be groomed to take over greater responsibilities in the future. We have introduced a Management Trainee Program for this purpose and have recruited graduates from some of the best management schools.

Organization transparency and information sharing: As an organization engaged in the business of providing information and analysis, it is only natural for us to have in place multiple systems and processes that facilitate better information and knowledge sharing. We have further augmented this by scheduling regular communication meetings in which the senior management team shares information and interacts with employees at various levels on an on-going basis.

At HT Media, our fundamental objective with regard to our people is to create a working culture that embodies our vision and values, celebrates diversity of background and thought, and supports a balance of professional and personal needs, thereby emerging as an employer of choice. Going forward, we intend to continue implementing initiatives that facilitate the realization of this objective.

At the close of the year, 2,790 employees were on the rolls of the Company.

Internal Control Systems and Risk Management

HT Media has adequate internal control systems commensurate with its size and complexity of operations, which enables the management to achieve the following objectives:

- Monitoring efficiency of operations
- Ensuring protection of resources
- Accuracy and promptness of financial reporting
- Compliance with statutes and regulations

The framework of the system comprises a well-defined organisation structure, authority levels, documented policy guidelines/procedures, management reviews and use of information technology. The Internal Audit Department has an extensive audit programme for the year. Post audit checks and reviews are also carried out to ensure follow-up on the observations made by the Audit Committee. The Audit Committee reviews the internal audit reports and the adequacy of internal controls periodically and takes corrective action as and when necessary.

Risk Management framework

Like any business, HT Media is exposed to certain risks and uncertainties pertaining to its activities that could be caused by internal or external factors. These risks include, and may not be limited to, operational risks that could impact on our ability to collect news, print and distribute newspapers, and manage our vendor and employee relationships, and financial risks including cash flows, foreign currency exchange rates, and interest rates. External factors such as rise in newsprint prices or unavailability of newsprint and a slow-down in the economy resulting in lower ad-spend, also form potential risks for us. Certain regulatory changes, such as permission for foreign media players to enter the market, could also affect our operations by making the market more competitive.

We have taken cognizance of these risk factors and the Board as well as the Management Team has formulated a robust risk management framework that aims to identify and pre-empt or mitigate risks.

We also have adequate insurance cover to protect from adversities arising from a range of circumstances including loss of physical assets, damage to property and business interruption.

Cautionary Statement

Certain statements in this annual report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. HT Media Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Annexure 'B' to Directors' Report

Statement as at 31st March, 2006, pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

a)	Options granted	1,77,952
b)	Pricing Formula	Market price on the date of grant
c)	Options vested	Nil
d)	Options exercised	Nil
e)	Total number of Ordinary Shares arising as a result of exercise of Options	Not applicable
f)	Options lapsed	Not applicable
g)	Variation of terms of Options	None
h)	Money realised by exercise of Options	Not applicable
i)	Total number of Options in force	1,77,952

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Code of Corporate Governance

The Company's Corporate Governance philosophy is to continuously strive to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of business operations. The management acknowledges and appreciates its responsibility towards the society at large.

The corporate philosophy of your Company is based on sound and ethical business practices, increasing shareholder value, providing quality products and preserving and protecting the environment.

Board of Directors

Composition of the Board

The Board of Directors of the Company comprises nine Directors, who are eminent persons with vast professional experience in various fields.

In accordance with the requirements of Clause 49 of Listing Agreement, more than fifty percent of the Board strength comprises Non-executive Directors and more than one third of the Board strength comprises Independent Directors.

During the year under review, Smt. Shobhana Bhartia, Vice Chairperson and Editorial Director of the Company and a Director liable to retire by rotation, was appointed as a non-retiring Director.

The Board of Directors appointed Mr. Roger Greville to fill the casual vacancy caused due to the resignation of Shri Sanjiv Kapur w.e.f. 28th October, 2005. Further, Shri Priyavrat Bhartia was appointed a Director of the Company to fill the casual vacancy caused due to the resignation of Shri S. M. Agarwal. Shri Priyavrat Bhartia was appointed as a Whole-time Director of the Company w.e.f. 1st February, 2006.

Dr. K.K. Birla was appointed as Director of the Company in the casual vacancy arising out of resignation of Shri Priyavrat Bhartia on 16th August, 2003. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying intention to propose Dr. K.K. Birla for election to the office of Director. Two Non-executive Directors of the Company viz. Shri Y.C. Deveshwar and Shri K.N. Memani are due to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Brief particulars of the above mentioned Directors are given below:

(1) **Dr. K. K. Birla** (87) is a renowned industrialist and has a career spanning more than six decades as a business leader. Dr. Birla has established one of India's well-known business conglomerates, spanning a wide spectrum of key industries like sugar, fertilizers, chemicals, heavy engineering, textiles, shipping and media. He holds a Bachelor of Arts (Hons.) in Hindi and holds a Honoris Causa Doctorate in Literature. He has been educated at Calcutta University, Delhi University and Punjab University. He was a member of the Rajya Sabha, the Upper House of the Indian Parliament from April 1984 until March 2002. He has been a member of a number of consultative committees of the Government of India. He has headed Chambers of Commerce such as Indian Sugar Mills Association, Federation of Indian Chamber of Commerce and Industry, Indian Chamber of Commerce and many other prominent organisations. He joined the Board of Directors in August, 2003.

(2) **Shri Priyavrat Bhartia** (29) holds a Bachelor in Economics from Dartmouth College, USA and MBA from Stanford University. He started his career as a Financial Analyst at Wasserstein Perella & Co., New York from July 1998 to August 1999. He has acquired varied experience of managing business operations, formulation of competitive business strategies and corporate restructuring.

(3) **Mr. Roger Greville (49)** holds a Bachelor of Agricultural Economics from Massey University, New Zealand and Master of Commerce in Economics from University of Auckland, New Zealand. He is Managing Director of Henderson Private Capital Limited and a member of Henderson Global Investors' senior management team. Henderson Private Capital is the private equity operation of Henderson Global Investors, the international fund management business which manages over £65 million on behalf of its clients. Mr. Greville has over 25 years of investment experience in both listed and unlisted markets, having invested across a wide range of sectors and markets. He has led Henderson Private Capital since 1998 and was previously Chief Executive of AMP Asset Management in New Zealand.

(4) **Shri Y. C. Deveshwar (59)** has a career spanning 36 years with experience across general management, strategic management and business leadership. He graduated from the Indian Institute of Technology, Delhi with a B.Tech degree and joined ITC Limited in 1968 as a Management Trainee. He was appointed to the Board of Directors of ITC Limited in 1984 and has led various businesses of ITC Limited, apart from leading Air India as Chairman and Managing Director from 1991 to 1994. He is a recipient of various awards and recognitions, including the Manager Entrepreneur of the Year Award 2001 by Ernst & Young. He is currently the Chairman of ITC Limited. He is also currently the President of Confederation of Indian Industry (CII).

(5) **Shri K.N. Memani (67)** holds a Bachelor of Commerce from Calcutta University and is a qualified Chartered Accountant. He was the Chairman and Country Managing Partner of Ernst & Young, India. He specializes in business/corporate advisory and financial consultancy. He has been the Chairman of the External Audit Committee of the International Monetary Fund. He is also a member of the National Advisory Committee on Accounting Standards.

Particulars of the above directors of the Company regarding directorships of other companies and memberships of other committees are appearing at the end of the report. None of the non-executive Directors of the Company hold any shares/convertible instruments in the Company.

Number of Board Meetings

During the year ended on 31st March, 2006, five meetings of the Board were held on 7th May, 2005, 25th August, 2005, 20th September, 2005, 28th October, 2005 and 16th January, 2006.

Directors' attendance record and directorships held

Attendance of the Directors at the Board meetings and the last AGM alongwith number of outside Directorships and committee positions held by them are given hereunder:

Director	Category	Other Directorships	No. of Board meetings attended	Attendance at last last AGM held on 1st June, 2005	Membership of Committee of other Boards**** Chairman	Member
Dr. K. K. Birla	NED & PG	10	4	No	-	-
Smt. Shobhana Bhartia #	WTD & PG	14	5	Yes	1	0
Shri Y.C.Deveshwar	NED & Ind.	4	1	No	-	-
Shri K.N.Memani	NED & Ind.	11	5	No	0	4
Shri Ajay Relan	NED & Ind.	9	5	Yes	0	3
Shri N.K.Singh	NED & Ind.	1	4	No	-	-
Mr. Roger Greville***	NED & Ind.	1	2	-	-	-
Shri Priyavrat Bhartia**	WTD & PG	7	2	-	0	1
Shri Shamit Bhartia	WTD & PG	7	5	Yes	-	-
Shri S.M.Agarwal *	NED & PG	-	3	Yes	-	-
Shri Sanjiv Kapur*	NED & Ind.	-	1	No	-	-

 # -Managing Director, WTD–Whole-time Director, NED–Non-executive Director, Ind.-Independent Director, PG- Promoter Group

** Resigned from the Board w.e.f. 28th October, 2005*

*** Appointed as Director in casual vacancy w.e.f. 28th October,2005. Appointed as Whole-time Director w.e.f. 1st February, 2006*

**** Appointed as Director in casual vacancy w.e.f. 28th October,2005*

***** Committee positions considered for the purpose are in accordance with Clause 49 (I) (C) of the Listing Agreement*

As stipulated by Clause 49 of the Listing Agreement none of the Directors is a member of more than ten committees, nor a Chairman of more than five committees across all companies in which he is a director.

Information supplied to the Board

The Board of Directors of the Company is provided with all information, either as part of agenda papers circulated well in advance of the meeting or tabled at the meeting itself, which is required for the decision making process.

The information provided to the Board, among others, includes:

- Annual operating plans and budgets and updates
- Capital budgets and updates
- Quarterly results for the Company
- Minutes of meetings of audit committee and other committees of the Board
- Information on recruitment and remuneration of senior officers just below the board level including appointment or removal of Chief Financial Officer and Company Secretary
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems
- Material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Issue which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company

- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Significant development in human resources/industrial relations front
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of dividend and delays in share transfer etc.

The Board periodically reviews the compliance reports of all laws applicable to the Company.

Board Committees

There are five committees of the Board of Directors, which have been delegated adequate powers to discharge their functions. These committees are: (a) Audit Committee (b) Compensation Committee (c) Shareholders'/Investors' Grievance Committee (d) Banking and Finance Committee and (e) IPO Committee. These committees meet as often as required. The details of Audit Committee, Compensation Committee and Shareholders'/Investors' Grievance Committee are as follows :

(1) Audit Committee

An Audit Committee has been constituted in accordance with the requirements under Section 292A of the Companies Act, 1956 and the Listing Agreement of Stock Exchanges.

The Audit Committee comprises three Directors including two Independent Directors and its composition is as under:

Shri K.N. Memani	-	Chairman
Shri N.K. Singh	-	Member
Shri Shamit Bhartia	-	Member

All the members of Audit Committee are financially literate. The Chairman of the Audit Committee is an Independent Director and a Chartered Accountant by profession.

The Chief Executive Officer, Vice President (Finance), Internal Auditors and the Statutory Auditor are invitees to the meetings of the Audit Committee.

Shri V. K. Charoria, Asst. Vice President (Corporate Affairs & Taxation) & Company Secretary, the Compliance Officer of the Company, acts as Secretary to the Audit Committee.

The role of the Audit Committee includes the following :

a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor, and the fixation of audit fees

c. Approval of payment to statutory auditors for any other services rendered by statutory auditors.

d. Reviewing, with the management, the annual financial statements before submission to the board, for approval, with particular reference to:
   - matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause(2AA) of Section 217 of the Companies Act,1956.
   - changes, if any, in accounting policies and practices and reasons for the same
   - major accounting entries involving estimates based on the exercise of judgment by management
   - significant adjustments made in the financial statements arising out of audit findings
   - compliance with listing and other legal requirements relating to financial statements
   - disclosure of any related party transactions
   - qualifications in the draft audit report

e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
f. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
g. Reviewing the adequacy of internal audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
h. Discussion with internal auditors any significant findings and follow up thereon.
i. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
j. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
k. To look into the reasons for substantial defaults in the payment to depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.

During the year, the Audit Committee met five times i.e. on 7th April, 2005, 5th May, 2005, 16th July, 2005, 27th October, 2005 and 16th January, 2006. The attendance of members at these meetings were as follows:

Name of the Member	**Meetings attended during FY 2005-06**
Shri K.N.Memani	5
Shri Ajay Relan*	4
Shri Sanjiv Kapur**	1
Shri N.K.Singh***	1
Shri Shamit Bhartia	5

**Resigned as member w.e.f. 1st January, 2006.*
***Resigned w.e.f. 28th October, 2005.*
**** Co-opted w.e.f. 1st January, 2006.*

(2) **Compensation Committee**

The Compensation Committee of the Board is responsible for administration and superintendence of the 'HTML Employee Stock Option Scheme'.

The Compensation Committee comprises three Directors including two Independent Directors, and its composition is as under:

Smt. Shobhana Bhartia	-	Chairperson
Shri K.N. Memani	-	Member
Shri N.K. Singh	-	Member

During the year, the Compensation Committee met once on 9th January, 2006 and all the members of the Compensation Committee attended the aforesaid meeting.

The Compensation Committee oversees the following functions:

(a) Formulate criteria for grant of Options

(b) Recommend/decide eligible employees who may be granted Options

(c) Determination of the quantum of Options to be granted under HTML ESOS to the eligible employees and the exercise price

(d) Decide suitable course of action in case of a willful violation of the code of conduct, if any, by any eligible employee

(e) In the event of any corporate actions, take any action necessary to make fair and reasonable adjustments to the number of Options and/or to the exercise price so that the total value of the ESOS remains the same

(f) In the event of a change in control of the Company, make such adjustment as are deemed neccessary or appropriate provided such adjustment are not prejudicial to interests of the option holders.

(g) Frame suitable policies and systems to ensure that there is no violation of:

  i) Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and

  ii) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.

3) Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises three Directors including one Independent Director and its composition is as under :

Shri Ajay Relan	-	Chairman
Shri Priyavrat Bhartia	-	Member
Shri Shamit Bhartia	-	Member

Shri V. K. Charoria, Asst. Vice President (Corporate Affairs & Taxation) & Company Secretary, the Compliance Officer of the Company, acts as Secretary to the Committee.

The Committee looks into issues relating to investors, which includes redressal of queries/complaints of shareholders/investors relating to transfer of shares, non-receipt of Annual Report, non- receipt of dividend etc.

During the year, the Committee met five times on 28th October, 2005, 29th November, 2005, 16th January, 2006, 8th February, 2006 and 14th March, 2006 and the attendance of members at these meetings were as follows:

Name	No. of meetings attended during the year
Shri Ajay Relan	5
Shri S. M. Agarwal *	-
Shri Shamit Bhartia	5
Shri Priyavrat Bhartia**	5

** Resigned w.e.f. 28th October,2005. ** Co-opted as member w.e.f. 28th October, 2005.*

During the year, 973 investor queries/complaints were received, all of which were redressed/replied. There were no outstanding investor complaints as on 31st March, 2006. There was one transfer deed covering one share pending for transfer as on 31st March, 2006, which has since been transferred in the name of transferee. The status on reply/redressal of investors' complaints is also reported to the Board of Directors.

Details of remuneration paid to the Directors for the year

At present, no remuneration is paid to Non-executive Directors except sitting fees for attending the meetings of Board and Committees thereof.

The remuneration paid to the Whole-time Director(s) is approved by the Board and the Shareholders. The Whole-time Director(s) have been appointed for a period of five years and their remuneration comprises of salary, perquisites, contribution to Provident Fund and Gratuity.

(Rs. in lacs)

Executive Director(s)	Salary	Perquisites	Retirement benefits
Smt. Shobhana Bhartia	42.00	19.74	7.06
Shri Shamit Bhartia	15.00	0.01	2.52
Shri Priyavrat Bhartia	2.50	0.16	0.30

Sitting fee paid to Non-Executive Directors

The Non-Executive Directors of the Company are paid remuneration only by way of sitting fees. The details of sitting fee paid to the Non-Executive Directors for attending the meetings of the Board and the Committees thereof, during the financial year ended 31st March, 2006 are as under:

Name of Director	Amount (Rs.)
Dr. K.K. Birla	60,000
Shri Y.C. Deveshwar*	Nil
Shri K.N. Memani	1,80,000
Shri N.K. Singh	1,80,000
Shri Sanjiv Kapur*	Nil
Shri S.M. Agarwal	45,000
Shri Ajay Relan*	Nil
Mr. Roger Greville*	Nil

**These Directors have voluntarily opted not to accept any sitting fee.*

During the year, there were no pecuniary relationship or transactions of the Non-executive Directors vis-à-vis the Company, other than the payment of sitting fee as mentioned above.

Risk Management Framework Policy

In terms of the requirements of Clause 49 of Listing Agreement, the Company has laid down procedures to inform Board members about the Risk Assessment and Minimization Procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

Code of Conduct for prevention of Insider Trading

The Company has a policy for prevention of Insider Trading in the securities of the Company. The Code, inter alia, prohibits purchase/sale of shares of the Company by the employees while in possession of unpublished price sensitive information in relation to the Company. The Code is available on the Company's corporate website.

Code of Conduct and Business Ethics for Directors and Key Managerial Employees

The Company has laid down a Code of Conduct for the Board members and Key Managerial Employees of the Company, which is hosted on the website of the Company 'www.hindustantimes.com'. The Code delineates the principles governing the conduct of employees, including Directors, with all the stakeholders of the Company. The Code covers transparency, legal compliance, safety and environment and a gender friendly workplace. All the Board members and the Key Managerial Employees of the Company have affirmed compliance with the Code. A declaration of Vice Chairperson & Editorial Director as to the compliance of the Code of Conduct by the Board members and Key Managerial Employees has been provided at the end of this report.

General Body Meetings

Details of date, time and venue of the last three Annual General Meetings are as under :

Date & Time	16th August, 2003 at 11.00 a.m.	16th September, 2004 at 11.00 a.m.	1st June, 2005 at 11.00 a.m.
Venue	18-20, Kasturba Gandhi Marg New Delhi-110001	18-20, Kasturba Gandhi Marg New Delhi-110001	18-20, Kasturba Gandhi Marg New Delhi-110001
Special Resolution passed	No	No	Yes

In addition to the above, following Extra-ordinary General Meetings of the Members of the Company were held during the year :

Date	Venue	Time
21st April, 2005	18-20, Kasturba Gandhi Marg, New Delhi - 110 001	11:00 a.m.
21st October, 2005	Plot 8, Udyog Vihar, Industrial Area, Gautam Budh Nagar, Greater Noida (U.P.) - 201 306	10:30 a.m.

No resolution was passed during the financial year 2005-06 through postal ballot.

Disclosures

During the year ended on 31st March, 2006, there were no materially significant transactions with related parties that may have a potential conflict with the interest of the Company at large. The required disclosures on related parties and transactions with them, is appearing in Para 10 of Schedule 23 to the Accounts.

During the year, all material individual transactions with related parties were in the normal course of business and all material individual transactions with related parties or others were on arm's length basis.

No penalty or stricture was imposed on the Company by any statutory authority for non-compliance on any matter related to capital markets, during the last three years.

The CEO and the CFO have furnished to the Board, a certificate in respect of the financial statements and the Cash Flow Statement of the Company for the year ended on 31st March, 2006.

The Company is complying with all mandatory requirements of the Listing Agreement of Stock Exchanges on 'Corporate Governance'. The Company is yet to comply with the non-mandatory requirements of Listing Agreement on Corporate Governance.

Means of Communication

The quarterly financial results of the Company are normally published in the 'Hindustan Times', an English daily and 'Hindustan', a Hindi daily.

The financial results are also displayed on the web-site of the Company 'www.hindustantimes.com.' It is the Company's policy to display the official news releases and presentation made to financial analysts on the web-site.

Management Discussion and Analysis forms part of the Directors' Report.

GENERAL SHAREHOLDERS' INFORMATION

4th Annual General Meeting

Date & time	:	Wednesday, the 2nd August , 2006 at 10.00 a.m.
Venue	:	Talkatora Indoor Stadium Talkatora Garden New Delhi

Financial year

April to March

Financial Calendar (Tentative)

Results for quarter ending 30th June, 2006	-	End July, 2006
Results for half-year ending 30th September, 2006	-	End October, 2006
Results for quarter ending 31st December, 2006	-	End January, 2007
Results for year ending 31st March, 2007	-	End June, 2007
5th Annual General Meeting (i.e. next year)	-	End August, 2007

Book Closure

The Register of Members and Share Transfer books of the Company shall remain closed from Monday, the 24th July, 2006 to Wednesday, the 2nd August, 2006, both days inclusive.

Dividend Payment Date (Tentative)

The Board of Directors of the Company have recommended payment of a dividend of 12% on the Equity Shares for the financial year ended on 31st March, 2006. The dividend, if approved, is tentatively proposed to be paid in the 2nd week of August, 2006.

Listing of Equity Shares on Stock Exchanges and Stock Codes

The Equity Shares of the Company are listed on the following Stock Exchanges:

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street MUMBAI - 400 001	532662
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra- Kurla Complex Bandra (East) Mumbai – 400 051	HTMEDIA

The annual listing fee for the year 2006-07 has been paid to the concerned stock exchanges.

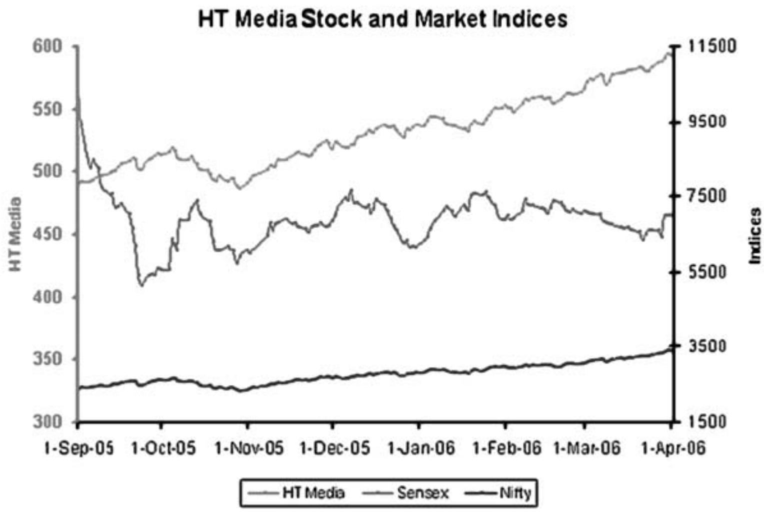
The Company has also paid the annual custody fee for the year 2006-07 to both the depositories namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

International Securities Identification Number (ISIN) for Equity Shares of the Company is – INE501G01016

Stock Price Data

MONTH	BSE				NSE			
	HT MEDIA		SENSEX		HT MEDIA		NIFTY	
	High (Rs)	Low (Rs)	High	Low	High (Rs)	Low (Rs)	High	Low
SEP. ‘05	731.00	398.10	8,722.17	7,818.90	750.00	409.85	2,633.90	2,382.90
OCT. ‘05	484.00	389.00	8,821.84	7,656.15	483.00	420.05	2,669.20	2,307.45
NOV.’05	476.40	431.15	9,033.99	7,891.23	475.80	431.15	2,727.05	2,366.80
DEC. ‘05	488.50	426.15	9,442.98	8,769.56	497.90	440.50	2,857.00	2,641.95
JAN. ‘06	489.00	441.00	9,945.19	9,158.44	489.90	441.00	3,005.10	2,783.85
FEB. ‘06	483.50	457.00	10,422.65	9,713.51	484.00	456.05	3,090.30	2,928.10
MAR. ‘06	470.00	415.00	11,356.95	10,344.26	473.90	433.30	3,433.85	3,064.00

Performance in comparison to broad-based indices



Registrar and Share Transfer Agent

Karvy Computershare Private Limited
“Karvy House”
46, Avenue 4, Street No. 1
Banjara Hills
Hyderabad - 500 034
Tel: +91 40 2331 2454
Fax: + 91 40 233 11968
E-mail: mailmanager@karvy.com

Share Transfer System

The Investors’ Grievance Committee approves the requests for transfer of shares in physical mode at regular intervals, as required under the Listing Agreement.

Distribution of Shareholding as on 31st March, 2006

No. of Equity Shares held	No. of Share-holders	% of total Shareholders	No. of shares held	% of total Shares
Upto 500	72,168	99.49	1,906,157	4.07
501 – 1000	188	0.26	142,460	0.30
1001- 2000	79	0.11	113,326	0.24
2001 – 3000	26	0.04	60,685	0.13
3001 – 4000	10	0.01	34,428	0.07
4001 – 5000	12	0.02	54,569	0.12
5001 – 10000	25	0.03	163,086	0.35
10001 & above	26	0.04	44,371,130	94.72
TOTAL	**72,534**	**100.00**	**46,845,841**	**100.00**

Shareholding Pattern as on 31st March, 2006

Category	No. of shares held	% of Shareholding
Promoters	32,197,052	68.73
Banks/Financial Institutions and Insurance Companies	1,086,188	2.32
Foreign Institutional Investors (FIIs)	10,240,122	21.86
Mutual Funds	325,200	0.70
NRIs/OCBs	6,706	0.01
Private Bodies Corporate	454,827	0.97
Public	2,535,746	5.41
TOTAL	**46,845,841**	**100.00**

Dematerialisation of shares and liquidity

Category	No. of Shares held	% of Shareholding
Shares held in Demat form	46,845,804	99.9999
Shares held in Physical form	37	0.0001
TOTAL	**46,845,841**	**100**

Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

No GDRs/ADRs/Warrants or any Convertible Instruments have been issued by the Company.

Plant Locations

City	Address
BHOPAL (Franchisee location)	F-14 Industrial Estate Govindpura Bhopal
BHAGALPUR (Franchisee location)	Lower Nath Nagar Road Parbatti Bhagalpur
DHANBAD	Bhela Tand Dhayia Dhanbad
GREATER NOIDA	Plot No. 8, Udyog Vihar Greater Noida Gautam Budh Nagar
JAIPUR (Franchisee location)	F 19-20, Sitapura Industrial Area Tonk Road Jaipur
JAMSHEDPUR	NH-33, Kumkum Tola Jamshedpur
KOLKATA	B.T. Road Panihati Distt. 24 – Parganas (North)

City	Address
LUCKNOW	Vibhuti Khand, Phase - II Gomti Nagar, Lucknow
MUMBAI	Plot No. 6, TTC MIDC Indl. Area Dighe, Thane-Belapur Road Navi Mumbai
MOHALI	C-164-165, Phase VIII B Industrial Focal Point Mohali
MUZAFFARPUR (Franchisee location)	N.H.No.28, Sadatpur Near Sudha Dairy Muzaffarpur
NOIDA	B-2, Sector-63 Noida
PATNA	Budh Marg Patna
RANCHI	7 Kokar Industrial Area Ranchi
VARANASI (Franchisee location)	G.T. Road, Govindpur Rohania Varanasi

Registered Office of the Company and address for correspondence

Company Secretary
HT Media Limited
Hindustan Times House
18-20, Kasturba Gandhi Marg, New Delhi –110 001
Tel: +91 11 6656 1234, Fax: + 91 11 2370 4600
E-mail: secretarial@hindustantimes.com Website: www.hindustantimes.com

Compliance

The certificate dated 9th May, 2006 of a Company Secretary in Practice, regarding compliance of 'Corporate Governance', as stipulated under Clause 49 of the Listing Agreement is annexed herewith.

Other useful information

Payment of dividend

In case of payment of dividend, if any by the Company, members may kindly note the following:

(a) **Electronic Clearing Service (ECS) facility**

Members desirous of availing the facility of electronic credit of dividend are requested to ensure that their correct bank details alongwith 9 digit MICR code of their bank, is noted in the records of the Depository Participant (DP). Members who hold shares in physical form, should contact the R&T Agent.

(b) **Payment by Dividend Warrants**

In order to prevent fraudulent encashment of dividend warrants, members are requested to provide their correct bank account details, to their DP in case of electronic holding, and to the R&T Agent in case of physical holding.

Members may kindly note that the R&T Agent and/or the Company will not entertain requests for noting of change of address/bank details/ECS Mandate in case of accounts with demat holding.

Nomination facility

In terms of Section 109A of the Companies Act, 1956, members holding shares in single name may register request for nomination with their DP. Members, holding shares in physical form, may contact the R&T Agent for this purpose.

OTHER DIRECTORSHIPS/COMMITTEE MEMBERSHIPS

Name of the Director	*Other Directorships*		*Other Committee Memberships*		
	Name of Company	*Position*	*Name of Company*	*Committe*	*Position*
Dr. K.K. Birla	Birla Brothers Private Limited	Managing Director			
	Chambal Fertilizers and Chemicals Limited	Director			
	Zuari Industries Limited	Director			
	Pilani Investments and Industries Corporation Limited	Director			
	Ronson Traders Limited	Director	Nil	Nil	Nil
	Uttam Commercial Limited	Director			
	Texmaco Limited	Director			
	Sutlej Industries Limited	Director			
	The Hindustan Times Limited	Director			
	Yashovardhan Investment and Trading Company Limited	Director			
Shri Y. C. Deveshwar	ITC Limited	Director			
	International Travel House Limited	Director			
	Woodlands Medical Centre Limited	Director	Nil	Nil	Nil
	West Bengal Industrial Development Corporation Limited	Director			
Shri K.N. Memani	India Glycols Limited	Director	Great Eastern Energy Corporation Limited	Audit	Member
	HEG Limited	Director	Yes Bank Limited	Audit	Member
	Great Eastern Energy Corporation Limited	Director	National Engineering Industries Limited	Audit	Member
	Yes Bank Limited	Director			
	National Engineering Industries Limited	Director	Indo-Rama Synthetics (I) Limited	Audit	Member
	Indo-Rama Synthetics (I) Limited	Director			
	Kaliedoscope Entertainment Private Limited	Director			
	Aegon India Business Services Private Limited	Director			
	GEMS India Private Limited	Director			
	HT Consultancy Services Private Limited	Director			
	KNM Advisory Private Limited	Director			
Shri Priyavrat Bhartia	The Hindustan Times Limited	Director	HT Music and Entertainment Company Limited	Audit	Member
	The Birla Cotton Spinning & Weaving Mills Limited	Director			
	HT Interactive Media Properties Limited	Director			
	Network Programs (India) Limited	Director			
	HT Music and Entertainment Company Limited	Director			
	Jubilant Enpro Private Limited	Director			
	go4cricket.com (India) Private Limited	Director			
Mr. Roger Greville	Henderson Private Capital (India) Private Limited	Director	Nil	Nil	Nil

DECLARATION OF VICE CHAIRPERSON AND EDITORIAL DIRECTOR ON COMPLIANCE OF 'CODE OF CONDUCT FOR BOARD MEMBERS AND KEY MANAGERIAL EMPLOYEES'

I, Shobhana Bhartia, Vice Chairperson and Editorial Director of the Company do hereby confirm that all the Board Members and Key Managerial Employees have complied with the "Code of Conduct for Board Members and Key Managerial Employees" during the financial year 2005-06.

This declaration is based on and is in pursuance of the individual affirmations received in writing from the Board Members and Key Managerial Employees.

SHOBHANA BHARTIA
Vice Chairperson & Editorial Director

Place: New Delhi

Date: 9th May, 2006

Annexure 'D' to Directors' Report

CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE

COMPLIANCE CERTIFICATE

To,

The Members,

HT Media Limited

I have examined the compliance of conditions of Corporate Governance by HT MEDIA LIMITED, for the period ended on March 31,2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges. The first public issue of the shares made by the Company was listed on the stock exchange on September 01,2005 and accordingly the certificate covers the period from September 01,2005 to March 31, 2006.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement in all material respects.

I state that no investor grievances are pending for a period exceeding one month against the Company as certified by the Registrars & Share Transfer Agent of the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Jasleen Virdi
Company Secretary in Practice
CP No. 7016

Place : New Delhi
Date : 09th May, 2006

ANNEXURE TO THE DIRECTORS' REPORT ON 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**
Efforts are made for conservation of energy on an on-going basis. The energy conservation intiatives have resulted in improvement of the power factor.

(b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy**
None

(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**
Improvement in the power factor has resulted in power savings.

(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**

		2005-06
Foreign exchange used	-	Rs. 21,858.05 lacs
Foreign exchange earned	-	Rs. 698.20 lacs

AUDITORS' REPORT TO THE MEMBERS OF
HT Media Limited

1. We have audited the attached Balance Sheet of HT Media Limited as at March 31, 2006 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 misstatements. 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 in para 3 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 the 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 written representations received from the directors, as on March 31, 2006, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on March 31, 2006 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 the affairs of the Company as at March 31, 2006;
     - b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
     - c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For S.R. Batliboi & Company
Chartered Accountants

Per Anil Gupta
Partner
Membership No. 87921

New Delhi
Date: 9th May, 2006

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

Re: HT Media Limited

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification, the frequency of 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) The Company has granted loans to a subsidiary covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.7,300 lacs and the year end balance of loans granted to such party was Rs. 7,300 lacs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of loans granted, repayment of the principal amount is not due as per stipulation and payment of interest have been regular.

(d) There is no overdue amount of loans granted to company listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) As informed, the Company has not taken any loans, 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.

(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.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(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, employees' state insurance, income-tax, sales tax, wealth-tax, service tax, custom duty, excise duty, cess have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases involving insignificant amount.

(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, custom duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty percent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding such 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 banks during the year. The Company has not taken any loans from financial institutions and has not issued any debentures during the year.

(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 respect of dealing in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been made of the transactions and contracts and timely entries have been made therein. The shares and securities have been held by the Company in its own name.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks 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 and Cash Flow Statement of the Company, we report that no funds raised on short-term basis have been used for long-term investments.

(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) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements (Refer Note No. 5 (b) of Schedule 23).

(xxi) Based upon the audit procedures performed for the purpose of reporting 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 & Company
Chartered Accountants

per Anil Gupta
Partner, Membership No. 87921
New Delhi
Date: 9th May, 2006

HT Media Limited
Balance Sheet as at March 31, 2006

	Schedule	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**6,684.58**	6,175.39
Reserves and surplus	2	**62,638.90**	34,520.05
		69,323.48	40,695.44
Loan Funds			
Secured loans	3	**16,957.26**	17,160.05
Deferred Tax Liabilities (Net)	4	**2,958.42**	1,320.10
		89,239.16	59,175.59
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		**43,878.05**	40,563.67
Less : Depreciation		**6,619.18**	3,238.11
Net block		**37,258.87**	37,325.56
Capital Work-In-Progress including Capital Advances		**105.16**	861.47
Expenditure During Construction Period (Pending Allocation)	6	-	43.27
		37,364.03	38,230.30
Intangible Assets (net of Amortisation and including Capital Work In Progress, Capital Advances and Expenditure During Development Stage)	7	**1,824.19**	1,579.35
Investments	8	**6,439.74**	10,091.57
Amount recoverable from HT Media Employees Welfare Trust (Refer Note No. 7 of Schedule 23)		**2,174.28**	-
Current Assets, Loans and Advances			
Inventories	9	**10,845.22**	7,755.88
Sundry debtors	10	**12,121.60**	9,350.43
Cash and bank balances	11	**26,775.04**	4,886.14
Loans and advances	12	**9,789.12**	1,154.58
		59,530.98	23,147.03
Less: Current Liabilities and Provisions			
Current Liabilities	13	**16,847.81**	13,027.98
Provisions	14	**1,246.25**	844.68
		18,094.06	13,872.66
Net Current Assets		**41,436.92**	9,274.37
		89,239.16	59,175.59
Notes to Accounts	23		

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

As per our report of even date

For S.R. Batliboi & Company
Chartered Accountants

Per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 9th May, 2006

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

Seema Chandra
(Vice President Finance)

Rajiv Verma
Chief Executive Officer

For and on behalf of the Board of Directors

Dr. K.K. Birla
Shobhana Bhartia
K.N. Memani
Ajay Relan
Roger Greville
Priyavrat Bhartia
Shamit Bhartia

HT Media Limited

Profit and Loss Account for the year ended March 31, 2006

	Schedule		For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
INCOME				
Turnover	15		**82,101.05**	62,792.84
Other income	16		**1,773.38**	902.01
			83,874.43	63,694.85
EXPENDITURE				
Raw Materials Consumed	17		**34,171.47**	28,683.06
Personnel Expenses	18		**11,838.50**	7,937.37
Operating and Other Expenses	19		**24,254.49**	18,697.29
(Increase) in inventories	20		**(3.29)**	(4.01)
			70,261.17	55,313.71
Profit before depreciation/amortisation, interest, exceptional items and tax (EBITDA)			**13,613.26**	8,381.14
Depreciation/amortisation			**3,853.64**	2,266.30
Interest paid	21		**1,353.96**	668.70
Profit before exceptional items and tax			**8,405.66**	5,446.14
Exceptional items				
Reimbursement of terminal benefits to the Holding Company and provision thereof (including Rs. 56.71 lacs pertaining to previous year) (Refer Note No. 8 of Schedule 23)			**2,187.65**	1,064.47
Voluntary retirement and other one time compensation to employees			**101.23**	-
Profit before tax			**6,116.78**	4,381.67
Provision for Wealth tax			**(0.70)**	(0.90)
Fringe Benefit Tax			**(370.00)**	-
Provision for Minimum Alternate Tax (MAT)		**(327.00)**		
Less: MAT Credit Entitlement Account		**49.23**	**(277.77)**	(223.00)
Deferred Tax (Charge)			**(1,741.28)**	(1,424.32)
Total tax (expense)			**(2,389.75)**	(1,648.22)
Net Profit for the year			**3,727.03**	2,733.45
Credit/(Debit) Balance brought forward from previous year			**2,036.70**	(237.90)
Amount available for appropriation			**5,763.73**	2,495.55
Appropriations				
- General Reserve			**150.00**	-
- Proposed dividend (on preference shares)			**20.00**	16.58
- Proposed dividend (on equity shares)			**562.15**	385.83
- Tax on dividend			**81.65**	56.44
Surplus carried to balance sheet			**4,949.93**	2,036.70
Earnings Per Share	22			
Before Exceptional items				
Basic and Diluted [Nominal value of shares Rs.10 (Previous Year Rs.10)]			**11.67**	8.72
After Exceptional items				
Basic and Diluted [Nominal value of shares Rs.10 Previous Year Rs.10)]			**8.27**	7.04
Notes to Accounts	23			

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

As per our report of even date

For S.R. Batliboi & Company
Chartered Accountants

Per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 9th May, 2006

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

Seema Chandra
(Vice President Finance)

Rajiv Verma
Chief Executive Officer

For and on behalf of the Board of Directors

Dr. K.K. Birla
Shobhana Bhartia
K.N. Memani
Ajay Relan
Roger Greville
Priyavrat Bhartia
Shamit Bhartia

HT Media Limited

Cash Flow Statement for the year ended March 31, 2006

	For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
A. Cash flow from operating activities		
Profit before taxation	6,116.78	4,381.68
Adjustments for:		
Depreciation/amortisation	3,853.64	2,266.30
Share Issue Expenses (gross of tax benefit of Rs. 128.71 lacs)	(1,551.17)	(145.82)
Loss on disposal of fixed assets (net)	38.17	17.73
Profit on sale of current investments (net)	(224.95)	(66.85)
Dividend income	(168.07)	(182.34)
Interest income	(945.55)	(89.91)
Interest expense	1,353.96	668.69
Provision for doubtful debts and advances	213.18	494.11
Operating profit before working capital changes	8,685.99	7,343.59
Movements in working capital :		
(Increase)/Decrease in sundry debtors	(2,975.31)	538.87
(Increase) in inventories	(3,089.34)	(2,132.37)
(Increase) in loans and advances	(299.52)	(58.83)
Increase in current liabilities and provisions	4,047.94	2,427.95
Cash generated from operations	6,369.76	8,119.22
Direct taxes paid	1,094.90	179.74
Net cash from operating activities	5,274.86	7,939.48
B. Cash flows from investing activities		
Purchase of Printing and Publishing undertakings	-	(500.00)
Purchase of fixed assets	(3,284.93)	(10,390.02)
Proceeds from sale of fixed assets	14.56	37.05
Purchase of investments	(16,275.68)	(19,821.84)
Sale of investments	20,152.46	14,166.52
Loans to a subsidiary	(7,300.00)	-
Amount recoverable from HT Media Employees Welfare Trust	(2,174.28)	-
Dividend received	168.07	182.34
Interest received	342.12	95.99
Net cash (used) in investing activities	(8,357.68)	(16,229.96)
C. Cash flows from financing activities		
Proceeds from issuance of share capital	26,987.29	10,000.30
Proceeds from long-term borrowings	9,000.00	13,186.96
Repayment of long-term borrowing	(9,123.86)	(13,175.56)
(Repayment of) short-term borrowings	(70.10)	(1,519.63)
Interest paid	(1,362.77)	(1,463.43)
Dividend paid	(458.84)	-
Net cash from financing activities	24,971.72	7,028.64
Net increase/(decrease) in cash and cash equivalents (A + B + C)	21,888.90	(1,261.84)
Cash and cash equivalents at the beginning of the year	4,886.14	6,147.98
Cash and cash equivalents at the end of the year	26,775.04	4,886.14

Components of cash and cash equivalents as at the end of the year

Cash and cheques on hand	4,304.69	2,714.97
With Scheduled banks - on current accounts	727.81	569.67
on deposit accounts	21,742.54	1,601.50
	26,775.04	4,886.14

Note: 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: New Delhi
Date: 9th May, 2006

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

Seema Chandra
(Vice President Finance)

Rajiv Verma
Chief Executive Officer

For and on behalf of the Board of Directors

Dr. K.K. Birla
Shobhana Bhartia
K.N. Memani
Ajay Relan
Roger Greville
Priyavrat Bhartia
Shamit Bhartia

HT Media Limited

Schedules to the Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 1 : Share Capital		
Authorised		
5,25,00,000 (Previous year 5,25,00,000) equity shares of Rs. 10 each	**5,250.00**	5,250.00
20,00,000 (Previous year 20,00,000) preference shares of Rs. 100 each	**2,000.00**	2,000.00
	7,250.00	7,250.00
Issued, Subscribed and Paid up		
4,68,45,841 (Previous year 4,17,53,900) equity shares of Rs. 10 each fully paid	**4,684.58**	4,175.39
20,00,000 (Previous year 20,00,000) 1% non-cumulative redeemable preference shares of Rs.100 each fully paid (redemable at par on the expiry of 6 years from the date of allotment i.e. 9thMarch, 2004 and 4th August, 2004)	**2,000.00**	2,000.00
	6,684.58	6,175.39

Of the above :

i) 3,21,97,052 (Previous year 3,21,97,052) equity shares and 20,00,000 (Previous year 20,00,000) 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 alloted as fully paid-up for consideration other than cash.

iii) 50,91,941 (Previous year Nil) equity shares were alloted as fully paid-up to Public during the year (including 451,941 equity shares issued upon exercise of Green Shoe Option).

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 2 : Reserves and Surplus		
Securities Premium Account		
As per last Balance Sheet	**32,483.34**	24,089.97
Add: Received during the year	**26,478.09**	8,539.19
	58,961.43	32,629.16
Less: Share issue expenses written off*	**1,422.46**	145.82
	57,538.97	32,483.34
General Reserve - Transferred during the year	**150.00**	-
Profit and Loss Account Balance	**4,949.93**	2,036.71
	62,638.90	34,520.05

* Including payments to statutory auditors amounting to Rs. 44.90 lacs (Previous year Rs. Nil) towards certification work etc. and net of income tax of Rs. 128.71 lacs (Previous year Rs. Nil) (comprises current income tax Rs. 25.75 lacs and deferred tax Rs. 102.96 lacs.)

HT Media Limited

Schedules to the Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 3 : Secured Loans		
Rupee Term Loan from Punjab National Bank	**7,500.00**	7,500.00
Secured by way of hypothecation of entire block of assets which are lying at all work place/office of the Company, consisting of plant & machinery, computers, furniture, 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. All the above charges are ranking pari-passu with the existing and proposed lenders. 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(Repayable within a year Rs.Nil, previous year Rs. Nil).		
Rupee Term Loan from State Bank of India	**9,000.00**	-
To be secured by way of hypothecation of all present and future goods, book debts and all other movable assets, including documents of the title to the goods, outstanding moneys, receivables including receivables by way of cash assistance and/or cash incentive under the Cash Incentive Scheme or any other scheme, Claims including claims by way of refund of customs/excise duties under the Duty Drawback Credit Scheme or any other scheme, bills, invoices, docements, contracts, insurance policies, guarantess, engagements, securities, investments and rights and present and future machinery, by way of a pari passu charge. Charge is yet to be filed with the Registrar of Companies(Repayable within a year Rs.Nil).		
Rupee and Foreign currency Term Loans from Corporation Bank		
Were to be secured by way of pari passu first charge on fixed assets, present and future with the existing and proposed lenders.	-	3,448.32
Rupee Term Loan from State Bank of Patiala		
Were to be secured by way of pari-passu first charge on fixed assets, present or future, at Noida, Greater Noida and Mumbai with the existing and proposed lenders.	-	3,175.56
Rupee Term Loan from The Jammu & Kashmir Bank Limited		
Were to be secured by first pari-passu charge over the whole of the moveable properties 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-passu with the existing and proposed lenders.	-	2,500.00
Cash Credit Facility from Banks	**457.26**	527.36
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	-	8.81
	16,957.26	17,160.05

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 4 : Deferred Tax Liabilities (Net):		
Deferred Tax Liabilities		
Differences in depreciation in block of fixed assets as per tax books and financial books	**3,609.39**	2,480.89
Gross Deferred Tax Liabilities	**3,609.39**	2,480.89
Deferred Tax Assets		
Carry forward of unabsorbed depreciation	-	737.38
Effect of expenditure adjusted from share issue expenses in the current year but allowable for tax purposes in following years	**102.96**	-
Effect of expenditure debited to profit and loss account in the current year but allowable for tax purposes in following years	**161.34**	108.50
Provision for doubtful debts and advances	**386.67**	314.91
Gross Deferred Tax Assets	**650.97**	1,160.79
Net Deferred Tax Liabilities	**2,958.42**	1,320.10

HT Media Limited

Schedules to the Accounts

(Rs. in lacs)

Schedule 5 : Fixed Assets

	Land-Leasehold	Buildings	Improvement to Leeasehold Premises	Plant & Machinery	Furniture & Fitting	Vehicles	Total	Previous Year
Gross Block								
At 01.04.05	1,766.40	3,978.33	408.77	34,039.73	250.27	120.17	40,563.67	15,918.94
Additions	15.18	1,217.85	192.25	2,025.08	173.16	11.06	3,634.58	24,704.20
Deductions/Adjustments	-	7.41	54.33	248.73	7.81	1.92	320.20	59.47
At 31.03.2006	**1,781.58**	**5,188.77**	**546.69**	**35,816.16**	**415.54**	**129.31**	**43,878.05**	**40,563.67**
Depreciation/Amortisation								
At 01.04.05	31.17	112.53	148.15	2,838.11	82.64	25.51	3,238.11	1,260.65
For the year	24.10	160.33	96.58	3,112.13	56.93	16.46	3,466.53	1,982.13
Deletions	-	0.05	52.18	28.44	2.97	1.82	85.46	4.67
At 31.03.2006	**55.27**	**272.81**	**192.55**	**5,921.88**	**136.52**	**40.15**	**6,619.18**	**3,238.11**
Net Block								
At 31.03.2006	**1,726.31**	**4,915.96**	**354.14**	**29,894.28**	**279.02**	**89.16**	**37,258.87**	**37,325.56**
At 31.03.2005	1,735.23	3,865.80	260.62	31,201.62	167.63	94.66	37,325.56	-
Capital Work In Progress							26.13	799.24
Capital Advances (Unsecured and considered good)							79.03	62.23
							105.16	861.47
Total	**1,726.31**	**4,915.96**	**354.14**	**29,894.28**	**279.02**	**89.16**	**37,364.03**	**38,187.03**

Notes:

1. Motor Vehicle of the cost of Rs. 3.44 lacs (Previous year Rs. 3.44 lacs) is pending for registration in the name of the Company.
2. Depreciation for the year includes Rs. 2.42 lacs (Previous year Rs. 23.69 lacs) debited to Expenditure during construction period.
3. Fixed Assets of the value of Rs. 89.65 lacs (W.D.V. Rs. 28.14 lacs) have been discarded during the year.
4. Deductions from Gross block of fixed assets and additions to Gross Block of fixed assets include Rs. 100.88 lacs and Rs. 38.88 lacs respectively on account of adjustment of liabilities against assets installed/commissioned in earlier years.
5. Deductions to Plant & Machinery include foreign exchange fluctuation amounting to Rs. 94.81 lacs (Previous year Rs. Nil).
6. Additions to Leasehold Land include land development charges amounting to Rs. 9.45 lacs (Previous year Rs. Nil).

HT Media Limited

Schedules to the Accounts

		As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 6 : Expenditure during construction period (Pending Allocation)			
Balance brought forward		**43.27**	291.60
Add:Incurred during the year			
Raw Materials Consumed	-		67.60
Salaries, wages and bonus	**30.61**		21.43
Contribution to group insurance scheme	-		0.15
Contribution to provident fund	**1.55**		0.96
Consumption of stores and spares	**2.15**		35.43
Printing and service charges	-		0.45
Power and fuel	**10.34**		27.34
Rent	-		12.09
Rates and taxes	**3.64**		1.23
Insurance	-		38.79
Travelling and conveyance	**14.43**		35.69
Communication costs	-		2.33
Legal and professional fees	**4.46**		57.40
Interest on term loans	-		708.93
Bank charges	-		13.15
Depreciation on fixed assets	**2.42**		23.69
Miscellaneous expenses	**8.89**	**78.49**	34.76
Less: Income earned during the year			
Sale of waste papers and scrap		-	13.35
Foreign exchange difference (net)		-	4.03
		121.76	1,355.64
Less: Allocated to fixed assets during the year		**120.83**	1,310.58
Less: Charged off to revenue during the year		**0.93**	1.79
Balance Carried Forward		-	43.27

HT Media Limited
Schedules to the Accounts

(Rs. in Lacs)

Schedule 7 : Intangible Assets	Software Licenses	Total	Previous Year
Gross Block			
At 01.04.05	1,887.19	**1,887.19**	1,543.24
Additions	617.88	**617.88**	343.95
Deletions *	10.00	**10.00**	-
At 31.03.2006	2,495.07	**2,495.07**	1,887.19
Amortisation			
At 01.04.05	566.63	**566.63**	258.77
For the year	389.53	**389.53**	307.86
At 31.03.2006	956.16	**956.16**	566.63
Net Block	1,538.91	**1,538.91**	1,320.56
Capital Work in Progress	-	-	155.86
Capital Advances (Unsecured and considered good)	285.28	**285.28**	97.65
Expenditure during Development Stage			
Balance brought forward	5.28	**5.28**	8.38
Less:Allocated to Intangible Assets	(5.28)	**(5.28)**	(3.10)
Balance carried forward	-	-	5.28
Balance at the year end	1,824.19	**1,824.19**	1,579.35
At 31.03.2005	1,579.35	1,579.35	-

Notes:

1. Capital Work in Progress of the value of Rs. 13.68 lacs (Previous year Rs. Nil) have been discarded during the year.
2. * Represent adjustment of liability against software installed in earlier years.

HT Media Limited

Schedules to the Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 8 : Investments		
Long Term Investments		
A. Trade Investments (Unquoted)		
Fully paid up equity shares of Rs. 100 each		
457 in Press Trust of India Limited	**0.46**	0.46
738 in United News of India	**0.74**	0.74
B. Other than Trade Investments		
In Subsidiary Companies (Unquoted)		
Fully paid up equity shares of Rs. 10 each		
39,74,771 in Searchlight Publishing House Limited	**867.10**	867.10
1,50,00,000 in HT Music and Entertainment Company Limited	**1,500.00**	-
Current Investments		
Other than Trade Investments (Quoted)		
Units in mutual funds of Rs. 10 each		
Nil (Previous year 10,146,152.640) of Birla Cash Plus Institutional Premium Dividend Reinvest Plan	-	1,016.55
Nil (Previous year 15,379,794.313) of Standarded Chartered GCCW GCF - Super Institutional Plan C-Weekly Dividend Reinvest Plan	-	1,538.71
Nil (Previous year 15,389,081.969) of HSBC Cash Fund- Institutional Plus - Weekly Dividend Reinvest Plan	-	1,539.18
Nil (Previous year 6,645,706.908) of Reliance Treasury Plan- Institutional option- Weekly Dividend Reinvest Plan	-	1,015.43
Nil (Previous year 17,161,347.322) of ICICI Prudential Institutional Liquid Fund- Dividend Reinvest Plan	-	2,032.62
4,348,771.472 (Previous year Nil) of SMG Sundaram Monthly Income Plan-Growth Plan	**500.00**	-
2,936,909.314 (Previous year Nil) of Birla Monthly Income Plan- Growth Plan	**500.00**	-
3,032,655.636 (Previous year Nil) of Prudential ICICI Monthly Income Plan- Growth Plan	**500.00**	-
4,381,237.787 (Previous year Nil) of HSBC Monthly Income Plan- Saving Plan- Growth Plan	**500.00**	-
Units in mutual funds of Rs. 1,000 each		
186,124.537 (Previous year Nil) of UTI-Liquid Cash-Institutional Plan-Growth Plan	**2,071.44**	-
Nil (Previous year 152,210.290) of Templeton India Treasury Management Plan- Institutional Plan-Weekly Dividend Reinvest Plan	-	1,523.10
Nil (Previous year 55,152.309) of UTI-Liquid Cash Plan- Institutional Weekly Dividend Reinvest Plan	-	557.68
	6,439.74	10,091.57

Notes:

1) The following units held in Mutual Funds were purchased and sold during the year:

Purchased	Value (Rs. In lacs)
- In Dividend option:	
200,024.799 units of Birla Cash Plus Institutional Premium Dividend Reinvest Plan of Rs.10 each	**20.04**
295,578.648 units of Standard Chartered GCCW GCF - Super Institutional Plan C - Weekly Dividend Reinvest Plan of Rs. 10 each	**29.56**
290,420,789 units of HSBC Cash Fund-Intitutional Plus- Weekly Dividend Reinvest Plan of Rs.10 each	**29.06**
121611.66 units of Reliance-Treasury Plan-Institutional option - Weekly Dividend Reinvest Plan of Rs.10 each	**18.60**
262,693.42 units of ICICI Prudential Institutional Liquid Fund - Dividend Reinvest Plan of Rs.10 each	**31.11**
2,919.03 units of Templeton India Treasury Management Plan -Institutional Plan- Weekly Dividend Reinvest Plan of Rs.1000 each	**29.21**
1,033.72 units of UTI Liquid Cash Plan Institutional- Weekly Dividend Reinvest Plan of Rs. 1,000 each	**10.49**
- In MIP option:	
84,16,407.056 units of UTI-MIS Advantage Plan-Growth Plan of Rs. 10 each	**1,003.38**
4,220,976.565 units of Reliance Monthly Income Plan-Growth Plan of Rs. 10 each	**500.00**
81,71,203.046 units of HDFC-MF Monthly Income Plan-Long Term-Growth of Rs. 10 each	**1,000.00**
- In Growth option:	
1,46,52,980.783 units of Kotak Liquid-Institutional Premium Plan-Growth of Rs. 10 each	**2,000.00**
1,90,08,426.815 units of Birla Cash Plus-Institutional Premium Plan-Growth of Rs. 10 each	**2,042.91**
80,255.347 units of Tata Liquid Super High Investment Fund-Appreciation of Rs.1,000 each	**1,000.00**
6,530,563.004 units of DSP Merril Lynch Liquid Fund- Growth Plan of Rs.10 each	**1,088.62**
1,00,26,253.741 units of HSBC Cash Fund-Institutional Plus-Growth Plan of Rs. 10 each	**1,069.33**
9,984,723.373 units of ABN AMRO Cash Fund- Institutional Plus-Growth Plan of Rs.10 each	**1,000.00**
Sold	
- In Dividend option:	
10,346,177.430 units of Birla Cash Plus Institutional Premium Dividend Reinvest Plan of Rs.10 each	**1,036.64**
15,675,372.962 units of Standard Chartered GCCW GCF - Super Institutional Plan C - Weekly Dividend Reinvest Plan of Rs. 10 each	**1,567.98**
15,679,502.758 units of HSBC Cash Fund-Intitutional Plus- Weekly Dividend Reinvest Plan of Rs.10 each	**1,569.33**
6,767,318.566 units of Reliance-Treasury Plan-Institutional option - Weekly Dividend Reinvest Plan of Rs.10 each	**1,035.47**
17,424,040.742 units of ICICI Prudential Institutional Liquid Fund - Dividend Reinvest Plan of Rs.10 each	**2,064.83**
155,129.316 units of Templeton India Treasury Management Plan -Institutional Plan- Weekly Dividend Reinvest Plan of Rs.1000 each	**1,553.04**
56,186.028 units of UTI Liquid Cash Plan Institutional- Weekly Dividend Reinvest Plan of Rs. 1,000 each	**571.44**
- In MIP option:	
84,16,407.056 units of UTI-MIS Advantage Plan-Growth Plan of Rs. 10 each	**1,045.10**
4,220,976.565 units of Reliance Monthly Income Plan-Growth Plan of Rs. 10 each	**501.37**
81,71,203.046 units of HDFC-MF Monthly Income Plan-Long Term-Growth of Rs. 10 each	**1,061.24**
- In Growth option:	
1,46,52,980.783 units of Kotak Liquid-Institutional Premium Plan-Growth of Rs. 10 each	**2,037.09**
1,90,08,426.815 units of Birla Cash Plus-Institutional Premium Plan-Growth of Rs. 10 each	**2,061.14**
80,255.347 units of Tata Liquid Super High Investment Fund-Appreciation of Rs.1,000 each	**1,015.08**
6,530,563.004 units of DSP Merril Lynch Liquid Fund- Growth Plan of Rs.10 each	**1,101.14**
1,00,26,253.741 units of HSBC Cash Fund-Institutional Plus-Growth Plan of Rs. 10 each	**1,087.44**
9,984,723.373 units of ABN AMRO Cash Fund- Institutional Plus-Growth Plan of Rs.10 each	**1,012.20**

2) The Net Asset Value of the amount of current investments as at March 31, 2006 is Rs. 4,271.67 lacs (Previous year Rs. 9,230.56 lacs), the cost of which is Rs. 4,071.44 lacs (Previous years Rs. 9,223.27 lacs)

HT Media Limited
Schedules to the Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 9 : Inventories		
Raw materials	**9,938.29**	7,107.38
Stores and spares	**847.02**	591.88
Work-in- progress	**56.18**	49.60
Scrap and waste papers	**3.73**	7.02
	10,845.22	7,755.88

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 10 : Sundry Debtors		
Debts outstanding for a period exceeding six months		
Secured, considered good	**1.34**	1.21
Unsecured, considered good	**1,368.94**	1,383.61
Unsecured, considered doubtful	**1,097.54**	892.41
Other debts		
Secured, considered good	**724.54**	618.22
Unsecured, considered good	**10,026.78**	7,347.39
Unsecured, considered doubtful	**42.18**	43.16
	13,261.32	10,286.00
Less : Provision for doubtful debts	**1,139.72**	935.57
	12,121.60	9,350.43
Included in Sundry Debtors are:		
i) Due from an officer of the Company	**0.27**	-
(Maximum amount outstanding during the year - Rs. 0.76 lac (Previous year Rs.1.43 lacs))		
ii) Due from Foreign debtors, not covered by Foreign Exchange Contracts	**51.97**	104.83

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 11 : Cash and Bank Balances		
Cash in hand	**84.52**	99.68
Cheques in hand	**4,220.17**	2,615.29
Balances with scheduled banks:		
On current accounts	**727.81**	569.67
On deposit accounts *	**21,742.54**	1,601.50
	26,775.04	4,886.14

* Includes fixed deposit receipts pledged with bank amounting to Rs. 2.39 lacs (Previous year Rs.1.50 lacs)

HT Media Limited
Schedules to the Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 12 : Loans and Advances		
Secured, considered good		
Advances recoverable in cash or kind or for value to be received	**8.02**	23.02
Deposits – others	**7.89**	17.03
Unsecured, considered good		
Loans to a subsidiary	**7,300.00**	-
Advances recoverable in cash or kind or for value to be received	**661.01**	577.41
Deposits – others	**768.13**	537.11
Advance payment of income tax/ tax deducted at source (net of provision for tax)	**365.65**	-
MAT Credit Entitlement Account	**74.98**	-
Interest accrued on deposits	**603.44**	0.01
Unsecured,considered doubtful		
Advances recoverable in cash or kind or for value to be received	**23.35**	14.31
	9,812.47	1,168.89
Less: Provision for doubtful advances	**23.35**	14.31
	9,789.12	1,154.58
Included in Loans and Advances are:		
i) Due from an officer of the Company	**0.12**	0.33
(Maximum amount outstanding during the year - Rs. 1.31 lacs (Previous year Rs.1.96 lacs))		
ii) Balance with Post office in Savings Bank Account	**0.50**	0.52
iii) National Savings Certificate	**0.01**	0.01
iv) Due from a Company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956 i.e. HT Music and Entertainment Company Limited	**7,300.00**	-
v) The maximum amount due from such company at any time during the year.	**7,300.00**	-

Schedule 13 : Current Liabilities		
Sundry creditors	**13,395.17**	10,724.80
Payable to Subsidiaries	**79.48**	99.13
Customers and Agents Balances	**602.94**	487.94
Income received in advance	**1,361.32**	406.07
Sundry deposits	**1,408.90**	1,310.04
	16,847.81	13,027.98
Included in Sundry Creditors are:		
i) Dues to small scale industrial undertakings	-	-
ii) Due to holding company	**1,957.89**	-
iii) Due to Foreign creditors, not covered by Foreign Exchange Contracts	**5,233.64**	4,459.17

Schedule 14 : Provisions		
For staff benefit schemes (Leave Encashment)	**516.19**	345.57
For other expenses - created during the year	**57.55**	-
For taxation (net of advance tax)	-	40.26
Fringe benefit tax	**8.71**	-
For Proposed dividend - on preference shares	**20.00**	16.58
- on equity shares	**562.15**	385.83
For Tax on proposed dividend	**81.65**	56.44
	1,246.25	844.68

HT Media Limited
Schedules to the Accounts

	For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
Schedule 15 : Turnover		
Advertisements	**65,483.85**	49,682.72
Sale of publications	**13,683.06**	12,558.72
Job Revenue	**2,366.40**	9.61
Sale of waste papers and scrap	**567.74**	541.79
	82,101.05	62,792.84
Schedule 16 : Other income		
Interest (Gross) on:		
Bank deposits (tax deducted at source Rs. 180.73 lacs, Previous year Rs.17.48 lacs)	**821.64**	87.09
Loan to a Subsidary (tax deducted at source Rs.27.20 lacs)	**121.23**	-
Others	**2.68**	2.82
Dividend income (From current investments - other than trade)	**168.07**	182.34
Foreign exchange difference (net)	-	57.06
Profit on sale of current investments - other than trade (net)	**224.95**	66.85
Unclaimed balances/unspent liabilities written back (net)	**250.88**	237.74
Miscellaneous income	**183.93**	268.11
	1,773.38	902.01
Schedule 17 : Raw Materials Consumed		
Inventories as at March 31, 2005	**7,107.38**	5,094.80
Purchases	**37,233.77**	30,856.39
Less: sale of damaged newsprint	**231.39**	160.75
	44,109.76	35,790.44
Less: Inventories as at March 31, 2006	**9,938.29**	7,107.38
	34,171.47	28,683.06
Schedule 18 : Personnel Expenses		
Salaries, wages and bonus	**10,316.54**	6,924.44
Contribution to group insurance scheme	**10.46**	14.67
Contribution to provident fund	**640.14**	500.44
Contribution to gratuity fund	**297.29**	78.80
Contribution to other funds	**18.53**	14.52
Workmen and staff welfare expenses	**555.54**	404.50
	11,838.50	7,937.37

HT Media Limited
Schedules to the Accounts

		For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
Schedule 19 : Operating and Other Expenses			
Consumption of stores and spares		**2,191.30**	1,617.05
Printing and service charges		**3,605.36**	3,477.80
News services and despatches		**1,310.08**	1,110.54
Power and fuel		**1,280.39**	818.67
Advertising and sales promotion		**6,815.67**	3,378.23
Freight and forwarding charges (net)		**1,219.34**	1,826.05
Service charges on advertisement revenue		**424.70**	302.03
Rent		**727.65**	561.56
Rates and taxes		**32.39**	18.84
Insurance		**251.91**	158.81
Repairs and maintenance:			
- Plant and Machinery		**756.39**	507.93
- Buildings		**204.94**	108.65
- Others		**5.93**	8.68
Travelling and conveyance		**1,357.11**	1,044.00
Communication costs		**825.06**	700.93
Legal and professional fees		**897.08**	514.15
Directors' sitting fees		**4.65**	2.55
Auditor's remuneration			
- Audit fee	**16.53**		16.53
- Tax audit fee	**3.31**		3.31
- Quarterly limited review of accounts	**11.02**		-
- Taxation matters	**4.41**		0.50
- Certification etc.	**11.81**	**47.08**	4.47
Foreign exchange difference (net)		**8.22**	-
Donations		**1.55**	1.01
Provision for doubtful debts and advances		**213.18**	494.11
Loss on disposal of fixed assets (net)		**38.17**	17.73
Expenditure during construction period written off		**0.93**	1.79
Bank charges		**75.92**	50.95
Miscellaneous expenses		**1,959.49**	1,950.42
		24,254.49	**18,697.29**

HT Media Limited

Schedules to the Accounts

	For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
Schedule 20 : (Increase) in Inventories		
Inventories as at March 31, 2006		
Work-in-progress	**56.18**	49.60
Scrap and waste papers	**3.73**	7.02
	59.91	56.62
Inventories as at March 31, 2005		
Work-in-progress	**49.60**	45.38
Scrap and waste papers	**7.02**	7.23
	56.62	52.61
	(3.29)	(4.01)
Schedule 21 : Interest Paid		
Interest		
- on term loans	**1,270.46**	589.87
- to banks and others	**83.50**	78.83
	1,353.96	668.70
Schedule 22 : Earnings Per Share (EPS)		
Net profit before exceptional items and taxes	**8,405.66**	5,446.14
Less: Wealth tax	**(0.70)**	(0.90)
Less: Fringe Benefit Tax	**(370.00)**	-
Less: Adjustment for Deferred Tax Liability	**(1,782.57)**	(1,782.62)
Less: Provision for income tax	**(1,006.92)**	(278.00)
Less: Dividend on non-cumulative redeemable preference shares and tax thereon	**(22.81)**	(18.90)
Net profit before exceptional items but after taxes for calculation of basic and diluted EPS	**5,222.66**	3,365.72
Net profit after exceptional items but before taxes	**6,116.78**	4,381.67
Less: Wealth tax	**(0.70)**	(0.90)
Less: Fringe Benefit Tax	**(370.00)**	-
Less: Adjustment for Deferred Tax Liability	**(1,741.28)**	(1,424.32)
Less: Provision for Minimum Alternate Tax	**(277.77)**	(223.00)
Less: Dividend on non-cumulative redeemable preference shares and tax thereon	**(22.81)**	(18.90)
Net profit after exceptional items and taxes for calculation of basic and diluted EPS	**3,704.22**	2,714.55
Weighted average number of equity shares in calculating basic and diluted EPS	**44,771,011**	38,583,274
Number of Equity Shares at the beginning of the year (outstanding for 365 days)	**41,753,900**	37,142,856
Number of Equity Shares issued on 24th August, 2005 (outstanding for 220 days)	**4,640,000**	-
Number of Equity Shares issued on 5th October, 2005 (outstanding for 178 days)	**451,941**	-
Number of Equity Shares issued on 8th November, 2004 (outstanding for 144 days)	-	3,636,590
Number of Equity Shares issued on 9th December, 2004 (outstanding for 113 days)	-	1,213
Number of Equity Shares issued on 30th March 2005 (outstanding for 2 days)	-	973,241
Number of Equity Shares at the end of the year	**46,845,841**	41,753,900
Weighted average number of equity shares	**44,771,011**	38,583,274
Basic & diluted earnings per share before exceptional items	**11.67**	8.72
Basic & diluted earnings per share after exceptional items	**8.27**	7.04

HT MEDIA LIMITED

Schedules to the Accounts

Schedule 23: Notes to Accounts

1. Nature of Operations

The Company publishes 'Hindustan Times', an English daily and 'Hindustan', a Hindi daily and two monthly Hindi magazines, 'Kadambini' and 'Nandan'.

The Company derives revenue from the sale of the above mentioned publications, advertisements published therein, and by undertaking printing jobs. The Company also derives revenue from the internet business, by displaying advertisements on its website, 'hindustantimes.com'.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Fixed Assets

Value for individual Fixed Assets acquired from the holding company in earlier years had been allocated based on the valuation carried out by independent experts.

Other Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of Fixed Assets are also included to the extent they relate to the period till such assets are ready for their intended use.

Leasehold improvements represent expenses incurred towards civil works, interior furnishings, etc. on the leased premises at the various locations.

(c) Depreciation

Leasehold Land and Leasehold Improvements are amortized over the useful life or unexpired period of lease (whichever is lower) on a straight line basis.

In respect of Fixed Assets acquired in an earlier year from the holding company, which are estimated to have lower residual lives than envisaged as per the rates provided in Schedule XIV to the Companies Act, 1956, depreciation is provided based on such estimated lower residual life.

In respect of Fixed Assets acquired during previous year from the holding company, depreciation is provided on straight line method over a period of 5 years as technically assessed by an independent expert.

Assets costing below Rs. 5,000 are fully depreciated in the year of acquisition.

Depreciation on other assets (except those acquired from the holding company) is provided on Straight Line Method at the rates computed based on estimated useful life of the assets, which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956.

(d) **Intangibles**

Software Licenses

Value for individual software license acquired from holding company in an earlier year had been allocated based on the valuation carried out by an independent expert.

Software licenses acquired from the holding company, which are estimated to have lower residual lives than that envisaged above, are amortised over such estimated lower residual lives.

Cost relating to other software licenses which are purchased is capitalized and amortized on a Straight Line Basis over their estimated useful lives of six years.

Software licenses costing less than Rs 5,000 are depreciated fully in the year of acquisition.

(e) **Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto is charged to the Profit & Loss Account. Income earned during construction period is adjusted against the total of the indirect expenditure.

All direct capital expenditure incurred on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its originally assessed standard of performance.

(f) **Leases** (Where the Company is the lessee)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(g) **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of Cost and Fair value determined on an individual investment basis. Long-term investments are carried at cost, however, provision for diminution in value is made to recognise a decline other than a temporary in the value of the investments.

(h) **Inventories**

Inventories are valued as follows :

Raw materials, stores and spares	Lower of cost and net realizable value. However, material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress	Lower of cost and net realizable value. Cost represents direct materials cost.

Scrap and Waste papers At net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

(i) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically, the following basis is adopted:

Advertisements

Revenue is recognized as and when advertisement is published /displayed.

Sale of Publications, Waste Paper and Scrap

Revenue is recognized when the significant risks and rewards of ownership have passed on to the buyer and is disclosed net of sales return and discounts.

Printing Job Work

Revenue from printing job work is recognized on the completion of work as per terms of the agreement.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognised if the right to receive payment is established by the Balance Sheet date.

(j) **Foreign currency transactions**

Initial Recognition

Foreign currency transactions are recorded in Indian Rupees by applying to the foreign currency amount, the exchange rate between the Indian Rupee and the foreign currency prevailing at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate.

Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise except gain or loss on transactions relating to acquisition of Fixed Assets from outside India, which is adjusted to the carrying amount of the Fixed Assets.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year, except gain or loss on transactions relating to acquisition of Fixed Assets from outside India, which is adjusted to the carrying amount of Fixed Assets.

(k) **Retirement and other employee benefits**

i. Retirement benefits in form of Provident Fund contribution are charged to the Profit and Loss Account of the year when the contribution to the fund is due.

ii. Liability in respect of Gratuity is provided for as per actuarial valuation carried out by an independent actuary as at year end and is contributed to Gratuity Fund created by the holding company.

iii. Provision for leave encashment is accrued and provided for on the basis of an actuarial valuation carried out by an independent actuary at the year end.

(l) **Impairment**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amounts of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(m) **Provisions**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except those disclosed elsewhere in the financial statements, are not discounted to their present value and are determined based on best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement and such provision amount is charged to Profit and Loss Account in the year of provision.

(n) **Income Taxes**

Tax expense comprises fringe benefit, current and deferred taxes. Fringe benefit and current income- tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that entire Deferred Tax Assets can be realized against future taxable profits. Unrecognized Deferred Tax Assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such Deferred Tax Assets can be realised.

In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(o) **Earnings Per Share**

Basic Earnings Per Share is calculated by dividing the net profit or loss for the year attributable to Equity Shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3. The Company had during the year ended March 31, 2005, acquired the printing undertaking at Delhi of its holding company. This transfer is subject to decision of Hon'ble Delhi High Court in a writ petition filed by the employees of the holding company against the sale of the printing undertaking by the holding company. There is however, no restriction in the court order as far as, it pertains to use of assets. The matter is still pending before Hon'ble Delhi High Court.

4. **Segment Information**

The Company is engaged in the Printing and Publication of Newspapers and Periodicals. The entire operations are governed by the same set of risk and returns, hence, the same has been considered as representing a single primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard – 17 on Segment Reporting.

The Company sells its products mostly within India with insignificant export income and does not have any operations in economic environments with different risks and returns, hence, it is considered operating in a single geographical segment.

5 a) During the year, the Company successfully completed its public issue. This comprised of 5,091,941 equity shares of Rs. 10 each at a premium of Rs. 520 per share (including issue of additional 451,941 equity shares on account of the green shoe option). Alongwith this public issue, there was also a sale of 2,355,000 Equity Shares by a shareholder i.e. HPC (Mauritius) Limited.

b) **Utilization of IPO funds:**

(Rs. in lacs)

	As per Prospectus		
Objects	Estimated Amount	Estimated to be spent till March ' 06	Amount spent till March'06
Capital expenditure	7648.00	7648.00	4251.28
Sales and Marketing	7600.00	5300.00	3097.44
Radio Services	1000.00	1000.00	1000.00
General Corporate Purposes	8065.69	8065.69	9251.52
Issue expenses	2673.60	2673.60	1457.77
Total	**26987.29**	**24687.29**	**19058.01**

Notes:

i. The additional share issue proceeds amounting to Rs. 2395.29 Lacs [relating to Green Shoe Option referred to in Para 5(a) above] has been included under the Object "General Corporate Purposes".

ii. The unspent money is temporarily invested in Fixed Deposits with the banks.

iii. Out of the share issue proceeds, the Company has invested an amount of Rs. 19,000.00 lacs in Fixed Deposits with the banks on September 2, 2005. With a view to earn higher returns on the said amounts, the Company has continued with the Fixed Deposits with the banks and instead has used internal accruals to finance the amounts as set out in the Objects.

iv. Certain Capital Expenditure and Sales and Marketing activities have been deferred to the year 2006-07, due to which the current year expenditure were lower.

c) Pursuant to clarification dated September 5, 2005 by the Institute of Chartered Accountants of India on the effect of expenses adjusted against the reserves, share issue expenses of Rs. 1551.17 lacs has been written off net of income tax benefit of Rs. 128.72 lacs, against the Securities Premium Account, as also permitted under Section 78 of the Companies Act, 1956.

6 a) The Company has during the year, funded HT Music and Entertainment Company Limited (incorporated during the year), its subsidiary company for Rs. 1,500 lacs by way of Equity Share Capital and Rs. 7,300 lacs by way of interest bearing loans. HT Music and Entertainment Company Limited have been awarded Letter of Intent (LOI) for FM Radio for Delhi, Mumbai, Kolkata and Bangalore at a total bid price of Rs. 7,520 lacs.

b) Details of loans given to a subsidiary in which directors are interested

HT Music and Entertainment Company Limited

Balance as at March 31, 2006 Rs. 7300 lacs (Previous year Rs. Nil)

Maximum amount outstanding during the year Rs. 7300 lacs (Previous year Rs. Nil)

Repayment of principal amount is not due as per stipulation.

7. In terms of the approval granted by the shareholders at their Extraordinary General Meeting held on October 21, 2005, the Company had given an interest free loan of Rs. 2174.28 lacs to HT Media Employees Welfare Trust, who has in turn purchased 468,044 Equity Shares of Rs. 10 each for Rs. 2174.28 lacs (average cost per share Rs. 464.55) from the open market for the purposes of granting share options to its employees.

Under the scheme, the trust has granted options, on January 9, 2006 of 177,952 equity shares of the face value of Rs. 10 each to the eligible employees of the Company at the rate of Rs. 461.51 per equity share. The contractual life of the granted options is 48 months. The eligible employees can exercise upto 10% of the option at the lapse of 24 months, 40% at lapse of 36 months and remaining 50% at lapse of 48 months. No granted options have been forfeited during the year and the date of exercise of the granted option is not due till March 31, 2006. The trust is holding entire 468,044 equity shares (including equity shares not due on granted options, till March 31, 2006) as on March 31, 2006.

8. During the year the Company has accounted for Rs. 2187.65 lacs (Previous year Rs. 1064.47 lacs) as payable/paid to the holding company towards terminal benefits and other like payments made to its employees, in terms of the agreement dated March 5, 2004 with The Hindustan Times Limited, the holding company. The same has been disclosed under exceptional items in the Profit and Loss Account.

9 a) Based on expert opinion, deferred tax charge as provided for in the books of accounts, pursuant to Accounting Standard 22 issued by the Institute of Chartered Accountants of India, has been considered as an admissible deduction from net profit for the purpose of determining Book Profit under Section 115 JB (2) of the Income Tax Act, 1961.

b) The Company has recognized Rs. 74.98 lacs as MAT Credit Entitlement (comprises Rs. 49.23 lacs recognized in Profit and Loss Account and Rs. 25.75 lacs adjusted from Share Issue Expenses) which represents that portion of MAT liability, which can be recovered based on the provision of Section 115 JAA of the Income Tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, opines that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT Credit Entitlement.

10. Names of related parties

Holding Company	The Hindustan Times Limited
Subsidiaries	Searchlight Publishing House Limited. HT Music and Entertainment Company Limited.
Fellow Subsidiaries	Shradhanjali Investment & Trading Company Limited, HTL Investment & Trading Company Limited, HT Interactive Media Properties Limited, Go4icricket.com (India) Private Limited, Go4i.com (India) Private Limited, Go4i.com (Mauritius) Limited.
Key Management Personnel	Smt. Shobhana Bhartia Vice-Chairperson & Editorial Director, Mr. Shamit Bhartia (Whole time Director) Mr. Priyavrat Bhartia (Whole time Director)
Relatives of key management personnel	Dr.K.K.Birla (Chairman)
Enterprises owned or significantly influenced by key management personnel or their relatives	The Press Trust of India Limited, Audit Bureau of Circulation, Air Travel Bureau Limited, Paxton Trexim Private Limited. Britex (India) Limited, Goldmary Investments and Trading Co. Ltd., Udit (India) Limited, Usha Flowel Limited, The Birla Cotton Spinning & Weaving Mills Limited, Jubiliant Enpro Private Limited, Network Programs (India) Limited, H.T. Vision Limited, Nilgiri Plantations Limited, Ronson Traders Limited, Yashovardhan Investment & Trading Company Limited, Hero Honda Motors Limited, Billigiri Rangan Coffee Estate, Priyavrat Traders, B&M Hotbread (P) Limited, Enpro Oil Limited, Dominoz' Pizza India Limited.

10. Related Party Transactions

(Rs. in lacs)

Transactions during the year	Holding company		Subsidiary/Fellow Subsidiaries		Key Management personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
	Mar-2006	Mar-2005	Mar-2006	Mar-2005	Mar-2006	Mar-2005	Mar-2006	Mar-2005	Mar-2006	Mar-2005	Mar-2006	Mar-2005
Sale of goods												
- Stores Material												
- Searchlight Publishing House Limited	-	-	21.03	2.78	-	-	-	-	-	-	21.03	2.78
- Waste Papers												
- Searchlight Publishing House Limited	-	-	3.76	3.39	-	-	-	-	-	-	3.76	3.39
Printing & Service Charges paid												
- Paxton Trexim Private Limited	-		-	-	-	-	-	-	134.37	156.03	134.37	156.03
- The Hindustan Times Limited	255.00	255.00	-	-	-	-	-	-	-	-	255.00	255.00
- Searchlight Publishing House Limited	-	-	1,495.68	1,380.68	-	-	-	-	-	-	1,495.68	1,380.68
Sitting fee												
- Dr. K. K. Birla	-	-	-	-	-	-	0.60	0.60		-	0.60	0.60
Purchase of Fixed Assets												
- Go4i.com (India) Private Limited	-	-	-	5.00	-	-	-	-	-	-	-	5.00
- Searchlight Publishing House Limited	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Printing and Publishing Undertakings												
- The Hindustan Times Limited	-	500.00	-	-	-	-	-	-	-	-	-	500.00
News Message												
- Go4i.com (India) Private Limited	-	-	17.00	12.00	-	-	-	-	-	-	17.00	12.00
- The Press Trust of India Limited	-	-	-	-	-	-	-	-	232.18	218.54	232.18	218.54
Dividend Paid on Equity Shares												
- The Hindustan Times Limited	317.32	-	-	-	-	-	-	-	-	-	317.32	-
Dividend Paid on Preference Shares												
- The Hindustan Times Limited	16.58	-	-	-	-	-	-	-	-	-	16.58	-
Issue of Shares upon exercise of Green Shoe Option												
- The Hindustan Times Limited	2,395.29	-	-	-	-	-	-	-	-	-	2,395.29	-
Investment in Share Capital												
- HT Music and Entertainment Company Limited	-	-	1,500.00	-	-	-	-	-	-	-	1,500.00	-
Reimbursement of expenses												
- HT Music and Entertainment Company Limited	-	-	17.16	-	-	-	-	-	-	-	17.16	-
Loans Given												
- HT Music and Entertainment Company Limited	-	-	7,300.00	-	-	-	-	-	-	-	7,300.00	-
Interest Received												
- HT Music and Entertainment Company Limited	-	-	121.23	-	-	-	-	-	-	-	121.23	-
Maintenance Expenses												
- Go4i.com (India) Private Limited	-	-	6.00	6.00	-	-	-	-	-	-	6.00	6.00

Related Party Transactions

(Rs. in Lacs)

	Holding company		Subsidiary/Fellow Subsidiaries		Key Management personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
Transactions during the year	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005
<u>Payment for Employees on Deputation</u>												
- The Hindustan Times Limited	**882.04**	1,790.49	-	-	-	-	-	-	-	-	**882.04**	1,790.49
- Searchlight Publishing House Limited	-	-	**200.35**	213.62	-	-	-	-	-	-	**200.35**	213.62
<u>Reimbursement of Separation Scheme Compensation</u>												
- The Hindustan Times Limited	**2,137.56**	1,064.47	-	-	-	-	-	-	-	-	**2,137.56**	1,064.47
<u>Contribution of Gratuity for employees on deputation</u>												
- The Hindustan Times Limited	-	34.26	-	-	-	-	-	-	-	-	-	34.26
<u>Remuneration paid to Key Managerial Personnel</u>												
- To Mrs. Shobhana Bhartia	-	-	-	-	**88.54**	52.30	-	-	-	-	**88.54**	52.30
- To Mr. Shamit Bhartia	-	-	-	-	**17.54**	7.03	-	-	-	-	**17.54**	7.03
- To Mr. Priyavrat Bhartia	-	-	-	-	**3.12**	-	-	-	-	-	**3.12**	-
<u>Travelling Expenses</u>												
- Air Travel Bureau Limited	-	-	-	-	-	-	-	-	**45.64**	88.36	**45.64**	88.36
<u>Rent Paid</u>												
- Searchlight Publishing House Limited	-	-	-	1.56	-	-	-	-	-	-	-	1.56
- The Hindustan Times Limited	**45.00**	45.00	-	-	-	-	-	-	-	-	**45.00**	45.00
<u>Subscription</u>												
- Audit Bureau of Circulation	-	-	-	-	-	-	-	-	**2.52**	2.22	**2.52**	2.22
<u>Advertising and Sales Promotion</u>												
- Audit Bureau of Circulation	-	-	-	-	-	-	-	-	**0.40**	-	**0.40**	-
- Dominos Pizza India Ltd.	-	-	-	-	-	-	-	-	**22.19**	-	**22.19**	-
<u>Reimbursement of expenses incurred on behalf of the company by parties</u>												
- Searchlight Publishing House Limited	-	-	**25.12**	73.24	-	-	-	-	-	-	**25.12**	73.24
- Go4i.com (India) Private Limited	-	-	-	2.49	-	-	-	-	-	-	-	2.49
- Go4Cricket.com (India) Private Limited	-	-	**0.88**	3.07	-	-	-	-	-	-	**0.88**	3.07
- The Hindustan Times Limited	**222.18**	369.81	-	-	-	-	-	-	-	-	**222.18**	369.81
<u>Reimbursement of expenses incurred on behalf of the parties by company</u>												
- Searchlight Publishing House Limited	-	-	**64.19**	11.19	-	-	-	-	-	-	**64.19**	11.19
- Audit Bureau of Circulation									**1.15**	2.43	**1.15**	2.43
<u>Investments made</u>												
Share Capital issued (including Share premium)	-	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00

Related Party Transactions (Rs. in Lacs)

	Holding company		Subsidiary/Fellow Subsidiaries		Key Management personnel		Relatives of Key Mangement Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
Transactions during the year	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005
Balance outstanding at the end of the year												
Investment in Shares (including premium)												
- Searchlight Publishing House Limited	-	-	**867.10**	867.10	-	-	-	-	-	-	**867.10**	867.10
- The Press Trust of India Limited	-	-	-	-	-	-	-	-	**0.46**	0.46	**0.46**	0.46
- HT Music and Entertainment Company Limited	-	-	**1,500.00**	-	-	-	-	-	-	-	**1,500.00**	-
Loans Given												
- HT Music and Entertainment Company Limited	-	-	**7,300.00**	-	-	-	-	-	-	-	**7,300.00**	-
Equity Share Capital												
- The Hindustan Times Limited	**3,219.71**	3,219.71	-	-	-	-	-	-	-	-	**3,219.71**	3,219.71
Preference Share Capital												
- The Hindustan Times Limited	**2,000.00**	2,000.00	-	-	-	-	-	-	-	-	**2,000.00**	2,000.00
Receivable as Advances / Debtors												
- Air Travel Bureau Limited	-	-	-	-	-	-	-	-	**11.00**	11.00	**11.00**	11.00
Payable as Creditors												
- The Hindustan Times Limited	**1,957.89**	-	-	-	-	-	-	-	-	-	**1,957.89**	-
- Searchlight Publishing House Limited	-	-	**78.22**	99.13	-	-	-	-	-	-	**78.22**	99.13
- HT Music and Entertainment Company Limited	-	-	**1.26**	-	-	-	-	-	-	-	**1.26**	-
- The Press Trust of India Limited	-	-	-	-	-	-	-	-	-	2.85	-	2.85
- Paxton Trexim Private Limited	-	-	-	-	-	-	-	-	-	10.77	-	10.77
Security deposits given by the Company												
- The Press Trust of India Limited	-	-	-	-	-	-	-	-	**3.48**	3.48	**3.48**	3.48
- Air Travel Bureau Limited	-	-	-	-	-	-	-	-	**12.50**	12.50	**12.50**	12.50

11. **Leases**

Rental expenses in respect of operating leases are recognized as an expense in the Profit and Loss Account and Expenditure during construction period (Pending Allocation), as the case may be, on a straight-line basis over the lease term.

Operating Lease (for assets taken on Lease)

a) The Company has taken various residential, office and godown premises under operating lease agreements. These are generally renewable by mutual consent and generally restrict for further leasing.

b) Lease payments for the year are Rs. 727.65 lacs (Previous year Rs. 573.65 lacs).

c) The future minimum lease payments under non-cancellable operating leases;

- not later than one year is Rs. 69.34 lacs (Previous year Rs. 68.74 lacs);
- later than one year but not later than five years is Rs. 84.35 lacs (Previous year Rs. 144.15 lacs);
- later than five years is Rs. 6.08 lacs (Previous year Rs.14.42 lacs).

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
12. **Capital Commitment**		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**542.27**	498.61
13. **Contingent Liabilities not provided for**		
a) Claims against the Company not acknowledged as debts		
The Company has received a demand of sales tax for the leased assets from the lessor and the same is disputed by the Company.	**14.60**	11.75
b) In respect of various labour and defamation cases pending. (In view of large number of cases, it is impracticable to disclose the details of each case).	**Amount not ascertainable**	Amount not ascertainable
Based on discussions with the solicitors, the Company believes that there is fair chance of decisions in its favour in respect of above and hence no provision is considered necessary against the same.		
14. **Supplementary Statutory Information**		
14.1 **Directors' Remuneration***		
Salaries	**59.50**	36.00
Contribution to provident fund	**7.14**	4.32
Contribution to Gratuity fund	**2.74**	1.50
Perquisites	**19.91**	17.51
	89.29**	59.33

* Excluding provision for leave encashment

**includes remuneration of Rs. 2.96 lacs to a whole-time director, the appointment and remuneration of which is subject to the approval of shareholders.

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
14.2 Earnings in foreign currency (on cash basis)		
Export of newspapers and periodicals	**1.89**	1.23
Advertisements	**695.60**	296.27
Others	**0.71**	1.03
	698.20	298.53
14.3 Expenditure in foreign currency (on cash basis)		
Travelling	**96.24**	59.71
Professional and consultation fees	**405.41**	275.73
Others	**197.31**	181.38
	698.96	516.82
14.4 Net Dividend remitted in foreign currency		
Number of NRI Shareholders	**2**	-
Number of Shares held by them	**9,556,848**	-
Dividend Paid (Rs. In lacs)	**68.52**	-
Year to which dividend relates	**2004-05**	-
14.5 Value of imports calculated on CIF basis		
Raw materials	**19799.07**	15285.01
Stores and Spares	**958.27**	478.80
Capital goods	**333.23**	2710.54
	21090.57	18474.35

15. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

15.1 Licensed Capacity and Installed Capacity

	Unit No. of machines	Installed Capacity (As at year end) Impression per hour	
		March 31, 2006	March 31, 2005
Newsline 45 offset Rotary Press	6 (7)	**270000**	315000
Coroset offset Rotary Press	2 (2)	**80000**	80000
Newsline 30 Rotary Press	8 (8)	**240000**	240000
Citiline Express Machine	7 (7)	**210000**	210000
Wifag offset Rotary	3 (3)	**180000**	180000
Heatset Web offset	1 (1)	**40000**	40000
Starline 30 rotary Press	1 (1)	**30000**	30000
Manroland Colorman	3 (3)	**255000**	255000

Notes: (i) Licensed capacity is not applicable

(ii) Installed capacity is taken as certified by the management (excludes presses owned by others where the Company's publications are printed.)

(iii) Figures in brackets represent figures for previous year.

15.2 **Actual Production and Sales**

	Unit	Quantity (in lacs)		Value (Rs. in lacs)	
		For the year ended March 31, 2006	For the year ended March 31, 2005	**For the year ended March 31, 2006**	For the year ended March 31, 2005
Actual Production	Pages	**263,816.95**	224357.90		
	Copies	**8,884.09**	8747.15		
Sales	Copies	**8537.20**	8443.52	**13683.06**	12558.72

Notes: i) Includes pages/copies produced by presses owned by others where the Company's publications are printed but excludes pages/copies printed on job work.

ii) Difference in the quantity tally is on account of unsold, complimentary copies etc.

15.3 **Consumption of raw materials (excluding consumption included in expenditure during construction period)**

	Unit	Quantity		Value (Rs. in lacs)	
		For the year ended March 31, 2006	For the year ended March 31, 2005	**For the year ended March 31, 2006**	For the year ended March 31, 2005
Newsprint	MT	**118,838.259**	109755.135	**32,288.62**	27213.83
Ink	MT	**1,802.912**	1630.783	**1882.85**	1469.23
Total		**120641.171**	111385.918	**34171.47**	28683.06

15.4 **Imported and indigenous raw materials, stores and spares consumed (excluding consumption included in expenditure during construction period)**

	Percentage of total consumption		Value (Rs. in lacs)	
	For the year ended March 31, 2006	For the year ended March 31, 2005	**For the year ended March 31, 2006**	For the year ended March 31, 2005
i) Raw materials				
- Imported	**57.53**	56.45	19659.11	16191.36
- Indigenously obtained	**42.47**	43.55	14512.36	12491.70
	100.00	100.00	34171.47	28683.06
ii) Stores and Spares				
- Imported	**39.89**	35.99	874.20	582.01
- Indigenously obtained	**60.11**	64.01	1317.10	1035.04
	100.00	100.00	2191.30	1617.05

16. **Previous Year comparatives**

Previous year's figures have been regrouped/rearranged where necessary to conform to this year's classification

As per our report of even date

For S.R. Batliboi & Company
Chartered Accountants

Per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 9th May, 2006

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

Seema Chandra
(Vice President Finance)

Rajiv Verma
Chief Executive Officer

For and on behalf of the Board of Directors

Dr. K.K. Birla
Shobhana Bhartia
K.N. Memani
Ajay Relan
Roger Greville
Priyavrat Bhartia
Shamit Bhartia

Balance Sheet Abstract and Company's General Business Profile as per Part (IV) of Schedule VI to the Companies Act, 1956

I Registration details

Registration No.	117874	State Code	55
Balance Sheet date	31.03.2006		

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	50,919	Right Issue	Nil
Bonus Issue	Nil	Private Placement	
		-Equity	Nil
		-Preference	Nil

III Position of mobilisation and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	8,923,916	Total Assets	8,923,916

Sources of Funds

Paid-up Capital	668,458	Reserves & Surplus	6,263,890
Secured Loans	1,695,726	Deferred Tax Liabilities	295,842
		Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	3,918,822	Investments	643,974
Net Current Assets	4,361,120	Accumulated Losses	Nil

IV Performance of the Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)	8,387,443	Total Expenditure	7,775,765
Profit / (Loss) Before Tax	611,678	Profit / (Loss) After Tax	372,703
Earning Per Share in (Rs.)	8.27	Dividend Rate	12%

V Generic Name of Two Principal Products/Services of the Company (as per monetary terms)

Product Description	**Item Code**
Printing/Publication of Newspapers	490210.01
Printing/Publication of Periodicals	490290.02

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary Company	*Searchlight Publishing House Limited*	*HT Music and Entertainment Company Limited*
Financial Year of the Subsidiary Company ended on	31st March, 2006	31st March, 2006
Number of shares in the Subsidiary Company held by HT Media Limited and its nominee at the above date	39,74,771	1,50,00,000
Extent of holding	99.71 %	75 %
Net aggregate amount of profit/(loss) of the Subsidiary Company so far as it concerns the members of HT Media Limited		
i) dealt with in the accounts of HT Media Limited amounted to:		
a) For Subsidiary Company's Financial Year ended on 31st March, 2006	Nil	Nil
b) For previous financial years of the Subsidiary Company since it became subsidiary company of HT Media Limited	Nil	Nil
ii) not dealt with in the accounts of HT Media Limited amounted to:		
a) For Subsidiary Company's Financial Year ended on 31st March, 2006 (Rs. in lacs)	8.41	(129.01)
b) For previous financial years of the Subsidiary Company since it became subsidiary company of HT Media Limited (Rs. in lacs)	71.19	(129.01)

For and on behalf of the Board of Directors

Dr. K.K. Birla
Shobhana Bhartia
K.N. Memani
Ajay Relan
Roger Greville
Priyavrat Bhartia
Shamit Bhartia

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

Seema Chandra
(Vice President Finance)

Rajiv Verma
Chief Executive Officer

Place: New Delhi
Date: 9th May, 2006

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF HT MEDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HT MEDIA LIMITED AND ITS SUBSIDIARIES (SEARCHLIGHT PUBLISHING HOUSE LIMITED AND HT MUSIC AND ENTERTAINMENT COMPANY LIMITED)

We have audited the attached Consolidated Balance Sheet of HT Media Limited and its Subsidiaries (hereinafter referred as the "HT Media Group") as at March 31, 2006, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the HT Media Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding its subsidiaries. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit in accordance with the 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 did not audit the financial statements of one of the subsidiaries (Searchlight Publishing House Limited) of HT Media Limited whose financial statements reflect total assets of Rs. 971.11 lacs as at March 31, 2006 (Rs. 879.89 lacs as at March 31, 2005) and total revenues of Rs. 1546.89 lacs for the year ended March 31, 2006 (Rs. 1435.30 lacs for the year ended March 31, 2005) and cash flows amounting to Rs.11.16 lacs for the year ended March 31, 2006 (Rs 9.09 lacs for the year ended March 31, 2005). The financial statement and other financial information of the above subsidiary has been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of that auditor.

We report that the consolidated financial statements have been prepared by HT Media Limited's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of HT Media Limited and its subsidiaries included in the consolidated financial statements.

In our opinion, and on the basis of the information and explanations given to us and based on the consolidation of separate audit reports on individual financial statement of HT Media Limited and its subsidiaries, the consolidated financial statements of HT Media Limited and its subsidiaries give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheet of the consolidated state of affairs of HT Media Group as at March 31, 2006;

(ii) in the case of the Consolidated Profit and Loss Account, of the Profit of the HT Media Group for the year ended on that date; and

(iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the HT Media Group for the year ended on that date.

For S.R. Batliboi & Company

Chartered Accountants

Per Anil Gupta

Partner

Membership No. 87921

Place: New Delhi

Date : 9th May, 2006

HT Media Limited

Consolidated Balance Sheet as at March 31, 2006

	Schedule	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**6,684.58**	6,175.39
Reserves and surplus	2	**62,477.33**	34,527.03
		69,161.91	40,702.42
Minority Interest	3		
Equity		**501.08**	1.08
Non - Equity		**(43.09)**	0.14
		457.99	1.22
Loan Funds			
Secured loans	4	**16,957.26**	17,160.05
Deferred Tax Liabilities (Net)	5	**2,955.09**	1,316.75
		89,532.25	59,180.44
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross block		**45,182.69**	41,734.46
Less : Depreciation		**7,168.94**	3,684.69
Net block		**38,013.75**	38,049.77
Capital Work-In-Progress including Capital Advances		**324.56**	867.97
Expenditure During Construction Period (Pending Allocation)	7	-	43.27
		38,338.31	38,961.01
Intangible Assets (net of Amortisation and including Capital Work In Progress, Capital Advances and Expenditure During Development Stage)	8	**9,418.64**	1,579.35
Investments	9	**4,072.64**	9,224.47
Amount recoverable from HT Media Employees Welfare Trust (Refer Note No. 7 of Schedule 23)		**2,174.28**	-
Current Assets, Loans and Advances			
Inventories	10	**10,956.28**	7,849.24
Sundry debtors	11	**12,122.08**	9,350.58
Cash and bank balances	12	**28,060.18**	4,922.44
Loans and advances	13	**2,744.19**	1,196.73
		53,882.73	23,318.99
Less: Current Liabilities and Provisions			
Current Liabilities	14	**17,080.87**	13,053.91
Provisions	15	**1,281.71**	849.47
		18,362.58	13,903.38
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Preliminary Expenses incurred by a subsidiary during the year		**8.23**	-
Net Current Assets		**35,520.15**	9,415.61
		89,532.25	59,180.44
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

For S.R. Batliboi & Company
Chartered Accountants

Per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 9th May, 2006

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

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For and on behalf of the Board of Directors

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Priyavrat Bhartia
Shamit Bhartia

HT Media Limited

Consolidated Profit and Loss Account for the year ended March 31, 2006

	Schedule	For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
INCOME			
Turnover	16	**82,144.51**	62,842.15
Other income	17	**1,684.44**	907.32
		83,828.95	63,749.47
EXPENDITURE			
Raw Materials Consumed	18	**34,391.40**	28,897.94
Personnel Expenses	19	**12,437.44**	8,458.36
Operating and Other Expenses	20	**23,416.55**	17,882.42
(Increase) in inventories	21	**(1.02)**	(6.42)
		70,244.37	55,232.30
Profit before depreciation/amortisation, interest, exceptional items and tax (EBITDA)		**13,584.58**	8,517.17
Depreciation/amortisation		**3,964.41**	2,374.72
Interest paid	22	**1,375.13**	668.76
Profit before exceptional items and tax		**8,245.04**	5,473.69
Exceptional items			
Reimbursement of terminal benefits to the Holding Company of Parent Company and provision thereof (including Rs. 56.71 lacs pertaining to previous year) (Refer Note No. 8 of Schedule 23)		**2,187.65**	1,064.47
Voluntary retirement and other one time compensation to employees		**220.08**	-
Profit before tax		**5,837.31**	4,409.22
Provision for Wealth tax		**(0.70)**	(0.90)
Fringe Benefit Tax		**(373.76)**	-
Provision for Minimum Alternate Tax (MAT)	**(327.00)**		
Less: MAT Credit Entitlement Account	**49.23**	(277.77)	(223.00)
Provision for current income tax by a subsidiary (Previous year including Rs. 3.04 lacs for earlier years)		**(6.09)**	(11.19)
Deferred Tax (Charge)		**(1,741.30)**	(1,421.60)
Total tax (expense)		**(2,399.62)**	(1,656.69)
Net Profit for the year		**3,437.69**	2,752.53
Add: Pre-Acquisition Losses Adjusted Against Goodwill		**77.55**	-
Add/(Less): Share of Minority Interests in losses/(profits)		**43.23**	(0.19)
Credit/(Debit) Balance brought forward from previous year		**2,043.69**	(249.80)
Amount available for appropriation		**5,602.16**	2,502.54
Appropriations			
- General Reserve		**150.00**	-
- Proposed dividend (on preference shares)		**20.00**	16.58
- Proposed dividend (on equity shares)		**562.15**	385.83
- Tax on dividend		**81.65**	56.44
Surplus carried to balance sheet		**4,788.36**	2,043.69
Earnings Per Share	23		
Basic and Diluted [Nominal value of shares Rs.10 (Previous Year Rs.10)]		**7.90**	7.08
Notes to Accounts	24		

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

As per our report of even date

For S.R. Batliboi & Company
Chartered Accountants

Per Anil Gupta
Partner
Membership No: 87921

Place: New Delhi
Date: 9th May, 2006

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

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For and on behalf of the Board of Directors

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HT Media Limited
Consolidated Cash Flow Statement for the year ended March 31, 2006

	March 31, 2006 (Rs. in lacs)	March 31, 2005 (Rs. in lacs)
A. Cash flow from operating activities		
Profit before taxation	**5,837.31**	4,409.22
Adjustments for:		
Depreciation/amortisation	**3,964.41**	2,374.72
Share Issue Expenses (gross of tax benefit of Rs. 128.71 lacs)	**(1,551.17)**	(145.82)
Loss on disposal of fixed assets (net)	**38.45**	17.73
Profit on sale of current investments (net)	**(224.95)**	(66.85)
Dividend income	**(168.07)**	(182.34)
Interest income	**(854.63)**	(93.19)
Interest expense	**1,375.13**	668.76
Provision for doubtful debts and advances	**210.71**	496.58
Operating profit before working capital changes	**8,627.19**	7,478.81
Movements in working capital :		
(Increase)/Decrease in sundry debtors	**(2,973.88)**	539.51
(Increase) in inventories	**(3,107.04)**	(2,152.80)
(Increase) in loans and advances	**(446.50)**	(48.61)
Increase in current liabilities and provisions	**4,263.84**	2,357.90
Cash generated from operations	**6,363.61**	8,174.81
Direct taxes paid	**1,138.68**	158.61
Net cash from operating activities	**5,224.93**	8,016.20
B. Cash flows from investing activities		
Purchase of Printing and Publishing undertakings	-	(500.00)
Purchase of fixed assets	**(11,158.02)**	(10,461.02)
Proceeds from sale of fixed assets	**16.10**	37.05
Purchase of investments	**(14,775.68)**	(19,821.84)
Sale of investments	**20,152.46**	14,166.52
Miscellaneous Expenditure	**(8.23)**	-
Amount recoverable from HT Media Employees Welfare Trust	**(2,174.28)**	-
Dividend received	**168.07**	182.34
Interest received	**241.84**	99.31
Net cash (used) in investing activities	(7,537.74)	(16,297.64)
C. Cash flows from financing activities		
Proceeds from issuance of share capital	**26,987.29**	10,000.30
Proceeds from long-term borrowings	**9,000.00**	13,186.96
Repayment of long-term borrowing	**(9,123.86)**	(13,175.56)
(Repayment of) short-term borrowings	**(70.10)**	(1,519.63)
Receipt from minority shareholder	**500.00**	-
Interest paid	**(1,383.94)**	(1,463.43)
Dividend paid	**(458.84)**	-
Net cash from financing activities	**25,450.55**	7,028.64
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**23,137.74**	(1,252.80)
Cash and cash equivalents at the beginning of the year	**4,922.44**	6,175.24
Cash and cash equivalents at the end of the year	**28,060.18**	4,922.44

Components of cash and cash equivalents as at the end of the year		
Cash and cheques on hand	**4,307.12**	2,718.25
With Scheduled banks - on current accounts	**728.02**	602.69
on deposit accounts	**23,025.04**	1,601.50
	28,060.18	4,922.44

Note: 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: New Delhi
Date: 9th May, 2006

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

Seema Chandra
(Vice President Finance)

Rajiv Verma
Chief Executive Officer

For and on behalf of the Board of Directors

Dr. K.K. Birla
Shobhana Bhartia
K.N. Memani
Ajay Relan
Roger Greville
Priyavrat Bhartia
Shamit Bhartia

HT Media Limited

Schedules to the Consolidated Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 1 : Share Capital		
Authorised		
5,25,00,000 (Previous year 5,25,00,000) equity shares of Rs. 10 each	**5,250.00**	5,250.00
20,00,000 (Previous year 20,00,000) preference shares of Rs. 100 each	**2,000.00**	2,000.00
	7,250.00	7,250.00
Issued, Subscribed and Paid up		
4,68,45,841 (Previous year 4,17,53,900) equity shares of Rs. 10 each fully paid	**4,684.58**	4,175.39
20,00,000 (Previous year 20,00,000) 1% non-cumulative redeemable preference shares of Rs.100 each fully paid (redemable at par on the expiry of 6 years from the date of allotment i.e. 9th March, 2004 and 4th August, 2004)	**2,000.00**	2,000.00
	6,684.58	6,175.39

Of the above :

i) 3,21,97,052 (Previous year 3,21,97,052) equity shares and 20,00,000 (Previous year 20,00,000) preference shares are held by The Hindustan Times Limited, the Holding Company of the Parent Company.

ii) 2,99,49,999 (Previous year 2,99,49,999) equity shares were alloted as fully paid-up for consideration other than cash.

iii) 50,91,941 (Previous year Nil) equity shares were alloted as fully paid-up to Public during the year by the Parent Company (including 451,941 equity shares issued upon exercise of Green Shoe Option).

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 2 : Reserves and Surplus		
Securities Premium Account		
As per last Balance Sheet	**32,483.34**	24,089.97
Add: Received during the year	**26,478.09**	8,539.19
	58,961.43	32,629.16
Less: Share issue expenses written off*	**1,422.46**	145.82
	57,538.97	32,483.34
General Reserve - Transferred during the year	**150.00**	-
Profit and Loss Account Balance	**4,788.36**	2,043.69
	62,477.33	34,527.03

* Including payments to statutory auditors amounting to Rs. 44.90 lacs (Previous year Rs. Nil) towards certification work etc. and net of income tax of Rs. 128.71 lacs (Previous year Rs. Nil) (Comprises current income tax Rs. 25.75 lacs and deferred tax Rs. 102.96 lacs)

HT Media Limited
Schedules to the Consolidated Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 3 : Minority Interest		
a) Minority Interest in Equity of Searchlight Publishing House Limited 11,479 Equity Shares of Rs. 10/- each (net of calls in arrear Rs. 0.07 lac)	**1.08**	1.08
b) Minority Interest in Non - Equity of Searchlight Publishing House Limited		
Share of Profit/(Loss) brought forward	**0.14**	(0.05)
Add/(Less): Share of Profit/(Loss) of the current year	**(0.23)**	0.19
	0.99	1.22
c) Minority Interest in Equity of HT Music and Entertainment Company Limited 5,000,000 Equity Shares of Rs. 10/- each fully paid	**500.00**	-
d) Minority Interest in Non - Equity of HT Music and Entertainment Company Limited		
(Less): Share of (Loss) of the current period	**(43.00)**	-
	457.00	-
	457.99	1.22
Minority Interest in Equity of Subsidiaries	**501.08**	1.08
Minority Interest in Non - Equity of Subsidiaries	**(43.09)**	0.14
	457.99	1.22

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 4 : Secured Loans		
Rupee Term Loan from Punjab National Bank Secured by way of hypothecation of entire block of assets which are lying at all work place/office of the Company, consisting of plant & machinery, computers, furniture, fixtures fittings & furnishers, vehicles, (present & future) which now or hereafter from time to time during the continuance of this security, belonging to the Parent Company wherever situated including in-transit. All the above charges are ranking pari-passu with the existing and proposed lenders. It is further secured by way of equitable mortgage by deposit of title deeds of immovable property belonging to the Parent Company situated at Noida and Greater Noida(Repayable within a year Rs.Nil, previous year Rs. Nil).	7,500.00	7,500.00
Rupee Term Loan from State Bank of India To be secured by way of hypothecation of all present and future goods, book debts and all other movable assets, including documents of the title to the goods, outstanding moneys, receivables including receivables by way of cash assistance and/or cash incentive under the Cash Incentive Scheme or any other scheme, Claims including claims by way of refund of customs/excise duties under the Duty Drawback Credit Scheme or any other scheme, bills, invoices, docements, contracts, insurance policies, guarantess, engagements, securities, investments and rights and present and future machinery, by way of a pari passu charge. Charge is yet to be filed with the Registrar of Companies(Repayable within a year Rs.Nil).	9,000.00	-
Rupee and Foreign currency Term Loans from Corporation Bank Were to be secured by way of pari passu first charge on fixed assets, present and future with the existing and proposed lenders.	-	3,448.32
Rupee Term Loan from State Bank of Patiala Were to be secured by way of pari-passu first charge on fixed assets, present or future, at Noida, Greater Noida and Mumbai with the existing and proposed lenders.	-	3,175.56
Rupee Term Loan from The Jammu & Kashmir Bank Limited Were to be secured by first pari-passu charge over the whole of the moveable properties 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-passu with the existing and proposed lenders.	-	2,500.00
Cash Credit Facility from Banks 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 Parent Company.	457.26	527.36
Interest accrued and due	-	8.81
	16,957.26	17,160.05

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 5 : Deferred Tax Liabilities (Net):		
Deferred Tax Liabilities		
Differences in depreciation in block of fixed assets as per tax books and financial books	**3,634.93**	2,511.13
Gross Deferred Tax Liabilities	**3,634.93**	2,511.13
Deferred Tax Assets		
Carry forward of unabsorbed depreciation	-	737.38
Effect of expenditure adjusted from share issue expenses in the current year but allowable for tax purposes in following years	**102.96**	-
Effect of expenditure debited to profit and loss account in the current year but allowable for tax purposes in following years	**190.21**	141.19
Provision for doubtful debts and advances	**386.67**	315.81
Gross Deferred Tax Assets	**679.84**	1,194.38
Net Deferred Tax Liabilities	**2,955.09**	1,316.75

(Rs. in lacs)

Schedule 6 : Fixed Assets

	Goodwill (on consolidation)	Land-Leasehold	Buildings	Improvement to Leeasehold Premises	Plant & Machinery	Furniture & Fitting	Vehicles	Total	Previous Year
Gross Block									
At 01.04.05	255.70	1,802.11	4,374.97	408.77	34,418.85	348.49	125.57	41,734.46	17,072.50
Additions	77.55	15.18	1,260.40	192.25	2,036.17	185.23	11.06	3,777.84	24,773.54
Deductions/Adjustments	-	-	7.41	54.33	253.05	12.90	1.92	329.61	111.58
At 31.03.2006	**333.25**	**1,817.29**	**5,627.96**	**546.69**	**36,201.97**	**520.82**	**134.71**	**45,182.69**	**41,734.46**
Depreciation/Amortisation									
At 01.04.05	88.99	31.17	194.00	148.15	3,049.25	144.24	28.89	3,684.69	1,650.92
For the year	5191	24.10	180.99	96.58	3,136.95	69.78	16.99	3,577.30	2,090.55
Deletions	-	-	0.05	52.18	30.94	8.06	1.82	93.05	56.78
At 31.03.2006	**140.90**	**55.27**	**374.94**	**192.55**	**6,155.26**	**205.96**	**44.06**	**7,168.94**	**3,684.69**
Net Block									
At 31.03.2006	**192.35**	**1,762.02**	**5,253.02**	**354.14**	**30,046.71**	**314.86**	**90.65**	**38,013.75**	**38,049.77**
At 31.03.2005	**166.71**	**1,770.94**	**4,180.97**	**260.62**	**31,369.60**	**204.25**	**96.68**	**38,049.77**	-
Capital Work In Progress								26.13	805.74
Capital Advances (Unsecured and considered good)								298.43	62.23
								324.56	**867.97**
Total	**192.35**	**1,762.02**	**5,253.02**	**354.14**	**30,046.71**	**314.86**	**90.65**	**38,338.31**	**38,917.74**

Notes:
1. Motor Vehicle of the cost of Rs. 3.44 lacs (Previous year Rs. 3.44 lacs) is pending for registration in the name of the Parent Company.
2. Depreciation for the year includes Rs. 2.42 lacs (Previous year Rs. 23.69 lacs) debited to Expenditure during construction period.
3. Fixed Assets of the value of Rs. 89.65 lacs (W.D.V. Rs. 28.14 lacs) have been discarded during the year.
4. Deductions from Gross block of fixed assets and additions to Gross Block of fixed assets include Rs. 100.88 lacs and Rs. 38.88 lacs respectively on account of adjustment of liabilities against assets installed/commissioned in earlier years.
5. Deductions to Plant & Machinery include foreign exchange fluctuation amounting to Rs. 94.81 lacs (Previous year Rs. Nil).
6. Additions to Leasehold Land include land development charges amounting to Rs. 9.45 lacs (Previous year Rs. Nil).
7. Capital advances include Rs. 218.20 lacs paid by a subsidiary company towards its proportionate share in the Common Infrastructure (for two centres) to be built on the land owned by Prasar Bharti for channel transmission to be used by all the broadcasters at respective centres as per the terms of bid document on FM Radio Broadcasting (Phase II).

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 7 : Expenditure during construction period (Pending Allocation)		
Balance brought forward	43.27	291.60
Add:Incurred during the year		
Raw Materials Consumed	-	67.60
Salaries, wages and bonus	**30.61**	21.43
Contribution to group insurance scheme	-	0.15
Contribution to provident fund	**1.55**	0.96
Consumption of stores and spares	**2.15**	35.43
Printing and service charges	-	0.45
Power and fuel	**10.34**	27.34
Rent	-	12.09
Rates and taxes	**3.64**	1.23
Insurance	-	38.79
Travelling and conveyance	**14.43**	35.69
Communication costs	-	2.33
Legal and professional fees	**4.46**	57.40
Interest on term loans	-	708.93
Bank charges	-	13.15
Depreciation on fixed assets	**2.42**	23.69
Miscellaneous expenses	**8.89**	34.76
	121.76	1,373.02
Less: Income earned during the year		
Sale of waste papers and scrap	-	13.35
Foreign exchange difference (net)	-	4.03
	121.76	1,355.64
Less: Allocated to fixed assets during the year	**120.83**	1,310.58
Less: Charged off to revenue during the year	**0.93**	1.79
Balance Carried Forward	-	43.27

HT Media Limited
Schedules to the Consolidated Accounts

(Rs. in Lacs)

Schedule 8 : Intangible Assets	Software Licenses	One time entry fee towards FM Radio Channel*	Total	Previous Year
Gross Block				
At 01.04.05	1,887.19	-	**1,887.19**	1,543.24
Additions	617.88	-	**617.88**	343.95
Deletions **	10.00	-	**10.00**	-
At 31.03.2006	2,495.07	-	**2,495.07**	**1,887.19**
Amortisation				
At 01.04.05	566.63	-	**566.63**	258.77
For the year	389.53	-	**389.53**	307.86
At 31.03.2006	956.16	-	**956.16**	566.63
Net Block	1,538.91	-	**1,538.91**	**1,320.56**
Capital Work in Progress	-	-	-	155.86
Capital Advances (Unsecured and considered good)	285.28	7,594.45	**7,879.73**	97.65
Expenditure During Development Stage				
Balance brought forward	5.28	-	**5.28**	8.38
Less:Allocated to Intangible Assets	(5.28)	-	**(5.28)**	(3.10)
Balance carried forward	-	-	-	5.28
Balance at the year end	1,824.19	7,594.45	**9,418.64**	1,579.35
At 31.03.2005	1,579.35	-	**1,579.35**	

Notes:
1. Capital Work in Progress of the value of Rs. 13.68 lacs (Previous year Rs. Nil) have been discarded during the year.
2. * This amount includes Rs. 7,520.04 lacs paid as One Time Entry Fee (OTEF) by a Subsidiary Company for establishing and operating FM Radio Channels in the cities of Mumbai, Delhi, Kolkata and Bangalore. It will be capitalised on completion of formalities prescribed by the Ministry of Information and Broadcasting in the Letter of Intent and after signing the Grant of Permission Agreement.
3. ** Represent adjustment of liability against software installed in earlier years.

HT Media Limited
Schedules to the Consolidated Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 9 : Investments		
Long Term Investments		
A. Trade Investments (Unquoted)		
Fully paid up equity shares of Rs. 100 each		
457 in Press Trust of India Limited	**0.46**	0.46
738 in United News of India	**0.74**	0.74
B. Other than Trade Investments		
Current Investments		
Other than Trade Investments (Quoted)		
Units in mutual funds of Rs. 10 each		
Nil (Previous year 10,146,152.640) of Birla Cash Plus Institutional Premium Dividend Reinvest Plan	-	1,016.55
Nil (Previous year 15,379,794.313) of Standarded Chartered GCCW GCF - Super Institutional Plan C-Weekly Dividend Reinvest Plan	-	1,538.71
Nil (Previous year 15,389,081.969) of HSBC Cash Fund-Intitutional Plus - Weekly Dividend Reinvest Plan	-	1,539.18
Nil (Previous year 6,645,706.908) of Reliance Treasury Plan- Institutional option- Weekly Dividend Reinvest Plan	-	1,015.43
Nil (Previous year 17,161,347.322) of ICICI Prudential Institutional Liquid Fund- Dividend Reinvest Plan	-	2,032.62
4,348,771.472 (Previous year Nil) of SMG Sundaram Monthly Income Plan-Growth Plan	**500.00**	-
2,936,909.314 (Previous year Nil) of Birla Monthly Income Plan- Growth Plan	**500.00**	-
3,032,655.636 (Previous year Nil) of Prudential ICICI Monthly Income Plan- Growth Plan	**500.00**	-
4,381,237.787 (Previous year Nil) of HSBC Monthly Income Plan- Saving Plan- Growth Plan	**500.00**	-
Units in mutual funds of Rs. 1,000 each		
186,124.537 (Previous year Nil) of UTI-Liquid Cash-Institutional Plan-Growth Plan	**2,071.44**	-
Nil (Previous year 152,210.290) of Templeton India Treasury Management Plan-Institutional Plan-Weekly Dividend Reinvest Plan	-	1,523.10
Nil (Previous year 55,152.309) of UTI-Liquid Cash Plan- Institutional Weekly Dividend Reinvest Plan	-	557.68
	4,072.64	9,224.47

Notes:

1) The following units held in Mutual Funds were purchased and sold during the year:

	Value (Rs. In lacs)
Purchased	
- In Dividend option:	
200,024.799 units of Birla Cash Plus Institutional Premium Dividend Reinvest Plan of Rs.10 each	20.04
295,578.648 units of Standard Chartered GCCW GCF - Super Institutional Plan C - Weekly Dividend Reinvest Plan of Rs. 10 each	29.56
290,420,789 units of HSBC Cash Fund-Intitutional Plus- Weekly Dividend Reinvest Plan of Rs.10 each	29.06
121611.66 units of Reliance-Treasury Plan-Institutional option - Weekly Dividend Reinvest Plan of Rs.10 each	18.60
262,693.42 units of ICICI Prudential Institutional Liquid Fund - Dividend Reinvest Plan of Rs.10 each	31.11
2,919.03 units of Templeton India Treasury Management Plan -Institutional Plan- Weekly Dividend Reinvest Plan of Rs.1000 each	29.21
1,033.72 units of UTI Liquid Cash Plan Institutional- Weekly Dividend Reinvest Plan of Rs. 1,000 each	10.49
- In MIP option:	
84,16,407.056 units of UTI-MIS Advantage Plan-Growth Plan of Rs. 10 each	1,003.38
4,220,976.565 units of Reliance Monthly Income Plan-Growth Plan of Rs. 10 each	500.00
81,71,203.046 units of HDFC-MF Monthly Income Plan-Long Term-Growth of Rs. 10 each	1,000.00
- In Growth option:	
1,46,52,980.783 units of Kotak Liquid-Institutional Premium Plan-Growth of Rs. 10 each	2,000.00
1,90,08,426.815 units of Birla Cash Plus-Institutional Premium Plan-Growth of Rs. 10 each	2,042.91
80,255.347 units of Tata Liquid Super High Investment Fund-Appreciation of Rs.1,000 each	1,000.00
6,530,563.004 units of DSP Merril Lynch Liquid Fund- Growth Plan of Rs.10 each	1,088.62
1,00,26,253.741 units of HSBC Cash Fund-Institutional Plus-Growth Plan of Rs. 10 each	1,069.33
9,984,723.373 units of ABN AMRO Cash Fund- Institutional Plus-Growth Plan of Rs.10 each	1,000.00
Sold	
- In Dividend option:	
10,346,177.430 units of Birla Cash Plus Institutional Premium Dividend Reinvest Plan of Rs.10each	1,036.64
15,675,372.962 units of Standard Chartered GCCW GCF - Super Institutional Plan C - Weekly Dividend Reinvest Plan of Rs. 10 each	1,567.98
15,679,502.758 units of HSBC Cash Fund-Intitutional Plus- Weekly Dividend Reinvest Plan of Rs.10 each	1,569.33
6,767,318.566 units of Reliance-Treasury Plan-Institutional option - Weekly Dividend Reinvest Plan of Rs.10 each	1,035.47
17,424,040.742 units of ICICI Prudential Institutional Liquid Fund - Dividend Reinvest Plan of Rs.10 each	2,064.83
155,129.316 units of Templeton India Treasury Management Plan -Institutional Plan- Weekly Dividend Reinvest Plan of Rs.1000 each	1,553.04
56,186.028 units of UTI Liquid Cash Plan Institutional- Weekly Dividend Reinvest Plan of Rs. 1,000 each	571.44
- In MIP option:	
84,16,407.056 units of UTI-MIS Advantage Plan-Growth Plan of Rs. 10 each	1,045.10
4,220,976.565 units of Reliance Monthly Income Plan-Growth Plan of Rs. 10 each	501.37
81,71,203.046 units of HDFC-MF Monthly Income Plan-Long Term-Growth of Rs. 10 each	1,061.24
- In Growth option:	
1,46,52,980.783 units of Kotak Liquid-Institutional Premium Plan-Growth of Rs. 10 each	2,037.09
1,90,08,426.815 units of Birla Cash Plus-Institutional Premium Plan-Growth of Rs. 10 each	2,061.14
80,255.347 units of Tata Liquid Super High Investment Fund-Appreciation of Rs.1,000 each	1,015.08
6,530,563.004 units of DSP Merril Lynch Liquid Fund- Growth Plan of Rs.10 each	1,101.14
1,00,26,253.741 units of HSBC Cash Fund-Institutional Plus-Growth Plan of Rs. 10 each	1,087.44
9,984,723.373 units of ABN AMRO Cash Fund- Institutional Plus-Growth Plan of Rs.10 each	1,012.20

2) The Net Asset Value of the amount of current investments as at March 31, 2006 is Rs. 4,271.67 lacs (Previous year Rs. 9,230.56 lacs), the cost of which is Rs. 4,071.44 lacs (Previous years Rs. 9,223.27 lacs)

HT Media Limited

Schedules to the Consolidated Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 10 : Inventories		
Raw materials	**9,977.46**	7,128.74
Stores and spares	**918.77**	661.47
Work-in- progress	**56.18**	49.60
Scrap and waste papers	**3.87**	9.43
	10,956.28	7,849.24

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 11 : Sundry Debtors		
Debts outstanding for a period exceeding six months		
Secured, considered good	**1.34**	1.21
Unsecured, considered good	**1,368.94**	1,383.61
Unsecured, considered doubtful	**1,097.54**	894.18
Other debts		
Secured, considered good	**724.54**	618.22
Unsecured, considered good	**10,027.26**	7,347.54
Unsecured, considered doubtful	**42.18**	43.16
	13,261.80	10,287.92
Less : Provision for doubtful debts	**1,139.72**	937.34
	12,122.08	9,350.58
Included in Sundry Debtors are:		
i) Due from an officer of the Parent Company	**0.27**	-
(Maximum amount outstanding during the year - Rs. 0.76 lac (Previous year Rs.1.43 lacs)		
ii) Due from Foreign debtors, not covered by Foreign Exchange Contracts	**51.97**	104.83

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 12 : Cash and Bank Balances		
Cash on hand	**86.95**	102.96
Cheques in hand	**4,220.17**	2,615.29
Balances with scheduled banks:		
On current accounts	**728.02**	602.69
On deposit accounts *	**23,025.04**	1,601.50
	28,060.18	4,922.44

* Includes fixed deposit receipts pledged with bank amounting to Rs. 2.39 lacs (Previous year Rs.1.50 lacs)

HT Media Limited
Schedules to the Consolidated Accounts

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 13 : Loans and Advances		
Secured, considered good		
Advances recoverable in cash or kind or for value to be received	**8.02**	23.02
Deposits – others	**7.89**	17.03
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	**753.17**	593.64
Deposits – others	**865.79**	563.03
Advance payment of income tax/ tax deducted at source (net of provision for tax)	**421.54**	-
MAT Credit Entitlement Account	**74.98**	-
Interest accrued on deposits	**612.80**	0.01
Unsecured,considered doubtful		
Advances recoverable in cash or kind or for value to be received	**23.35**	15.00
	2,767.54	1,211.73
Less: Provision for doubtful advances	**23.35**	15.00
	2,744.19	1,196.73
Included in Loans and Advances are:		
i) Due from an officer of the Parent Company	**0.12**	0.33
(Maximum amount outstanding during the year - Rs. 1.31 lacs (Previous year Rs.1.96 lacs)		
ii) Balance with Post office in Savings Bank Account	**0.50**	0.52
iii) National Savings Certificate	**0.01**	0.01

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 14 : Current Liabilities		
Sundry creditors	**13,618.65**	10,848.99
Customers and Agents Balances	**603.59**	488.20
Income received in advance	**1,361.32**	406.07
Sundry deposits	**1,409.51**	1,310.65
Book Overdraft from a Bank	**87.80**	-
	17,080.87	13,053.91
IIncluded in Sundry Creditors are:		
i) Dues to small scale industrial undertakings	-	-
ii) Due to Holding Company of Parent Company	**1,957.89**	-
iii) Due to Foreign creditors, not covered by Foreign Exchange Contracts	**5,294.63**	4,459.17

	As at March 31, 2006 (Rs. in lacs)	As at March 31, 2005 (Rs. in lacs)
Schedule 15 : Provisions		
For staff benefit schemes (Leave Encashment)	**551.59**	372.26
For other expenses - created during the year	**57.55**	-
For taxation (net of advance tax)	-	18.36
Fringe benefit tax	**8.77**	-
For Proposed dividend - on preference shares	**20.00**	16.58
- on equity shares	**562.15**	385.83
For Tax on proposed dividend	**81.65**	56.44
	1,281.71	849.47

HT Media Limited

Schedules to the Consolidated Accounts

	For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
Schedule 16 : Turnover		
Advertisements	**65,483.85**	49,682.72
Sale of publications	**13,683.06**	12,558.72
Job Revenue	**2,371.06**	28.16
Sale of waste papers and scrap	**606.54**	572.55
	82,144.51	62,842.15
Schedule 17 : Other income		
Interest (Gross) on:		
Bank deposits (tax deducted at source Rs. 185.68 lacs, Previous year Rs.17.48 lacs)	**851.95**	87.09
Others	**2.68**	6.10
Dividend income (From current investments - other than trade)	**168.07**	182.34
Foreign exchange difference (net)	**-**	57.06
Profit on sale of current investments - other than trade (net)	**224.95**	66.85
Unclaimed balances/unspent liabilities written back (net)	**251.16**	238.99
Miscellaneous income	**185.63**	268.89
	1,684.44	907.32
Schedule 18 : Raw Materials Consumed		
Inventories as at March 31, 2005	**7,128.74**	5,111.82
Purchases	**37,467.75**	31,072.22
Less: sale of damaged newsprint	**227.63**	157.36
	44,368.86	36,026.68
Less: Inventories as at March 31, 2006	**9,977.46**	7,128.74
	34,391.40	28,897.94
Schedule 19 : Personnel Expenses		
Salaries, wages and bonus	**10,848.72**	7,389.19
Contribution to group insurance scheme	**10.46**	14.67
Contribution to provident fund	**672.66**	529.55
Contribution to gratuity fund	**312.00**	96.56
Contribution to other funds	**22.38**	16.27
Workmen and staff welfare expenses	**571.22**	412.12
	12,437.44	8,458.36

HT Media Limited

Schedules to the Consolidated Accounts

	For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
Schedule 20 : Operating and Other Expenses		
Consumption of stores and spares	**2,465.04**	1,850.22
Printing and service charges	**2,113.87**	2,102.15
News services and despatches	**1,310.08**	1,110.54
Power and fuel	**1,403.15**	930.33
Advertising and sales promotion	**6,834.67**	3,378.23
Freight and forwarding charges (net)	**1,219.34**	1,826.05
Service charges on advertisement revenue	**424.70**	302.03
Rent	**733.33**	573.05
Rates and taxes	**43.94**	20.41
Insurance	**253.04**	160.70
Repairs and maintenance:		
- Plant and Machinery	**807.22**	545.34
- Buildings	**232.03**	129.37
- Others	**9.35**	11.85
Travelling and conveyance	**1,381.22**	1,078.88
Communication costs	**835.07**	709.47
Legal and professional fees	**921.44**	518.15
Directors' sitting fees	**4.67**	2.57
Auditor's remuneration		
- Audit fee	**17.56**	16.82
- Tax audit fee	**3.39**	3.38
- Quarterly limited review of accounts	**11.02**	-
- Taxation matters	**4.44**	0.53
- Certification etc.	**12.17**	4.47
Foreign exchange difference (net)	**8.22**	-
Donations	**1.55**	1.01
Provision for doubtful debts and advances	**210.71**	496.58
Loss on disposal of fixed assets (net)	**38.45**	17.73
Expenditure during construction period written off	**0.93**	1.79
Bank charges	**79.81**	51.60
Miscellaneous expenses	**2,036.14**	2,039.17
	23,416.55	17,882.42

Schedule 21 : (Increase) in Inventories		
Inventories as at March 31, 2006		
Work-in-progress	**56.18**	49.60
Scrap and waste papers	**3.87**	9.43
	60.05	59.03
Inventories as at March 31, 2005		
Work-in-progress	**49.60**	45.38
Scrap and waste papers	**9.43**	7.23
	59.03	52.61
	(1.02)	(6.42)

HT Media Limited

Schedules to the Consolidated Accounts

	For the year ended March 31, 2006 (Rs. in lacs)	For the year ended March 31, 2005 (Rs. in lacs)
Schedule 22 : Interest Paid		
Interest		
- on term loans	**1,270.46**	589.87
- to banks and others	**104.67**	78.89
	1,375.13	668.76
Schedule 23 : Earnings Per Share (EPS)		
Net profit before taxes	**5,837.31**	4,409.22
Less: Wealth tax	**(0.70)**	(0.90)
Less: Fringe Benefit Tax	**(373.76)**	-
Less: Adjustment for Deferred Tax Liability	**(1,741.30)**	(1,421.60)
Less: Provision for current tax	**(283.86)**	(234.19)
Add: Pre-Acquisition Losses Adjusted Against Goodwill	**77.55**	-
Add/(Less): Minority Interest	**43.23**	(0.19)
Less: Dividend on non-cumulative redeemable preference shares and tax thereon	**(22.81)**	(18.90)
Net profit after taxes for calculation of basic and diluted EPS	**3,535.66**	2,733.44
Weighted average number of equity shares in calculating basic and diluted EPS	**44,771,011**	38,583,274
Number of Equity Shares at the beginning of the year (outstanding for 365 days)	**41,753,900**	37,142,856
Number of Equity Shares issued on 24th August, 2005 (outstanding for 220 days)	**4,640,000**	-
Number of Equity Shares issued on 5th October, 2005 (outstanding for 178 days)	**451,941**	-
Number of Equity Shares issued on 8th November, 2004 (outstanding for 144 days)	-	3,636,590
Number of Equity Shares issued on 9th December, 2004 (outstanding for 113 days)	-	1,213
Number of Equity Shares issued on 30th March 2005 (outstanding for 2 days)	-	973,241
Number of Equity Shares at the end of the year	**46,845,841**	41,753,900
Weighted average number of equity shares	**44,771,011**	38,583,274
Basic & diluted earnings per share	**7.90**	7.08

HT MEDIA LIMITED

Schedules to the Consolidated Accounts

Schedule 24: Notes to the Consolidated Accounts

NOTES annexed to and forming part of the Consolidated Balance Sheet as at March 31, 2006, Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date.

1. Principles of Consolidation

The Consolidated Financial Statements relate to HT Media Limited (Parent Company) and its Subsidiary Companies (hereinafter referred as the "HT Media Group"). The Consolidated Financial Statements have been prepared on the following basis:

i. The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses, if any, as per Accounting Standard – 21, Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India.

ii. The Subsidiary Companies which are included in the consolidation and the Parent Company's holding therein is as under:

Name of Subsidiary Companies	Country of Incorporation	Percentage of Ownership as at March 31, 2006.
Searchlight Publishing House Limited (SPHL)	India	99.71
HT Music and Entertainment Company Limited (HTMECL)	India	75.00

(iii) The financial statements of the Subsidiary Companies used in the consolidation are drawn for the same period as that of the Parent Company i.e. year ended March 31, 2006. HTMECL (the subsidiary) was incorporated on October 28, 2005 and therefore, its financial statements used in consolidation are for the period from October 28, 2005 to March 31, 2006.

(iv) Goodwill represents the difference between the Parent Company's share in the net worth of the Subsidiary Companies and the cost of acquisition at the time of making the investment in the Subsidiary Companies. For this purpose, the Parent Company's share of net worth of the Subsidiary Companies is determined on the basis of the latest financial statements of the Subsidiary Companies prior to acquisition, after making the necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Goodwill is amortised pro-rata over a period of 5 years from the date of acquisition.

(v) Minorities' interest in net profit/(loss) of consolidated Subsidiary Companies for the year has been identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Parent Company. Minorities' share of net assets has been identified and presented in the Consolidated Balance Sheet separately.

(vi) As far as possible, the Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements. Differences in the accounting policies have been disclosed separately.

2. Goodwill

a) The Goodwill in the Consolidated Financial Statements represents the excess of the purchase consideration of investment over the HT Media Limited's share in the net assets of its subsidiary – Searchlight Publishing House Limited.

Particulars	March 31, 2004 (Rs. in lacs)
Investment taken over from Holding Company– Searchlight Publishing House Limited on July 1, 2003	527.10
HT Media Limited's share in the net assets of its subsidiary	278.07
Goodwill (A)	249.03
Investment – Additional shares allotted by Searchlight Publishing House Limited on November 18, 2003	340.00
HT Media Limited's share in the net assets of its subsidiary	333.33
Goodwill (B)	6.67
Total Goodwill (A+B)	255.70

HT Media Limited has taken over the above investment of 3,124,771 shares of Searchlight Publishing House Limited from the holding company on July 1, 2003. Goodwill amounting to Rs. 249.03 lacs has been worked out based on the net assets value of the subsidiary as on June 30, 2003. Financial statements as at June 30, 2003 drawn by the management for this purpose have been audited by their statutory auditors.

b) The Goodwill in the Consolidated Financial Statements represents the excess of the purchase consideration of investment over the HT Media Limited's share in the net assets of its subsidiary – HT Music and Entertainment Company Limited.

Particulars	March 31, 2006 (Rs. in lacs)
Investment – HT Music and Entertainment Company Limited on October 28, 2005 and November 4, 2005	825.00
HT Media Limited's share in the net assets of its subsidiary	825.00
Goodwill (A)	-
Investment – Additional shares allotted by HT Music and Entertainment Company Limited on March 14, 2006	675.00
HT Media Limited's share in the net assets of its subsidiary	597.45
Goodwill (B)	77.55
Total Goodwill (A+B)	77.55

3. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements are prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the HT Media Group and are consistent with those used in the previous year.

(b) **Fixed Assets**

Value for individual Fixed Assets acquired by the Parent Company from its holding company in earlier year had been allocated based on the valuation carried out by independent experts.

Other Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of Fixed Assets are also included to the extent they relate to the period till such assets are ready for their intended use.

Leasehold improvements represent expenses incurred towards civil works, interior furnishings, etc. on the leased premises at the various locations.

(c) Goodwill represents the difference between the Parent Company's share in the net worth of the Subsidiary Companies and the cost of acquisition at the time of making the investment in the Subsidiary Companies. For this purpose, the Parent Company's share of net worth of the Subsidiary Companies is determined on the basis of the latest financial statements of the Subsidiary Companies prior to acquisition, after making the necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

(d) **Depreciation**

Leasehold Land and Leasehold Improvements are amortized over the useful life or unexpired period of lease (whichever is lower) on a straight line basis.

Goodwill arising out of acquisition of shares in the Subsidiary Companies is amortized pro-rata over a period of 5 years from the date of acquisition.

In respect of Fixed Assets acquired in an earlier year by the Parent Company from its holding company, which are estimated to have lower residual lives than envisaged as per the rates provided in Schedule XIV to the Companies Act, 1956, depreciation is provided based on such estimated lower residual lives.

In respect of Fixed Assets acquired during previous year by the Parent Company from its holding company, depreciation is provided on Straight Line Method over a period of 5 years as technically assessed by an independent expert.

Assets costing below Rs. 5,000 are fully depreciated in the year of acquisition.

Depreciation on other assets (except those acquired by the Parent Company from its holding company) of the parent company is provided on Straight Line Method at the rates computed based on estimated useful life of the assets, which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on Fixed Assets of SPHL (Subsidiary Company) is provided on Written Down Value Method at the rates computed based on estimated useful life of the assets, which are equal to the corresponding rates prescribed in Schedule XIV to the Companies Act, 1956. (Aggregate WDV of the assets of SPHL as at the year end is 1.47% of total fixed assets of the HT Media Group).

(e) **Intangibles**

Software Licenses

Value for individual software license acquired by Parent Company from its holding company in an earlier year had been allocated based on the valuation carried out by an independent expert.

Software licenses acquired by Parent Company from its holding company, which are estimated to have lower residual lives than that envisaged above, are amortised over such estimated lower residual lives.

Cost relating to other software licenses which are purchased is capitalized and amortized on a Straight

Line Basis over their estimated useful lives of six years.

Software licenses costing less than Rs 5,000 are depreciated fully in the year of acquisition.

Licenses

One Time Entry Fee and directly attributable expenditure paid in relation to the acquisition of radio licenses are shown under intangibles. This fee will be amortized on a straight-line basis over a period of ten years, being the useful life of the licenses, once the same are operational.

(f) **Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity are capitalized. Indirect expenditure incurred during construction period are capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto is charged to the Consolidated Profit & Loss Account. Income earned during construction period is adjusted against the total of the indirect expenditure.

All direct capital expenditure incurred on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its originally assessed standard of performance.

(g) **Preliminary Expenses**

Costs incurred by one of the subsidiary company are amortized equally over a period of five years after the commencement of commercial operations.

(h) **Leases** (Where the HT Media Group is the lessee)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

(i) **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of Cost and Fair value determined on an individual investment basis. Long-term investments are carried at cost, however, provision for diminution in value is made to recognize a decline other than a temporary in the value of the investments.

(j) **Inventories**

Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realizable value. However, material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress	Lower of cost and net realizable value. Cost represents direct materials cost.
Scrap and Waste papers	At net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

(k) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the HT Media Group and the revenue can be reliably measured. Specifically, the following basis is adopted:

Advertisements

Revenue is recognized as and when advertisement is published /displayed.

Sale of Publications , Waste Paper & Scrap

Revenue is recognized when the significant risks and rewards of ownership have passed on to the buyer and is disclosed net of sales return and discounts.

Printing Job Work

Revenu e from printing job work is recognized on the completion of work as per terms of agreement.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognised if the right to receive payment is established by the balance sheet date.

(l) **Foreign currency transactions**

Initial Recognition

Foreign currency transactions are recorded in Indian Rupees by applying to the foreign currency amount, the exchange rate between the Indian Rupee and the foreign currency prevailing at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate.

Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise except gain or loss on transactions relating to acquisition of Fixed Assets from outside India, which is adjusted to the carrying amount of the Fixed Assets.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year, except gain or loss on transactions relating to acquisition of Fixed Assets from outside India, which is adjusted to the carrying amount of Fixed Assets.

(m) Retirement and other employee benefits

i. Retirement benefits in form of Provident Fund contribution are charged to the Profit and Loss Account of the year when the contribution to the fund is due.

ii. Liability in respect of Gratuity of employees of Parent Company is provided for as per actuarial valuation carried out by an independent actuary as at year end and is contributed to Gratuity Fund created by its holding company. The liability towards gratuity of employees of a Subsidiary Company is ascertained based on demand received from Life Insurance Corporation of India (LIC) with whom a Group Gratuity Policy has been taken and is paid to them. LIC has ascertained the gratuity liability on actuarial valuation basis at the year-end.

iii. Provision for leave encashment is accrued and provided for on the basis of actuarial valuation carried out by independent actuary/(ies) at the year-end.

(n) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amounts of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(o) Provisions

A provision is recognised when the HT Media Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except those disclosed elsewhere in the financial statements, are not discounted to their present value and are determined based on best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement and such provision amount is charged to Consolidated Profit and Loss Account in the year of provision.

(p) Income Taxes

Tax expense comprises fringe benefit, current and deferred taxes. Fringe benefit and current income- tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. Deferred Tax Assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that entire Deferred Tax Assets can be realized against future taxable income. Unrecognised Deferred Tax Assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such Deferred Tax Assets can be realized.

In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. Each company of the HT Media Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that such company will pay normal Income Tax during the specified period.

(q) Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the year attributable to Equity Shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

4. The Parent Company had during the year ended March 31, 2005, acquired the printing undertaking at Delhi of its holding company. This transfer is subject to decision of Hon'ble Delhi High Court in a writ petition filed by the employees of the holding company of the Parent Company against the sale of the printing undertaking by the holding company of Parent Company. There is however, no restriction in the court order as far as, it pertains to use of assets. The matter is still pending before the Hon'ble Delhi High Court.

5. Segment Information

One of the subsidiary company, HTMECL is yet to commence operations.The HT Media Group is presently engaged in the Printing and Publication of Newspapers and Periodicals. The entire operations are governed by the same set of risk and returns, hence, the same has been considered as representing a single primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard – 17 on Segment Reporting.

The HT Media Group sells its products mostly within India with insignificant export income and does not have any operations in economic environments with different risks and returns, hence, it is considered operating in a single geographical segment.

6. a) During the year, the Parent Company successfully completed its public issue. This comprised of 5,091,941 equity shares of Rs. 10 each at a premium of Rs. 520 per share (including issue of additional 451,941 equity shares on account of the green shoe option). Alongwith this public issue, there was also a sale of 2,355,000 Equity Shares by a shareholder of the Parent Company i.e. HPC (Mauritius) Limited.

b) Utilization of IPO funds:

(Rs. in lacs)

Objects	As per Prospectus Estimated Amount	As per Prospectus Estimated to be spent till March ' 06	Amount spent till March'06
Capital expenditure	7648.00	7648.00	4251.28
Sales and Marketing	7600.00	5300.00	3097.44
Radio Services	1000.00	1000.00	1000.00
General Corporate Purposes	8065.69	8065.69	9251.52
Issue expenses	2673.60	2673.60	1457.77
Total	**26987.29**	**24687.29**	**19058.01**

Notes:

i. The additional share issue proceeds amounting to Rs. 2395.29 lacs [relating to Green Shoe Option referred to in Para 5(a) above] has been included under the Object "General Corporate Purposes".

ii. The unspent money is temporarily invested in Fixed Deposits with the banks.

iii. Out of the share issue proceeds, the Company has invested an amount of Rs. 19,000.00 lacs in Fixed Deposits with the banks on September 2, 2005. With a view to earn higher returns on the said amounts, the Company has continued with the Fixed Deposits with the banks and instead has used internal accruals to finance the amounts as set out in the Objects.

iv. Certain Capital Expenditure and Sales and Marketing activities have been deferred to year 2006-07, due to which the current year expenditure were lower.

c) Pursuant to clarification dated September 5, 2005 by the Institute of Chartered Accountants of India on the effect of expenses adjusted against the reserves, share issue expenses of Rs. 1551.17 lacs has been written off net of income tax benefit of Rs. 128.72 lacs, against the Securities Premium Account, as also permitted under Section 78 of the Companies Act, 1956.

7. In terms of the approval granted by the shareholders of the Parent Company at their Extraordinary General Meeting held on October 21, 2005, the Parent Company had given an interest free loan of Rs. 2174.28 lacs to HT Media Employees Welfare Trust, who has in turn purchased 468,044 Equity Shares of Rs. 10 each for Rs. 2174.28 lacs (average cost per share Rs. 464.55) from the open market for the purposes of granting share options to its employees.

   Under the scheme, the trust has granted options, on January 9, 2006 of 177,952 equity shares of the face value of Rs. 10 each to the eligible employees of the Parent Company at the rate of Rs. 461.51 per equity share. The contractual life of the granted options is 48 months. The eligible employees can exercise upto 10% of the option at the lapse of 24 months, 40% at lapse of 36 months and remaining 50% at lapse of 48 months. No granted options have been forfeited during the year and the date of exercise of the granted option is not due till March 31, 2006. The trust is holding entire 468,044 equity shares (including equity shares not due on granted options, till March 31, 2006) as on March 31, 2006.

8. During the year, the Parent Company has accounted for Rs. 2187.65 lacs (Previous year Rs. 1064.47 lacs) as payable/paid to its holding company towards terminal benefits and other like payments made to its employees, in terms of the agreement dated March 5, 2004 with The Hindustan Times Limited, the holding company of the Parent Company. The same has been disclosed under exceptional items in the Consolidated Profit and Loss Account.

9a) Based on expert opinion, deferred tax charge as provided for in the books of accounts, pursuant to Accounting Standard 22 issued by the Institute of Chartered Accountants of India, has been considered as an admissible deduction from net profit for the purpose of determining Book Profit under Section 115 JB (2) of the Income Tax Act, 1961.

b) The Parent Company has recognized Rs. 74.98 lacs as MAT Credit Entitlement (including Rs. 49.23 lacs recognized in Profit and Loss Account) which represents that portion of MAT liability, which can be recovered based on the provision of Section 115 JAA of the Income Tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, opines that there would be sufficient taxable income in foreseeable future, which will enable the Parent Company to utilize MAT Credit Entitlement.

10. SPHL (subsidiary company) has filed a petition before the Hon'ble Patna High Court against an initial claim for additional contribution of Rs. 73.37 lacs made by Employees State Insurance Corporation (ESIC) relating to the years 1989-90 to 1999-00. The Subsidiary Company has furnished a bank guarantee amounting to Rs. 12.50 lacs to ESIC and the Hon'ble High Court has stayed the matter. Based on discussions with the solicitors, the management believes that the Subsidiary Company has a strong chance of success in above mentioned case and hence no provision thereagainst is considered necessary.

11. In respect of HTMECL (subsidiary company), no provision for income tax has been made on interest income since in the opinion of the management this income is earned out of the investment of borrowed funds in fixed deposits with banks.

12. **Names of related parties**

Holding Company	The Hindustan Times Limited
Fellow Subsidiaries	Shradhanjali Investment & Trading Company Limited, HTL Investment & Trading Company Limited, HT Interactive Media Properties Limited, Go4icricket.com (India) Private Limited, Go4i.com (India) Private Limited, Go4i.com (Mauritius) Limited.
Key Management Personnel	Smt. Shobhana Bhartia Vice-Chairperson & Editorial Director, Mr. Shamit Bhartia (Whole time Director) Mr. Priyavrat Bhartia (Whole time Director) Mr. S. M. Agarwal (Whole time Director in a Subsidiary Company)
Relatives of key management personnel	Dr.K.K.Birla (Chairman)
Enterprises owned or significantly influenced by key management personnel or their relatives	The Press Trust of India Limited, Audit Bureau of Circulation, Air Travel Bureau Limited, Paxton Trexim Private Limited. Britex (India) Limited, The HT Limited Working Journalist Gratuity Fund, The HT Limited Non Journalist Employee Gratuity Fund The Birla Cotton Spinning & Weaving Mills Limited, Jubiliant Enpro Private Limited, Network Programs (India) Limited, H.T. Vision Limited, Nilgiri Plantations Limited, Ronson Traders Limited, Yashovardhan Investment & Trading Company Limited, Hero Honda Motors Limited, Billigiri Rangan Coffee Estate, Priyavrat Traders, B&M Hotbread (P) Limited, Enpro Oil Limited, Goldmarry Investments and Trading Co. Ltd., Udit (India) Limited, Usha Flowel Limited. Dominoz' Pizza India Limited

Note: No amount has been written-off/back or provided as doubtful debt or advance in respect of debts/advances due from/to above related parties.

Related Party Transactions

(Rs. in Lacs)

	Holding company		Subsidiary/Fellow Subsidiaries		Key Management personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
Transactions during the year	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005
Printing & Service Charges paid												
- Paxton Trexim Private Limited	-	-	-	-	-	-	-	-	**134.37**	156.03	**134.37**	156.03
- The Hindustan Times Limited	**255.00**	255.00	-	-	-	-	-	-	-	-	**255.00**	255.00
Sitting fee												
- Dr. K. K. Birla	-	-	-	-	-	-	**0.60**	0.60		-	**0.60**	0.60
Purchase of Fixed Assets												
- Go4i.com (India) Private Limited	-	-	-	7.00	-	-	-	-	-	-	-	7.00
Purchase of Printing and Publishing Undertakings												
- The Hindustan Times Limited	-	500.00	-	-	-	-	-	-	-	-	-	500.00
News Message												
- Go4i.com (India) Private Limited	-	-	**17.00**	12.00	-	-	-	-	-	-	**17.00**	12.00
- The Press Trust of India Limited	-	-	-	-	-	-	-	-	**232.18**	218.54	**232.18**	218.54
Dividend Paid on Equity Shares												
- The Hindustan Times Limited	**317.32**	-	-	-	-	-	-	-	-	-	**317.32**	-
Dividend Paid on Preference Shares												
- The Hindustan Times Limited	**16.58**	-	-	-	-	-	-	-	-	-	**16.58**	-
Issue of Shares upon exercise of Green Shoe Option												
- The Hindustan Times Limited	**2,395.29**	-	-	-	-	-	-	-	-	-	**2,395.29**	-
Maintenance Expenses												
- Go4i.com (India) Private Limited	-	-	**6.00**	6.00	-	-	-	-	-	-	**6.00**	6.00
Payment for Employees on Deputation												
- The Hindustan Times Limited	**882.04**	1,790.49	-	-	-	-	-	-	-	-	**882.04**	1,790.49
Reimbursement of Separation Scheme Compensation												
- The Hindustan Times Limited	**2,137.56**	1,064.47	-	-	-	-	-	-	-	-	**2,137.56**	1,064.47
Contribution of Gratuity for employees on deputation												
- The Hindustan Times Limited	-	34.26	-	-	-	-	-	-	-	-	-	34.26
Remuneration paid to Key managerial personnel												
- To Mrs. Shobhana Bhartia	-	-	-	-	**88.54**	52.30	-	-	-	-	**88.54**	52.30
- To Mr. Shamit Bhartia	-	-	-	-	**17.54**	7.03	-	-	-	-	**17.54**	7.03
- To Mr. Priyavrat Bhartia	-	-	-	-	**3.12**	-	-	-	-	-	**3.12**	-
- To Mr. S.M.Agarwal	-	-	-	-	**7.12**	8.17	-	-	-	-	**7.12**	8.17
Gratuity contribution to Gratuity trust of employees												
- The HT Limited Working Journalist Gratuity Fund	-	-	-	-	-	-	-	-	-	15.68	-	15.68
- The HT Limited Non Journalist Employee Gratuity Fund	-	-	-	-	-	-	-	-	**398.42**	28.85	**398.42**	28.85
Travelling Expenses												
- Air Travel Bureau Limited	-	-	-	-	-	-	-	-	45.64	88.36	45.64	88.36
Rent Paid												
- The Hindustan Times Limited	45.00	45.00	-	-	-	-	-	-	-	-	45.00	45.00
Subscription												
- Audit Bureau of Circulation	-	-	-	-	-	-	-	-	2.52	2.22	2.52	2.22

Related Party Transactions

(Rs. in Lacs)

	Holding company		Subsidiary/Fellow Key Management Subsidiaries		Key Management personnel		Relatives of Personnel		Enterprises owned or significantly influenced by key management personnel or their relatives		Total	
Transactions during the year	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005	**Mar-2006**	Mar-2005
Advertising and Sales Promotion												
- Audit Bureau of Circulation	-	-	-	-	-	-	-	-	**0.40**	-	**0.40**	-
- Dominos Pizza India Ltd.	-	-	-	-	-	-	-	-	**22.19**	-	**22.19**	-
Reimbursement of expenses incurred on behalf of the company by parties												
- Go4i.com (India) Private Limited	-	-	-	2.49	-	-	-	-	-	-	-	2.49
- Go4Cricket.com (India) Private Limited	-	-	**0.88**	3.07	-	-	-	-	-	-	**0.88**	3.07
- The Hindustan Times Limited	**222.18**	369.81	-	-	-	-	-	-	-	-	**222.18**	369.81
Reimbursement of expenses incurred on behalf of the parties by company												
- Audit Bureau of Circulation	-	-	-	-	-	-	-	-	**1.15**	2.43	**1.15**	2.43
Investments made												
Share Capital issued (including Share premium)	-	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00
Interest on inter corporate deposits paid												
Shradhanjali Investment & Trading Company Limited	-	-	**10.59**	-	-	-	-	-	-	-	**10.59**	-
HTL Investment & Trading Company Limited	-	-	**10.59**	-	-	-	-	-	-	-	**10.59**	-
Inter-Corporate Deposits taken												
Shradhanjali Investment & Trading Company Limited	-	-	**111.50**	-	-	-	-	-	-	-	**111.50**	-
HTL Investment & Trading Company Limited	-	-	**111.50**	-	-	-	-	-	-	-	**111.50**	-
Inter-Corporate Deposits refunded												
Shradhanjali Investment & Trading Company Limited	-	-	**111.50**	-	-	-	-	-	-	-	**111.50**	-
HTL Investment & Trading Company Limited	-	-	**111.50**	-	-	-	-	-	-	-	**111.50**	-
Balance outstanding at the end of the year												
Investment in Shares (including premium)												
- The Press Trust of India Limited	-	-	-	-	-	-	-	-	**0.46**	0.46	**0.46**	0.46
Equity Share Capital												
- The Hindustan Times Limited	**3,219.71**	3,219.71	-	-	-	-	-	-	-	-	**3,219.71**	3,219.71
Preference Share Capital												
- The Hindustan Times Limited	**2,000.00**	2,000.00	-	-	-	-	-	-	-	-	**2,000.00**	2,000.00
Receivable as Advances / Debtors												
- Air Travel Bureau Limited	-	-	-	-	-	-	-	-	**11.00**	11.00	**11.00**	11.00
Payable as Creditors												
- The Hindustan Times Limited	**1,957.89**	-	-	-	-	-	-	-	-	-	**1,957.89**	-
- The Press Trust of India Limited	-	-	-	-	-	-	-	-	-	2.85	-	2.85
- Paxton Trexim Private Limited	-	-	-	-	-	-	-	-	-	10.77	-	10.77
Security deposits given by the Company												
- The Press Trust of India Limited	-	-	-	-	-	-	-	-	**3.48**	3.48	**3.48**	3.48
- Air Travel Bureau Limited	-	-	-	-	-	-	-	-	**12.50**	12.50	**12.50**	12.50

13. **Leases**

Rental expenses in respect of operating leases are recognised as an expense in the Profit and Loss Account and Expenditure during construction period (Pending Allocation), as the case may be, on a straight-line basis over the lease term.

Operating Lease (for assets taken on Lease):

a) The HT Media Group has taken various residential, office and godown premises under operating lease agreements. These are generally renewable by mutual consent and generally restrict for further leasing.

b) Lease payments for the year are Rs 733.33 lacs (Previous year Rs. 585.14 lacs).

c) The future minimum lease payments under non-cancelable operating leases;

- not later than one year is Rs 69.34 lacs (Previous year Rs. 68.74 lacs);
- later than one year but not later than five years is Rs.84.35 lacs (Previous year Rs. 144.15 lacs);
- later than five years is Rs.6.08 lacs (Previous year Rs. 14.42 lacs).

14. **Capital Commitment**	**As at March 31, 2006 (Rs. in lacs)**	As at March 31, 2005 (Rs. in lacs)
Estimated amount of contracts remaining to be executed on capital account and not provided for	**546.07**	518.01

15. **Contingent Liabilities not provided for**

a) Claims against the HT Media Group not acknowledged as debts:		
The Parent Company has received a demand of sales tax for the leased assets from the lessor and the same is disputed by the Parent Company.	**14.60**	11.75
b) In respect of various labour and defamation cases pending. (In view of large number of cases, it is impracticable to disclose the details of each case).	**Amount not ascertainable**	Amount not ascertainable

Based on discussions with the solicitors, the Group believes that there is fair chance of decisions in its favour in respect of above and hence no provision is considered necessary against the same.

16. **Supplementary Statutory Information**

16.1 **Directors' Remuneration***

Salaries	**65.50**	43.47
Contribution to provident fund	**7.86**	4.75
Contribution to Gratuity fund	**2.74**	1.50
Perquisites	**20.31**	17.78
	96.41**	67.50

* excluding provision for leave encashment

** includes remuneration of Rs 2.96 lacs to a whole-time director of the Parent Company, the appointment and remuneration of which is subject to the approval of shareholders.

17 Previous Year comparatives

Previous year's figures have been regrouped/rearranged where necessary to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Company
Chartered Accountants

For and on behalf of the Board of Directors

Dr. K.K. Birla
Shobhana Bhartia
K.N. Memani
Ajay Relan
Roger Greville
Priyavrat Bhartia
Shamit Bhartia

Per Anil Gupta **Partner** Membership No: 87921	V.K.Charoria **AVP(Corporate Affairs & Taxation) & Company Secretary**	Seema Chandra **(Vice President Finance)**	Rajiv Verma **Chief Executive Officer**

Place: New Delhi
Date: 9th May, 2006

Information relating to Subsidiary Companies pursuant to Section 212 (8) of the Companies Act, 1956 for the financial year ended on 31st March, 2006

The required information relating to the Subsidiary Companies for the financial year ended on 31st March, 2006 is given below:

(Rs. in lacs)

Particulars	Searchlight Publishing House Limited		HT Music and Entertainment Company Limited *
	2005-06	2004-05	2005-06
a) Capital	398.55	398.55	2000.00
b) Reserves	329.88	321.44	(172.01)
c) Total Assets	971.11	879.89	9247.88
d) Total Liabilities	242.68	159.90	7419.89
e) Details of Investment	-	-	-
f) Turnover	1546.89	1435.29	Nil
g) Profit / (Loss) before Taxation	18.24	12.82	(171.95)
h) Provision for Taxation	9.81	8.46	0.06
i) Profit/(Loss) after Taxation	8.43	4.36	(172.01)
j) Proposed Dividend	-	-	-

* This being the first year, previous year figures are not available.

For and on behalf of the Board of Directors

Dr. K.K. Birla
Shobhana Bhartia
K.N. Memani
Ajay Relan
Roger Greville
Priyavrat Bhartia
Shamit Bhartia

V.K.Charoria
AVP(Corporate Affairs & Taxation) & Company Secretary

Seema Chandra
(Vice President Finance)

Rajiv Verma
Chief Executive Officer

Place: New Delhi
Date: 9th May, 2006

Note:
The Company has since received approval of the Government of India vide letter no. 47/268/2006-CL-III dated 27th June, 2006 exempting it 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 etc. of its two subsidiary companies namely, Searchlight Publishing House Limited and HT Music and Entertainment Company Limited for the year ended on 31st March, 2006.

ECS MANDATE FORM

1. Shareholder's name (in Block letters) : ______________________
   (First holder)
   : ______________________
   (Joint holder)

2. Folio Number (for Physical shares) : ☐☐☐☐☐☐☐

3. Number of Shares : ______________________

4. Bank Name : ______________________

5. Branch Name & Address : ______________________
   ____

6. Status of the Investor : Resident ☐ Non-Resident ☐

7. Account Type : SB A/c.-10 ☐ Current A/c. -11 ☐
   Other ☐

8. Account Number : ______________________

9. Ledger Folio No. of the A/c.
   (if appearing on Cheque Book) : ______________________

10. Nine digit code number of Bank and Branch appearing on the Cheque : ☐☐☐☐☐☐☐☐☐

I/We, hereby declare that the particulars given above are correct and complete. If credit is not effected for reasons of incomplete or incorrect information, I/We, would not hold the Company responsible.

Dated : ____________

____
Signature of the First holder
(as appearing in the Company's records)

Note : In case, shares are held in electronic form, kindly submit ECS particulars to your Depository Participant (DP).

Certificate of the Shareholder's Bank
Certified that the particulars of the Bank Account furnished above are correct as per our records.

Bank Stamp :

____
Signature of the Authorised
Official of the Bank

Date : ____________

Note : Please attach a photocopy of cheque issued by your bank relating to your above account for verifying the accuracy of the code number.

Printed at / M.P.Printers Phase II, NOIDA