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## Board of Directors

**T. Venkatram Reddy** *(Chairman)*

**T. Vinayak Ravi Reddy** *(Vice Chairman)*

**P. K. Iyer** *(Vice Chairman)*

**N. Krishnan** *(Managing Director)*

**M. Sukumar Reddy** *(Independent Director)*

**G. Kumar** *(Independent Director)*

**Krishan Premnarayan** *(Independent Director)*

**V. Suresh** *(Independent Director)*

## Company Secretary

**V. Shankar**

## Auditors

**C B Mouli & Associates**

Chartered Accountants

125, M G Road

Secunderabad-500 003

## Registered Office

36, Sarojini Devi Road

Secunderabad-500 003

## ISIN Number

**INE 137G01027**

## Registrar & Share Transfer Agents

**Karvy Computershare Private Ltd**

17-24, Beside Image Hospital

Vittal Rao Nagar, Madhapur

Hyderabad-500 081



Dear Shareholders,

As your company completes five years of being a listed entity and having grown over the last 20 quarters we look back at our achievements and faults also more importantly to the next 50 years road ahead.

When your company became part of the BSE & NSE on December 22nd 2004 the BSE Sensex was 6,413 while the NSE Nifty was 2,035 and the total market capitalisation of your company was ₹ 695 crores. Today as I write to you the Sensex is at 18,167 and the Nifty is at 5,452, the total market capitalisation of your company is ₹ 3,283 crores, from a revenue of ₹ 165.65 crores for Financial Year 2004-05 we have achieved a total revenue of ₹ 892.50 crores for the Financial Year 2009-10.

From a circulation of 4.02 lakhs copies we now have a circulation of 13.86 lakhs copies daily and are the No 1 - newspaper of South India. The book value of your company was ₹ 13 in Financial Year 2004-05 and is now ₹ 52.

Deccan Chargers is a great asset we acquired and became Champions of the second season in South Africa and fought our way to the semi final spot in the third season, a great performance by your team consistently.

Two new teams were added to the Indian Premiere League (IPL) at an average value of USD \$ 350 Million making this a valuable asset and a great investment that you will see unlock value going forward.

All our businesses are great beneficiaries of the GDP growth story and we are confident of a great future as a company and a nation going forward.

I take this opportunity to thank the support and suggestions of your board of directors, suppliers, employees and nearly 6 Million readers.

Sincerely,

**T. Venkatram Reddy**

Chairman

# Deccan Chronicle Holdings Limited

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## Notice for the 8<sup>th</sup> Annual General Meeting

Notice is hereby given that the 8<sup>th</sup> Annual General Meeting of the members of Deccan Chronicle Holdings Limited will be held on Wednesday, 29<sup>th</sup> September 2010 at 9.00 A.M. at Hotel Baseraa, Sarojini Devi Road, Secunderabad-500003 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 and Profit and Loss Account for the year ended on that date and the reports of the Board of Directors' and Auditors' thereon.
2. To confirm the Interim Dividends aggregating to Rs.3/- per share already paid during the year.
3. To appoint a director in place of Mr. T. Venkatram Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. P. K. Iyer, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a director in place of Mr. M. Sukumar Reddy, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint C B Mouli & Associates, Chartered Accountants, the retiring auditors, as Statutory Auditors of the company to hold office till the conclusion of next Annual General Meeting and to authorise the Board to fix their remuneration.

### Special Business

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

**"RESOLVED THAT** pursuant to the provisions of Section 269, 198, 309, 314, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval to the appointment of Mr. T. Venkatram Reddy as Chairman of the company (Whole Time Director of the company) for a fresh period of 5 years with effect from 16<sup>th</sup> May, 2010 on the terms and conditions including the payment of remuneration, as approved by the Board of Directors at their meeting held on 14<sup>th</sup> May 2010 and as set out in the Explanatory Statement accompanying this Notice, be and is hereby accorded."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to revise, modify, alter the remuneration payable to Mr. T. Venkatram Reddy at any time during his tenure of office as Chairman of the Company, in accordance with the provisions of Companies Act, 1956 and also to do any other acts, things and deeds as may be necessary and incidental in the matter including seeking of any approvals, consents, permissions from Central Government or such other authorities, as may be required

and also to settle any question, difficulty or doubt that may arise in implementing this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 269, 198, 309, 314, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval to the appointment of Mr. T. Vinayak Ravi Reddy as Vice Chairman of the company (Whole Time Director of the company) for a fresh period of 5 years with effect from 16<sup>th</sup> May, 2010 on the terms and conditions including the payment of remuneration, as approved by the Board of Directors at their meeting held on 14<sup>th</sup> May 2010 and as set out in the Explanatory Statement accompanying this Notice, be and is hereby accorded."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to revise, modify, alter the remuneration payable to Mr. T. Vinayak Ravi Reddy at any time during his tenure of office as Vice Chairman of the Company, in accordance with the provisions of Companies Act, 1956 and also to do any other acts, things and deeds as may be necessary and incidental in the matter including seeking of any approvals, consents, permissions from Central Government or such other authorities, as may be required and also to settle any question, difficulty or doubt that may arise in implementing this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 269, 198, 309, 314, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval to the appointment of Mr. P. K. Iyer as Vice Chairman of the company (Whole Time Director of the company) for a fresh period of 5 years with effect from 16<sup>th</sup> May, 2010 on the terms and conditions including the payment of remuneration, as approved by the Board of Directors at their meeting held on 14<sup>th</sup> May 2010 and as set out in the Explanatory Statement accompanying this Notice, be and is hereby accorded."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to revise, modify, alter the remuneration payable to Mr. P. K. Iyer at any time during his tenure of office as Vice Chairman of the Company, in accordance with the provisions of Companies Act, 1956 and also to do any other acts, things and deeds as may be necessary and incidental in the matter including seeking of any approvals, consents, permissions from Central Government or such other authorities, as may be required and also to settle any question, difficulty or doubt that may arise in implementing this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 269, 198, 309, 314, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent and approval to the appointment of Mr. N. Krishnan as Managing Director of the company for a period of 5 years with effect from 16<sup>th</sup> May, 2010 on the terms and conditions including the payment of remuneration, as approved by the Board of Directors at their meeting held on 14<sup>th</sup> May, 2010 and as set out in the Explanatory Statement accompanying this Notice, be and is hereby accorded."

**"RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to revise, modify, alter the remuneration payable to Mr. N. Krishnan at any time during his tenure of office as Managing Director of the Company, in accordance with the provisions of Companies Act, 1956 and also to do any other acts, things and deeds as may be necessary and incidental in the matter including seeking of any approvals, consents, permissions from Central Government or such other authorities, as may be required and also to settle any question, difficulty or doubt that may arise in implementing this resolution."

**By Order of the Board**

For Deccan Chronicle Holdings Ltd.

**V. Shankar**

Company Secretary

Secunderabad, August 13, 2010

## Notes:

1. **Every member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member.**
2. **The proxy form duly completed must reach the registered office of the Company before 48 hours of time fixed for holding the meeting.**
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
4. Pursuant to clause 49 of the Listing Agreement particulars of Mr. T. Venkattram Reddy, Mr. P.K. Iyer and Mr. M. Sukumar Reddy seeking re-appointment at this meeting is given in the Corporate Governance Report.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September 2010 to 22nd September 2010 (both days inclusive) for the purpose of AGM.

6. Members are requested to:

- i) note that copies of Annual Report will not be distributed at the Annual General Meeting.
- ii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Auditorium will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
- iii) quote their Folio/Client ID & DP ID Nos. in all correspondence.
- iv) note that no gifts/coupons will be distributed at the Annual General Meeting.

7. A corporate member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956 i.e., only if the corporate member sends certified true copy of the Board resolution/ power of attorney authorizing the representative to attend and vote at the Annual General Meeting.

8. Members are requested to notify immediately any change of address:

- i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
- ii) to the Company at its Registered Office or to its Registrar & Transfer Agent M/s. Karvy Computershare Pvt. Ltd. in respect of their physical shares, if any, quoting their folio number.

9. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days (barring Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

**By Order of the Board**

For Deccan Chronicle Holdings Ltd.

**V. Shankar**

Company Secretary

Secunderabad, August 13, 2010



## Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item Nos. 7, 8, 9 and 10.

Based on the recommendations of the Remuneration Committee and subject to the approval of members at the General Meeting, the Board of Directors of the Company at its meeting held on 14th May, 2010 had unanimously approved the appointments of a) Mr. T. Venkatram Reddy as Chairman for a fresh term of 5 years with effect from 16<sup>th</sup> May, 2010; b) Mr. T. Vinayak Ravi Reddy as Vice Chairman for a fresh term of 5 years with effect from 16<sup>th</sup> May 2010; c) Mr. P.K. Iyer as Vice Chairman for a term of 5 years with effect from 16<sup>th</sup> May 2010; d) Mr. N. Krishnan as Managing Director for a term of 5 years with effect from 16<sup>th</sup> May 2010.

Accordingly the resolutions at Item Nos. 7, 8, 9 and 10 seeking confirmation of their appointments as above are before the members for consideration and approval. As required under section 302 of the Companies Act, 1956, an abstract of the terms of appointment of above appointees were already circulated to the members. The terms of appointment and other material facts including the brief profile of the appointees are given hereunder:

Particulars/Terms	Mr. T. Venkatram Reddy	Mr. T. Vinayak Ravi Reddy	Mr. P.K. Iyer	Mr. N. Krishnan
Designation	Chairman	Vice Chairman	Vice Chairman	Managing Director
Date of Appointment	16 <sup>th</sup> May 2010	16 <sup>th</sup> May 2010	16 <sup>th</sup> May 2010	16 <sup>th</sup> May 2010
Tenure	5 years	5 years	5 years	5 years
Remuneration:				
a) Salary (Rs.)	3.20 crores per annum	3.20 crores per annum	3.20 crores per annum	2.10 crores per annum
b) Perquisites & Amenities	<p>Apart from the salary as above the Appointee(s) shall be entitled to other perquisites, amenities and benefits as may be provided by the company to the senior officers from time to time including company maintained car with driver, telephone, internet and communication facilities at his residence or reimbursement of any expenses in lieu thereof, reimbursement towards gas/electricity/water, club fees etc.</p> <p>The scope and quantum of remuneration specified hereinabove may be enhanced, enlarged, widened, altered or varied by the Board of Directors in conformity with the relevant provisions of Companies Act, 1956 and /or Rules and Regulations made thereunder and/or such guidelines as may be announced by the Central Government from time to time.</p>			
Minimum Remuneration	<p>If in any financial year during the currency of the tenure, the company has no profits or its profits are inadequate, the company will pay the aforesaid Managerial Personnel, a remuneration by way of salary and perquisites not exceeding the ceiling laid down in section II of Part II of schedule XIII of the Companies Act, 1956 and as may be decided by the Board of Directors of the company.</p>			
Overall Remuneration	<p>Subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, the remuneration payable to the aforesaid Managerial Personnel in any financial year shall not exceed 10% (ten percent) of net profits of the Company, or such other limits as may be specified under the relevant legislation prevailing from time to time.</p>			
Other Terms	<p>The appointees would be liable to retire by rotation while holding the office/position as above. However, they shall be eligible to offer themselves for reappointment.</p>			

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Memorandum of Interest/Concern of Directors	Except Mr. T. Venkatram Reddy and Mr. T. Vinayak Ravi Reddy being brother of the Appointee, none of the directors are interested or concerned in the above appointment	Except Mr. T. Vinayak Ravi Reddy and Mr. T. Venkatram Reddy being brother of the Appointee, none of the directors are interested or concerned in the above appointment.	None of the directors except Mr. P.K. Iyer is interested or concerned in the above appointment.	None of the directors except Mr. N. Krishnan is interested or concerned in the above appointment.
No. of Shares held in the company	5,14,27,416	5,14,27,416	5,14,27,416	NIL
Brief Profile of the Appointee	Mr. T. Venkatram Reddy, promoter of the company is a graduate in Commerce and holds a diploma in printing technology. He has vast experience in newspaper management/ print media industry.  He is currently the President of Indian Newspaper Society, a representative body of the Newspaper Industry. He is also a member of Management Council of Audit Bureau of Circulations. He was also a Member of Parliament from 1993-95.	Mr. T. Vinayak Ravi Reddy, promoter of the company is a post graduate in business management. He has vast experience in the fields of business strategy, general management and operations.	Mr. P.K. Iyer, promoter of the company is a graduate in economics and has a post graduate diploma in business management. He has a vast experience in the areas of Financial Management, Treasury Operations and Administration	Mr. N. Krishnan is a fellow member of Institute of Chartered Accountants of India and has vast experience in finance, taxation, legal and operations.

Copy of the respective resolution passed by the Board of Directors of the company at their meeting held on 14<sup>th</sup> May 2010 appointing the aforesaid managerial personnel is available for inspection at the Registered Office of the Company between 11:00 A.M. to 1:00 P.M. on all working days (barring Saturdays and Sundays).

The Board of Directors commends the resolutions set out at Item Nos. 7 to 10 for approval of the members.

**By Order of the Board**  
For Deccan Chronicle Holdings Ltd.

**V. Shankar**  
Company Secretary

Secunderabad, August 13, 2010



## Management discussion and analysis

The year 2009-10 saw a significant improvement in profit after tax of Rs.26,092 lakhs against Rs.14,007 lakhs in the previous year, an increase of 86%, primarily on account of growth in revenues and reduction in newsprint cost.

### Operations Review

- Income from Operations has increased by 9.5% from Rs.81,494 lakhs to Rs.89,250 lakhs.
- Advertisement revenue increased by 10% from Rs.75,911 lakhs to Rs.83,434 lakhs.
- Circulation revenue increased by 4% from Rs.5,583 lakhs to Rs.5,816 lakhs.

The advertisement revenue increased mainly on account of better rate realisation, and also during the year the company increased its advertisement tariff across all its editions by 20%. The advertisement as a percentage of total revenue is 93%. Deccan Chronicle, the flagship newspaper of the company continues to be the leading newspaper of South India. The circulation grew by 3%; as per Audit Bureau of Circulations (ABC) for the period July-Dec 2009 the average daily circulation is 13.79 lakhs copies as against July-Dec 2008 circulation of 13.34 lakhs copies.

The breakup of average daily circulation (in lakhs) is as under:

	July-Dec 2009	July-Dec 2008
Hyderabad	5.72	5.26
Rest of Andhra Pradesh	2.51	2.59
Chennai	3.11	3.06
Bengaluru	2.45	2.43
<b>Total</b>	<b>13.79</b>	<b>13.34</b>

### Industry Overview

The year under review showed improvement in the Indian Economy. The domestic growth is likely to lead to a further increase in advertisement spends by the corporates, and the print media segment is likely to be a major gainer. The economic growth will further lead to increasing standards of living and literacy level which will fuel circulation growth. Thus the print media as a sector is considered to have a robust future within India for a number of years to come.

### Financial Review

#### Share Capital

The total shareholders' fund as at March 31, 2010 is Rs.1,25,801 lakhs of which equity capital is Rs.4,844.46 lakhs comprising 24,22,22,784 equity shares of Rs.2/- each. During the year under

review the company pursuant to a buy back programme bought back and cancelled 26,54,761 equity shares.

### Reserves and Surplus

As at March 31, 2010 the reserves and surplus of the Company aggregated to Rs.1,20,957 lakhs as against Rs.1,10,089 lakhs in the previous year an increase of Rs.10,868 lakhs i.e., 9.87%.

### Dividend

The Board of Directors of the Company had declared and paid interim dividend aggregating to Rs.3/- per share for the year under review. The total dividend is 150% for the financial year 2009-10. The dividend outflow including dividend tax aggregated to Rs.8,533 lakhs as against Rs.5,730 lakhs in the previous year.

### Debt

The total secured debt as at March 31, 2010 is Rs.32,887 lakhs as against Rs.35,450 lakhs in the previous year a decrease of Rs.2,563 lakhs.

### Fixed Assets

The gross block of fixed assets is Rs.91,658 lakhs as against Rs.84,099 lakhs in the previous year an increase of Rs.7,559 lakhs on account of amalgamation, expansion/modernization of the printing facilities.

### Investments

The variation in the investments is on account of amalgamation of subsidiaries.

### Inventories

Inventories as at March 31, 2010 was Rs.6,204 lakhs. The decrease is on account of reduction in the news print prices and also due to the scaling down of inventory to normal levels in view of better availability of newsprint. Inventory primarily comprises of newsprint, ink and plates.

### Debtors

Debtors for the year under review is Rs.19,555 lakhs as against Rs.19,425 lakhs, an improvement in the debtors days from 87 days in the previous year to 80 days for the year under review.

### Loans and Advances

The loans and advances increased from Rs.9,849 lakhs in the previous year to Rs.18,551 lakhs, primarily on account of funding support to subsidiaries.

### Cash and Bank balances

The cash and bank balances increased from Rs.35,968 lakhs in the previous year to Rs.59,164 lakhs.

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## Printing and Other Operative Expenses

The decrease in printing and operative cost from Rs.44,274 lakhs to Rs. 31,758 lakhs is primarily an account of decline in newsprint prices.

## Overheads

Overheads comprise personnel cost and sales and administrative expenses. The overheads for the year are Rs.12,334 lakhs compared to Rs.10,395 lakhs for the previous year.

## Interest and Financial Charges

The interest and financial charges for the year is Rs.4,513 lakhs as against Rs.7,093 lakhs in the previous year.

## Depreciation

The Company provides depreciation on straight-line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. The depreciation charge has increased from Rs.3,206 lakhs to Rs.4,225 lakhs due to amalgamation, expansion/modernization.

## Tax Charge

The total tax charge has increased from Rs.5,499 lakhs to Rs.12,388 lakhs on account of increased profits.

## Internal Control Systems

The Company has adequate internal control systems to monitor all aspects of operations and managerial functions. There are well defined procedures and policies laid out to perform the various functions. All functions are regularly reviewed and the results of the same are discussed by the senior management and Audit Committee. The recommendations are duly implemented.

## Risk Management

All businesses are subject to internal and external risks. The

internal risks are controllable risks and the senior management has identified such risks and formulated such actions to mitigate the effect of such risks. The external risks like change in government policies are not within the control of the management.

## Industry Risk

The print media industry is enjoying significant growth on the basis of the growing economy, high-income levels and increasing literacy amongst the people. Any variations in these can have an impact on the industry

## Raw Material Risk

Newsprint constitutes the major raw material for the newspaper industry. Therefore continuous supply of newsprint at competitive price is essential for the business.

## Operational Risk

The Company has appointed good quality reporters who provide on daily basis proper and authenticated information. The Company has also deployed good quality machines for printing the newspaper without any breakdowns.

## Outlook

The future of the industry and the company is expected to be good backed by a growing economy, higher income levels and literacy.

## Cautionary Statement

Readers are cautioned that this section may contain forward looking statements by the management that involves certain risks and uncertainties. This section should be read in conjunction with the Company's financial statements and relevant notes attached thereto.



## Corporate Governance

### 1. Company's philosophy on code of governance

Corporate governance is a synonym for sound management, transparency and disclosure. The Company's philosophy of corporate governance envisages the highest level of transparency, accountability and equity in all its dealings with shareholders, employees, government and lenders. The Company's guiding principles are focused to achieve the highest standards of corporate governance. In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the Stock Exchanges, the details are set out below:

### 2. Board of Directors

#### Composition

The Board has an optimum combination of Executive and Non-Executive Directors, and is in conformity with clause 49 of the Listing Agreement entered into with the Stock Exchanges in which Company's shares are listed.

Presently the Board consists of 8 Directors, whose composition is as under:

Sl.No	Name	Designation	Category
1	T. Venkatram Reddy	Chairman	Promoter, Executive
2	T. Vinayak Ravi Reddy	Vice Chairman	Promoter, Executive
3.	P. K. Iyer	Vice Chairman	Promoter, Executive
4	N. Krishnan	Managing Director	Executive, Non Independent
5	M. Sukumar Reddy	Director	Non Executive, Independent
6	G. Kumar	Director	Non Executive, Independent
7	Krishan Premnarayan	Director	Non Executive, Independent
8	E. Venkat Ram Reddy*	Director	Non Executive, Independent
9	V. Suresh**	Director	Non Executive, Independent

\*Resigned with effect from 3rd June 2009. \*\* Appointed with effect from 3rd June 2009.

#### Meetings held

During the year 2009-10, the Board met 10 times on 18<sup>th</sup> April, 2009; 3<sup>rd</sup> June, 2009; 11<sup>th</sup> June, 2009; 26<sup>th</sup> June, 2009; 31<sup>st</sup> July, 2009; 30<sup>th</sup> September, 2009; 30<sup>th</sup> October, 2009; 28<sup>th</sup> December, 2009; 29<sup>th</sup> January, 2010; and 2<sup>nd</sup> March, 2010.

The Directors attendance at the board meetings, number of Directorships and Committee memberships held by them in other companies are given hereunder:

Name	No. of Board Meetings held	No. of Board Meetings attended	Last AGM attended	*No. of directorships in other public companies	*Committee Positions held in other public companies		Shares held in the company & % to the paid-up capital
					Chairman	Member	
T. Venkatram Reddy	10	8	Yes	6	-	1	5,14,27,416 (21.23%)
T. Vinayak Ravi Reddy	10	10	Yes	4	-	1	5,14,27,416 (21.23%)
P. K. Iyer	10	10	Yes	5	-	1	5,14,27,416 (21.23%)
N. Krishnan	10	10	Yes	4	-	-	-
M. Sukumar Reddy	10	10	Yes	2	1	1	-
G. Kumar	10	10	Yes	2	1	1	-
E. Venkat Ram Reddy#	1	-	#	#	#	#	-
Krishan Premnarayan	10	10	Yes	-	-	-	-
V. Suresh**	9	9	Yes	2	1	-	-

\* As at 31st March 2010 (Committee positions include only Audit and Investors' Grievance Committees)

# up to 3rd June 2009. \*\* with effect from 3rd June 2009

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## Audit Committee:

The Composition of the Audit Committee is in compliance with the Clause 49 of the Listing Agreement and the terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges.

The Audit Committee comprises of 3 (three) Non-executive Independent Directors including the Chairman. The Audit Committee met 5 times during the year under review on 06.04.2009, 26.06.2009, 31.07.2009, 30.10.2009 and 29.01.2010.

The composition of Audit Committee as reconstituted by the Board of Directors on 3<sup>rd</sup> June 2009 and the details of meetings attended are given below:

Sl. No	Name	Position held in the Committee	Number of committee meetings attended
1	G. Kumar	Chairman	5
2	M. Sukumar Reddy	Member	5
4	V. Suresh*	Member	4
3	E. Venkat Ram Reddy**	Member	1

\*w.e.f. 3<sup>rd</sup> June, 2009. \*\* up to 3<sup>rd</sup> June, 2009

During these meetings, the Committee, inter alia, reviewed the financial statements including changes in accounting policies and practices before submission to the Board, recommended the appointment of statutory auditors including fixation of audit fee, and reviewed the company's financial and risk management policies.

## Investors' Grievance Committee

The responsibilities of the Committee include redressal of all shareholders queries and grievances and approval of splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split/ consolidated certificates.

During the year, the committee met 6 times on 26-06-2009; 31-07-2009; 30-10-2009; 17-11-2009; 02-01-2010; 29-01-2010.

The composition of Investors Grievance Committee and the details of meetings attended are given below:

Sl.No	Name	Position held in the Committee	Number of Committee meetings attended
1	M. Sukumar Reddy	Chairman	6
2	T. Vinayak Ravi Reddy	Member	6
3	P. K. Iyer	Member	6

## Remuneration Committee

The responsibilities of the committee are to appraise the performance of Executive Directors and senior officers of the Company and to determine and recommend to the Board compensation payable to the above said persons. No meetings of the committee were convened during the year under review.

The composition of Remuneration Committee as reconstituted by the Board of Directors on 3<sup>rd</sup> June 2009 is given below:

Sl.No	Name	Position held in the Committee
1	G. Kumar	Chairman
2	M. Sukumar Reddy	Member
3	V. Suresh	Member

The Company Secretary is the Compliance Officer of the Company and is the Secretary to all the above Committees.

## Details of Remuneration to Directors

Sl.No	Name	Designation	Salary (Rs. in lakhs)
1	T. Venkatram Reddy	Chairman	253.05
2	T. Vinayak Ravi Reddy	Vice Chairman	253.60
3	P. K. Iyer	Vice Chairman	254.10
4	N. Krishnan	Managing Director	120.00

Salary includes gross salary and perquisites.

No remuneration has been paid to the Non-Executive Directors during the year.



### **Certification**

The Managing Director has certified to the Board of Directors, interalia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Clause 49(V) of the Listing Agreement for the year ended 31<sup>st</sup> March, 2010.

### **Code of business conduct and ethics for Directors and senior management.**

The Company is committed to conducting business in accordance with highest standards of business ethics and complying with applicable law, rules and regulations.

The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

The Board of Directors had adopted the Code of Business Conduct and Ethics for Directors and Senior Management ("the Code").

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given below:

"I hereby confirm that the Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code of Business Conduct and ethics for Directors and senior management in respect of the financial year 2009-2010."

**N. Krishnan**  
Managing Director

### **Details on General Body Meetings**

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>No. of Special Resolutions</b>
2008-2009	Hotel Baseraa, Sarojini Devi Road, Secunderabad- 500 003	30/09/2009	9.00 AM	Nil
2007-2008	Hotel Baseraa, Sarojini Devi Road, Secunderabad- 500 003	30/09/2008	10.30 AM	Nil
2006-2007	No.36, Sarojini Devi Road, Secunderabad- 500 003	29/09/2007	10.30 AM	1

### **Postal Ballot**

No special resolution was passed through Postal Ballot during the year 2009-2010. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

### **Disclosures**

The Board of Directors receive from time to time disclosures relating to financial and commercial transactions from key management personnel of the Company as and when they and/or their relatives have personal interest in any of the pecuniary transactions with the Company. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence there has been no penalties or strictures imposed by SEBI or Stock Exchanges.

### **Means of Communication**

The quarterly financial results of the Company are generally published in Deccan Chronicle and Andhra Bhoomi (Vernacular) and also posted on the website of the company.

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## Non-Mandatory Requirements

The Company has set up a Remuneration Committee details of which have been given earlier in this report.

## General Shareholder Information

<b>Annual General Meeting</b>	:	
	Date and Time	29 <sup>th</sup> September, 2010 at 9.00 A.M
	Venue	Hotel Baseraa, Sarojini Devi Road, Secunderabad-500003
<b>Financial Calendar (tentative)</b>	:	
	Financial Year	April to March
	First quarter results	End of July
	Second quarter results	End of October
	Third quarter results	End of January
	Fourth quarter results	End of May
<b>Book Closure Dates</b>	:	15 <sup>th</sup> September 2010 to 22 <sup>nd</sup> September 2010 (both days inclusive for the purpose of AGM)
<b>Listing on Stock Exchanges</b>	:	The Company Shares are listed at the following Stock Exchanges 1. National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra East, Mumbai - 400 051. 2. Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.
<b>Stock Code</b>	:	Bombay Stock Exchange Ltd. - Scrip Code: 532608 National Stock Exchange of India Ltd. - Scrip ID: DCHL

## Payment of Listing and Custodial fees.

The annual listing fees for the financial years 2009-10 and 2010-2011 have been paid to Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

The annual custodial fee for the financial years 2009-2010 and 2010-2011 have been paid to National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL).



#### Market Price-Volume Data & Comparison to broad based indices

Month	BSE				
	Deccan Chronicle			Sensex	
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low
April-2009	67.70	45.10	18234880	11492.10	9546.29
May-2009	88.70	56.10	13868523	14930.54	11621.30
June-2009	95.70	67.10	20748985	15600.30	14016.95
July-2009	109.75	54.50	19363617	15732.81	13219.99
August-2009	122.40	90.25	12677857	16002.46	14684.45
September-2009	127.70	107.65	6567662	17142.52	15356.72
October-2009	164.00	123.10	6060049	17493.17	15805.20
November-2009	163.00	130.50	5392949	17290.48	15330.56
December-2009	173.85	146.50	5058284	17530.94	16577.78
January-2010	178.00	131.50	4587231	17790.33	15982.08
February-2010	155.70	137.15	1740036	16669.25	15651.99
March-2010	180.05	147.00	3354324	17793.01	16438.45

Month	NSE				
	Deccan Chronicle			S&P CNX Nifty	
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low
April-2009	67.50	45.20	25810959	3517.25	2965.70
May-2009	90.00	50.05	24174732	4509.40	3478.70
June-2009	95.90	67.10	45443489	4693.20	4143.25
July-2009	109.90	54.55	50025701	4669.75	3918.75
August-2009	122.45	90.10	29861736	4743.75	4353.45
September-2009	127.75	107.65	20895145	5087.60	4576.60
October-2009	163.80	122.00	25832751	5181.95	4687.50
November-2009	163.10	130.00	19050803	5138.00	4538.50
December-2009	173.90	146.55	19072176	5221.85	4943.95
January-2010	176.90	131.25	15050695	5310.85	4766.00
February-2010	160.00	140.15	7114789	4992.00	4675.40
March-2010	179.80	146.85	16258457	5329.55	4935.35

#### Comparison with Broad Base Indices (BSE Sensex and NSE S&P SNX Nifty).

Percentage change (based on closing prices as on 31-03-2009 and 31-03-2010) in:

BSE		NSE	
DCHL	Sensex	DCHL	S&P CNX Nifty
225%	81%	227 %	74%

#### Registrar and Share Transfer Agents

**Karvy Computershare Pvt. Ltd.**  
Unit: Deccan Chronicle Holdings Limited  
17-24, Beside Image Hospital,  
Vittal Rao Nagar  
Madhapur, Hyderabad - 500 081.  
Tel: 040 23420816-24  
Fax: 040 23420814  
Email: einward.ris@karvy.com

## Deccan Chronicle Holdings Limited

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### Share Transfer System

Almost the entire shares of the Company are in the electronic form. As regards transfer of shares held on physical form, the transfer documents are lodged with our registrar Karvy Computershare Pvt. Ltd at the address mentioned herein above. Shares in physical form are processed by the Registrar and Share Transfer agents within 15-30 days from the date of receipt, if the documents are complete in all respects.

### Distribution of Shareholding as on 31<sup>st</sup> March, 2010

Category	No. of Shares	Percentage	No. of Shareholders	Percentage
1 - 5000	43,60,470	1.80	24,578	97.86
5001 - 10000	7,62,872	0.32	202	0.80
10001 - 20000	7,31,928	0.30	97	0.39
20001 - 30000	4,35,250	0.18	34	0.14
30001 - 40000	2,69,203	0.11	15	0.06
40001 - 50000	4,87,050	0.20	21	0.08
50001 - 100000	14,45,248	0.60	41	0.16
Above 100000	23,37,30,763	96.49	127	0.51
<b>Total</b>	<b>24,22,22,784</b>	<b>100.00</b>	<b>25,115</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March, 2010

Category	No. of Shares	Percentage
Promoters	15,42,82,250	63.69
Mutual Funds	1,97,79,010	8.17
Foreign Institutional Investors	3,72,94,372	15.40
Bodies Corporate	97,95,573	4.04
Banks & Indian Financial Institutions	1,09,92,534	4.54
Indian Public/Others	1,00,79,045	4.16
<b>Total</b>	<b>24,22,22,784</b>	<b>100.00</b>

### Dematerialization of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form and have been admitted for dematerialization in both the depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) for equity shares of the company for both the NSDL and CDSL is INE137G01027.

The Equity Shares of the Company is actively traded both at BSE and NSE where it is listed. The trading volume of the shares at NSE and BSE for the year under review is appearing at the 'Market Price-Volume Data and comparison to broad based indices' section hereinbefore.

As on March, 31, 2010 the Equity Shares of the Company are dematerialized as follows.

Shares held in	No. of Shares	Percentage
Physical Form	563	0.00
Electronic form with NSDL	23,78,00,275	98.17
Electronic form with CDSL	44,21,946	1.83
<b>Total</b>	<b>24,22,22,784</b>	<b>100.00</b>



**Plant Locations** : Industrial Estate, Dist. Vijayawada, A.P.  
Dowleswaram, Dist. Rajahmundry, A.P.  
MVP Colony, Dist. Visakhapatnam, A.P.  
Tapovanam Colony, Dist. Ananthapur, A.P.  
Burranpur Village, Dist. Nellore, A.P.  
Vavilapally Colony, Dist. Karimnagar, A.P.  
Kompally, Dist. Ranga Reddy, A.P.  
Kondapur, Dist. Ranga Reddy, A.P.  
Industrial Estate, Guindy, Chennai, TN  
Bommasandra, Industrial Area, Bengaluru, Karnataka

**Address for Investor Correspondence** : Mr. V. Shankar  
Company Secretary  
Deccan Chronicle Holdings Ltd  
No. 36, Sarojini Devi Road  
Secunderabad – 500 003  
Tel: 040-27803930

In terms of Clause 47(f) of the Listing Agreement of Stock Exchanges investors may please use the following exclusive e-mail ID for redressal of their grievances.

E-Mail- dchlinvestors@deccanmail.com

**Details of Directors seeking re-appointment at the Annual General Meeting.**

Particulars	Mr. T. Venkatram Reddy
Date of Birth	17.07.1959
Date of Appointment	30.12.2002
Qualifications	Graduate in Commerce, Diploma in Printing Technology.
Experience in specific functional area	Business Strategy, General Management.
Directorships held in other Public Companies	Deccan Chargers Sporting Ventures Ltd. Odyssey India Ltd. Netlink Technologies Ltd. Deccan Chronicle Print Ltd. Sieger Solutions Ltd.* Asianage Holdings Ltd.*
Memberships/Chairmanships of Committees of other Public Companies (includes only Audit Committee and Shareholders /Investors Grievance Committee)	Sieger Solutions Ltd.* – Audit Committee - Member
No. of Shares held in the Company	5,14,27,416

\*amalgamated with Deccan Chronicle Holdings Ltd. through a Scheme of Amalgamation sanctioned by Hon'ble High Court of Andhra Pradesh vide its Order dated 12-03-2010.

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Particulars	Mr. P.K. Iyer
Date of Birth	04.08.1966
Date of Appointment	30.12.2002
Qualifications	Graduate in Economics, Post Graduate Diploma in Business Management
Experience in specific functional area	Business Strategy, Finance, Treasury & Administration
Directorships held in other Public Companies	Deccan chargers Sporting Ventures Ltd. Netlink Technologies Ltd. Deccan Chronicle Print Ltd. Deccan Chronicle Bangalore Ltd.* Asianage Holdings Ltd.*
Memberships/Chairmanships of Committees of other Public Companies(includes only Audit Committee and Shareholders /Investors Grievance Committee)	Deccan Chargers Sporting Ventures Ltd. –Audit Committee – Member
No. of Shares held in the Company	5,14,27,416

\*amalgamated with Deccan Chronicle Holdings Ltd. through a Scheme of Amalgamation sanctioned by Hon'ble High Court of Andhra Pradesh vide its Order dated 12-03-2010.

Particulars	Mr. M. Sukumar Reddy
Date of Birth	21.12.1956
Date of Appointment	29.11.2003
Qualifications	Graduate in Commerce
Experience in specific functional area	Vast experience in Real Estate and Construction business.
Directorships held in other Public Companies	Deccan Chargers Sporting Ventures Ltd. Odyssey India Ltd.
Memberships/Chairmanships of Committees of other Public Companies(includes only Audit Committee and Shareholders /Investors Grievance Committee)	Deccan Chargers Sporting Ventures Ltd. - Audit Committee – Chairman Odyssey India Ltd. - Audit Committee – Member
No. of Shares held in the Company	NIL

For and on behalf of the Board

**T. Venkatram Reddy**  
Chairman

Secunderabad, August 13, 2010



## Certificate of Compliance of Corporate Governance

**TO**

**THE MEMBERS OF DECCAN CHRONICLE HOLDINGS LIMITED**

We have examined the compliance of conditions of corporate governance by Deccan Chronicle Holdings Limited, for the year ended 31st March 2010 as stipulated in Clause 49 of the listing agreement of the company with the Bombay and National Stock Exchanges (BSE& NSE).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

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

**For C B Mouli & Associates**

Chartered Accountants

*(Firm's Registration No. 2140S)*

**Mani Oommen**

Partner

M.No.24046

*Secunderabad, August 13, 2010*

# Deccan Chronicle Holdings Limited

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## Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting the 8<sup>th</sup> Annual Report and the Audited Accounts of your Company for the year ended March 31, 2010 together with the Auditors' Report thereon.

### Financial Results

Your Company's summarized financial results for the year under review is as under:

(Rs. in Lakhs)		
Particulars	2009-10	2008-09
Total Revenue	92,194.54	85,761.52
Profit before interest, tax and depreciation	48,102.12	31,092.54
Less: Interest and financial charges	4,512.53	7,093.11
Profit before depreciation & tax	43,589.59	23,999.43
Less: Depreciation	4,224.85	3,206.13
Profit before tax	39,364.74	20,793.30
Tax (current, fringe and deferred)	13,272.93	6,786.21
Net profit for the year	26,091.81	14,007.09
Appropriations:		
Dividend (including dividend tax thereon)	8,532.71	5,729.89
Transfer to debenture redemption reserve	1,302.12	(8,371.77)
Transfer to general reserve	3,000.00	1,400.00
Balance carried forward to next year	13,256.98	15,248.97

### Financial Review

Your company has been able to post a satisfactory performance during the year under review. The total revenues registered an increase of 7.5% from Rs.85,761.52 lakhs to 92,194.54 lakhs with profit after tax increasing by 86% from Rs.14,007.09 lakhs to Rs.26,091.81 lakhs.

### Amalgamation of subsidiaries

During the year under review company's subsidiaries Sieger Solutions Ltd., Asianage Holdings Ltd. and Deccan Chronicle Bangalore Limited (which became a subsidiary during the year under review) were amalgamated with the company pursuant to a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Andhra Pradesh vide its Order dated 12<sup>th</sup> March 2010. The Appointed Date of amalgamation being 1<sup>st</sup> April 2009, the financials for the year under review have been prepared after giving effect to the Amalgamation.

### Dividend

Your Directors do not propose payment of further dividend for the year under review and recommend for your consideration the confirmation of 3 Interim Dividends of Re.1/- per share each declared on 31<sup>st</sup> July, 2009; 30<sup>th</sup> October, 2009; and 29<sup>th</sup> January, 2010 respectively and already paid to the shareholders.

### Buy back of Equity Shares

In terms of the provisions of Companies Act, 1956 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 and pursuant to the approval of shareholders obtained by Postal Ballot and the approval of SEBI, the Company announced its Offer to buy back a minimum of 1 crore equity shares, a maximum of 3.5 crores equity shares at a price per share not exceeding Rs.100/- at a total outlay not exceeding Rs.180 crores through stock market mechanism. The buy back offer commenced on 12<sup>th</sup> August 2009 and closed on 25<sup>th</sup> January, 2010.

Pursuant to the said Buy Back Offer the Company bought back and cancelled 26,54,761 Equity Shares of Rs.2/- each of an aggregate face value of Rs.53,09,522/-. Consequently, the Paid up Equity Share Capital of the Company as on March 31, 2010 stood reduced to Rs.48,44,45,568/- comprising of 24,22,22,784 Equity Shares of Rs.2/- each.

### FCCB Conversion

During the current year, holder(s) of 3,000 Foreign Currency Convertible Bonds (face value - USD 1,000 each) opted for conversion of the bonds into equity shares. Pursuant to the option exercised and in accordance with the terms of issue of these bonds, 12,49,435 Equity Shares of Rs.2/- each were allotted on



14<sup>th</sup> May, 2010. Consequently the paid up equity capital of the company with effect from 14<sup>th</sup> May, 2010 stands increased to Rs.48,69,44,438/- comprising of 24,34,72,219 equity shares of Rs.2/- each. With the aforesaid conversion the entire 54,022 FCCBs issued by the company stands converted.

#### **Ratings for Term Funding**

During the year CARE has reaffirmed 'PR1+' for short term funding & 'AA' for long term funding signifying high-credit quality and low credit risk, which signifies high degree of safety with regard to timely payment of interest and principal on the instruments.

#### **Subsidiary Companies**

Deccan Chargers Sporting Ventures Limited, Odyssey India Limited and Netlink Technologies Limited are subsidiaries of the company. Netlink Technologies Limited a step down subsidiary, became a direct subsidiary of the company during the year consequent to amalgamation of its holding company viz., Sieger Solutions Ltd. with the company. Ministry of Corporate affairs has granted approval under section 212(8) of the Companies Act, 1956, exempting the Company from attaching with the Annual Report of the Company, copies of the reports of the board of directors and auditors, balance sheet and profit & loss account of subsidiary companies.

Pursuant to Accounting Standard 21, notified under Companies (Accounting Standards) Rules, 2006, Consolidated Financial Statements presented by the Company include the financial information of the subsidiary companies. The Company will make available the audited annual accounts and related details of its subsidiaries upon request by any member of the company. These documents will also be available for inspection during business hours at the registered office of the company and the subsidiary companies concerned.

#### **Directors**

Mr. T. Venkatram Reddy and Mr. T. Vinayak Ravi Reddy have been appointed as Chairman and Vice Chairman for a period of 5 years with effect from 16<sup>th</sup> May, 2010 on fresh terms. Mr. P.K. Iyer and Mr. N. Krishnan have been appointed as Vice Chairman and Managing Director of the company with effect from 16<sup>th</sup> May, 2010 for a period of 5 years. The above appointments are subject to the approval of members at the ensuing annual general meeting.

Mr. T. Venkatram Reddy, Mr. P.K. Iyer and Mr. M. Sukumar Reddy retire by rotation at the ensuing annual general meeting and being eligible have offered themselves for reappointment.

#### **Report on Corporate Governance**

Your Company is committed to maintain the highest standards

of Corporate Governance. As required under Clause 49 of the Listing Agreement with the Stock Exchanges a report on Corporate Governance is given in the Annual Report. Certificate of the Auditor regarding compliance with the conditions of corporate governance is also given.

#### **Management Discussion and Analysis**

A detailed Management Discussion and Analysis is provided in the Annual Report.

#### **Fixed Deposits**

During the year under review, your company has neither invited nor accepted any deposits from the public.

#### **Statutory Auditors**

M/s. C B Mouli & Associates, Chartered Accountants, Statutory Auditors of the Company, hold office, in accordance with the provisions of the Act up to the conclusion of the forthcoming Annual General Meeting. The Company has received letter from M/s. C B Mouli & Associates, Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

#### **Particulars of Employees**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975 as amended from time to time forms part of this report. However, as per the provisions of Section 219(1) (b)(iv) of the Act, the Report and Accounts are being sent to all members excluding the statement containing the particulars of employees to be provided under section 217(2A) of the Act. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

#### **Directors' Responsibility Statement**

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 with respect to "Directors' Responsibility Statement", it is hereby confirmed;

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- (ii) that the directors had 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 and of the profit or loss of the Company for the year under review;

## Deccan Chronicle Holdings Limited

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(iii) that the directors had 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) that the directors had prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

### Conservation of Energy, Technology Absorption

Particulars regarding conservation of energy, technology absorption are not applicable to printing and publishing of newspapers and periodicals.

### Foreign Exchange Earnings and Outgo

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is provided as under and the details of which is mentioned in Note No. 3.3. of the Notes to the Accounts.

(Rs. in Lakhs)

Particulars	2009-10	2008-09
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	18232.85	30644.53

### Acknowledgements

The Directors take this opportunity to thank Company's customers, suppliers, bankers, financial Institutions for their consistent support to the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company at all levels. Your Directors also wish to express their gratitude to the Shareholders for the confidence reposed by them in the Company and for the continued support and co-operation.

For and on behalf of the Board

**T. Venkatram Reddy**  
Chairman

Secunderabad, August 13, 2010



## Auditors' Report

### TO THE MEMBERS OF DECCAN CHRONICLE HOLDINGS LIMITED

- 1 We have audited the attached balance sheet of Deccan Chronicle Holdings Limited ("the Company") as at 31 March 2010, the profit and loss account and the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), 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 paragraph 3 above, we report that:
  - (a) 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;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) 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 Act, to the extent applicable;
  - (e) on the basis of written representations received from the directors, as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - (f) 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:
    - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2010;
    - (ii) in the case of the profit and loss account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

For **C B Mouli & Associates**  
Chartered Accountants  
(Firm's Registration No. 21405)

**Mani Oommen**  
Partner  
M.No.24046

Secunderabad, August 13, 2010

## Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date to the members of Deccan Chronicle Holdings Limited. We report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. Accordingly, certain assets were verified by Management during the year. No material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
3. Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
4. Inventory, have been physically verified by the management as at the balance sheet date. In our opinion, the frequency of verification is reasonable.
5. The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
6. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
7. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
8. In our opinion and according to the information and explanations given to us and having regard to the explanation that purchase of certain items of inventories and fixed assets are for the Company's specialized requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of advertisement space. The activities of the Company do not involve the sale of services. We have not observed any major weakness in the internal control system during the course of our audit.
9. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
10. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
11. The Company has not accepted any deposits from the public.
12. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
13. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products manufactured/services rendered by the Company.
14. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing with the appropriate authorities amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Customs duty, Cess and other material statutory dues. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, excise duty and service tax.  
  
Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of Company in depositing the same.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Customs duty, Cess and other material statutory dues were in arrears as at 31 March 2010 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, excise duty and service tax.
15. According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the Company did not have any dues on account of excise duty and service tax.
16. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
17. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions or to debenture holders.



18. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
19. In our opinion, and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
20. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
21. 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.
22. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
23. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
24. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
25. According to the information and explanations given to us, the Company has created security or charge in respect of debentures issued during the year.
26. As informed to us, the Company has not raised any money during the year by public issues.
27. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **C B Mouli & Associates**  
Chartered Accountants  
(Firm's Registration No. 2140S)

**Mani Oommen**  
Partner  
M.No.24046

Secunderabad, August 13, 2010

# Deccan Chronicle Holdings Limited

Annual Report 2009-10

## Balance Sheet as at 31st March, 2010

(Rs. in Lakhs)

Particulars	Schedule	As at 31.03.2010	As at 31.03.2009
<b>Sources of Funds:</b>			
<b>Shareholders' Funds:</b>			
Share capital	A	4,844.46	4,897.55
Reserves and surplus	B	<u>120,957.03</u>	<u>110,088.81</u>
		125,801.49	114,986.36
<b>Loan Funds:</b>			
Secured loans	C	32,886.56	35,449.53
Foreign currency convertible bonds		1,345.91	1,345.91
Deferred tax liability		<u>7,969.13</u>	<u>6,971.10</u>
<b>Total</b>		<b><u>168,003.09</u></b>	<b><u>158,752.90</u></b>
<b>Application of funds:</b>			
<b>Fixed Assets</b>			
Gross block	D	91,657.75	84,099.26
Less: Depreciation		<u>14,653.04</u>	<u>10,347.28</u>
Net block		77,004.71	73,751.98
Capital work in progress		3,768.34	8,560.39
<b>Investments</b>	E	21,061.89	24,092.15
<b>Current Assets Loans and Advances</b>	F		
Inventories		6,203.71	12,990.71
Sundry debtors		19,554.84	19,424.68
Cash and bank balances		59,164.38	35,967.84
Loans and advances		<u>18,551.13</u>	<u>9,849.40</u>
		<u>103,474.06</u>	<u>78,232.63</u>
<b>Current Liabilities and Provisions</b>	G		
Current liabilities		35,629.00	24,609.78
Provisions		<u>1,676.91</u>	<u>1,274.47</u>
		<u>37,305.91</u>	<u>25,884.25</u>
<b>Net current assets</b>		66,168.15	52,348.38
<b>Total</b>		<b><u>168,003.09</u></b>	<b><u>158,752.90</u></b>
Significant Accounting Policies and Notes to accounts	H		

The Schedules referred to above form an integral part of Balance Sheet.

As per our report of even date attached

For **C B Mouli & Associates**

Chartered Accountants

**Mani Oommen**

Partner  
M.No. 24046

For and on behalf of the board

**T. Venkatram Reddy**  
Chairman

**T. Vinayak Ravi Reddy**  
Vice-Chairman

**P. K. Iyer**  
Vice-Chairman

**N. Krishnan**  
Managing Director

**V. Shankar**  
Company Secretary

Secunderabad, August 13, 2010



## Profit and Loss account for the year ended 31st March, 2010

(Rs. in Lakhs)

Particulars	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
<b>Income :</b>			
Revenue	I	92,194.54	85,761.52
<b>Total ( A )</b>		<b>92,194.54</b>	<b>85,761.52</b>
<b>Expenditure:</b>			
Printing & other operative expenses	J	31,758.25	44,274.00
Payments & benefits to employees	K	6,546.90	4,939.05
Sales & administrative expenses	L	5,787.27	5,455.93
Interest & financial charges	M	4,512.53	7,093.11
Depreciation	D	4,224.85	3,206.13
<b>Total ( B )</b>		<b>52,829.80</b>	<b>64,968.22</b>
<b>Profit before tax ( A - B )</b>		39,364.74	20,793.30
Tax charge - current & fringe benefit tax		12,388.33	5,498.89
Deferred tax		884.60	1,287.32
<b>Net Profit for the year</b>		<b>26,091.81</b>	<b>14,007.09</b>
<b>Appropriation</b>			
Dividends		7,293.23	4,897.55
Corporate tax on dividends		1,239.48	832.34
Transfer to/(from) debenture redemption reserve		1,302.12	(8,371.77)
Transfer to general reserve		3,000.00	1,400.00
		12,834.83	(1,241.88)
<b>Balance carried to balance sheet</b>		<b>13,256.98</b>	<b>15,248.97</b>
<b>Earnings per share</b>	H(2.10)		
Basic and diluted - par value Rs. 2/- per share		10.73	5.72
Significant Accounting Policies and Notes to accounts	H		

The Schedules referred to above form an integral part of Profit and Loss account.

As per our report of even date attached

For **C B Mouli & Associates**

Chartered Accountants

**Mani Oommen**

Partner  
M.No. 24046

For and on behalf of the board

**T. Venkattram Reddy**  
Chairman

**T. Vinayak Ravi Reddy**  
Vice-Chairman

**P. K. Iyer**  
Vice-Chairman

**N. Krishnan**  
Managing Director

**V. Shankar**  
Company Secretary

Secunderabad, August 13, 2010

# Deccan Chronicle Holdings Limited

Annual Report 2009-10

## Cash Flow Statement for the year 2009 - 10

(Rs. in Lakhs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
<b>Cash Flow from operating activities</b>		
Net profit before tax	39,364.74	20,793.30
Adjustment for:		
Depreciation	4,224.85	3,206.13
Loss/(profit) on sale of fixed assets	130.44	(7.65)
Interest/other income, net	1,437.38	2,832.87
Operating Profit before working capital changes	45,157.41	26,824.65
<b>Adjustment for:</b>		
Inventories	6,787.00	(9,976.01)
Sundry debtors	(130.16)	5,044.43
Loans and advances	(10,882.21)	9,382.48
Current liabilities and provisions	11,421.67	78.22
Cash generated from operation	52,353.71	31,353.77
Direct taxes	(12,388.33)	(9,848.14)
<b>Net cash flow from operating activities</b>	<b>39,965.38</b>	<b>21,505.63</b>
<b>Cash Flow from investing activities</b>		
Purchase of Fixed Assets	(2,351.84)	(20,984.55)
Sale of Fixed Assets	352.02	32.46
Interest / other income, net	(1,437.38)	(2,832.87)
Investments	-	(5,000.00)
<b>Net Cash used in investing activities</b>	<b>(3,437.20)</b>	<b>(28,784.96)</b>
<b>Cash Flow from financing activities</b>		
Buy back of Equity Shares	(2,695.77)	-
Cash balances of amalgamated subsidiaries, net	459.82	-
Proceeds / repayment of borrowings net	(2,562.97)	(30,491.89)
Dividends including dividend tax	(8,532.72)	(5,729.89)
<b>Net cash used in financing activities</b>	<b>(13,331.64)</b>	<b>(36,221.78)</b>
Net increase in cash and cash equivalents	23,196.54	(43,501.11)
Cash and cash equivalents at the beginning of period	35,967.84	79,468.95
<b>Cash and cash equivalents at the end of period</b>	<b>59,164.38</b>	<b>35,967.84</b>
Notes:		
<b>Components of cash and cash equivalents:</b>		
Cash Balance on hand	40.03	39.61
Balance with scheduled banks:		
- in current accounts	4,115.52	5,919.40
- in deposit accounts	55,008.83	30,008.83
	<b>59,164.38</b>	<b>35,967.84</b>

As per our report of even date attached

For **C B Mouli & Associates**

Chartered Accountants

**Mani Oommen**

Partner  
M.No. 24046

For and on behalf of the board

**T. Venkatram Reddy**  
Chairman

**T. Vinayak Ravi Reddy**  
Vice-Chairman

**P. K. Iyer**  
Vice-Chairman

**N. Krishnan**  
Managing Director

**V. Shankar**  
Company Secretary

Secunderabad, August 13, 2010



## Schedules forming part of the accounts

(Rs. in Lakhs)

Particulars	As at 31.03.2010	As at 31.03.2009
<b>Schedule A: Share Capital</b>		
<b>Authorised:</b>		
35,00,00,000 Equity Shares of Rs. 2/- each	<b>7,000.00</b>	<b>7,000.00</b>
(Previous year 35,00,00,000 Equity Shares of Rs. 2/- each)		
<b>Issued Subscribed and Paid up:</b>		
24,22,22,784 Equity shares of Rs.2/- each fully paid	4,844.46	4,897.55
(Previous year 24,48,77,545 Equity shares of Rs.2/- each fully paid)		
<b>Total</b>	<b>4,844.46</b>	<b>4,897.55</b>
<b>Schedule B: Reserves and Surplus</b>		
<b>Capital redemption reserve</b>		
Capital redemption reserve	53.10	-
Sub-total	<b>53.10</b>	-
<b>General reserve</b>		
Opening balance	15,210.56	13,810.56
Add: Amount transferred from profit & loss account	3,000.00	1,400.00
Less: Elimination on account of amalgamation	(3,952.17)	-
Sub-total	<b>14,258.39</b>	<b>15,210.56</b>
<b>Securities premium</b>		
Opening balance	53,660.30	53,660.30
Less: Amount utilized for Buy back of Equity Shares		
- Transfer to Capital redemption reserve	(53.10)	-
- Premium	(2,542.71)	-
- Legal expenses	(99.96)	-
Sub-total	<b>50,964.53</b>	<b>53,660.30</b>
<b>Debentures redemption reserve</b>		
Opening balance	1,762.24	10,134.01
Add: Amount transferred from / (to) profit & loss account	1,302.12	(8,371.77)
Sub-total	<b>3,064.36</b>	<b>1,762.24</b>
<b>Total ( a )</b>	<b>68,340.38</b>	<b>70,633.10</b>
<b>Profit and loss account</b>		
Balance brought forward	39,455.71	24,206.74
Less: Deferred tax of transferor companies	(96.04)	-
Profit as per profit & loss account	13,256.98	15,248.97
<b>Total ( b )</b>	<b>52,616.65</b>	<b>39,455.71</b>
<b>Grand total ( a + b )</b>	<b>120,957.03</b>	<b>110,088.81</b>
<b>Schedule C : Secured loans</b>		
a) Non-Convertible Debentures - Long term	25,500.00	25,500.00
b) Term loans with banks and financial institutions	7,386.56	9,949.53
<b>Total</b>	<b>32,886.56</b>	<b>35,449.53</b>

Notes:

1. Debentures are redeemable non convertible debentures with interest rates ranging from 8 % to 12 % with early date of redemption in the year 2012.
2. Debentures and term loan from banks and financial institutions are fully secured by hypothecation of movable property of the company.

Schedules forming part of the accounts  
Schedule D : Fixed assets

(Rs. in Lakhs)

Sl. No.	Particulars	Gross Block			Depreciation			Net Block		
		as at 1.4.2009	Additions	Deletions	as at 31.3.2010	upto 1.4.2009	for the year	Deletions	as at 31.3.2010	as at 31.3.2009
1	Land	9,010.78	805.16	-	9,815.94	-	-	-	9,815.94	9,010.78
2	Buildings	16,437.60	2,250.46	105.80	18,582.26	1,328.49	555.29	13.06	1,870.72	15,109.11
3	Plant & Machinery	50,528.35	418.78	39.18	50,907.95	6,449.04	2,408.22	14.22	8,843.04	44,079.31
4	Aircraft	3,885.21	-	-	3,885.21	437.53	217.57	-	655.10	3,447.68
5	Computers	2,702.37	161.29	-	2,863.66	940.62	455.94	-	1,396.56	1,761.75
6	Furniture & Fixtures	817.99	181.36	0.83	998.52	180.64	56.18	0.22	236.60	637.35
7	Vehicles	2,181.41	555.56	494.59	2,242.38	522.76	214.58	130.44	606.90	1,658.65
8	Intangible Assets	1,826.37	535.46	-	2,361.83	727.05	317.07	-	1,044.12	1,099.32
	<b>Total</b>	<b>87,390.08</b>	<b>4,908.07</b>	<b>640.40</b>	<b>91,657.75</b>	<b>10,586.13</b>	<b>4,224.85</b>	<b>157.94</b>	<b>14,653.04</b>	<b>76,803.95</b>
	<b>Previous year</b>	65,924.12	18,213.03	37.89	84,099.26	7,154.23	3,206.13	13.08	10,347.28	58,769.89

\* The opening balances of current year includes the assets acquired on amalgamation from the transferor companies. Hence, previous year figures are not directly comparable.



## Schedules forming part of the accounts

(Rs. in Lakhs)

Particulars	As at 31.03.2010	As at 31.03.2009
<b>Schedule E: Long term Investments - Unquoted</b>		
Nil (previous year 69,399) equity shares of Rs. 10/- each in Asianage Holdings Ltd.	-	2,584.26
Nil (previous year 2,51,10,000) equity shares of Rs. 10/- each in Sieger Solutions Ltd.	-	2,511.00
2,06,740 (previous year 2,06,740) equity shares of Rs. 10/- each in DC Investments and Finance Pvt. Ltd.	2,313.60	2,313.60
1,12,50,000 (previous year 1,12,50,000) equity shares of Rs. 10/- each in Odyssey India Ltd.	11,683.29	11,683.29
5,00,00,000 (previous year 5,00,00,000) equity shares of Rs. 10/- each in Deccan Chargers Sporting Ventures Limited.	5,000.00	5,000.00
2,72,240 (Previous year: subsidiary of amalgamated company) equity shares of Rs. 100/- each in Netlink Technologies Limited	2,065.00	-
<b>Total</b>	<b>21,061.89</b>	<b>24,092.15</b>
<b>Schedule F: Current assets loans and advances</b>		
Inventories	6,203.71	12,990.71
Sundry debtors ( Unsecured & Considered Good )		
Debts outstanding for a period exceeding six months	2,067.42	1,936.05
Other debts	17,487.42	17,488.63
	19,554.84	19,424.68
Cash Balance on hand	40.03	39.61
Balance with scheduled banks		
- in current accounts	4,115.52	5,919.40
- in deposit accounts	55,008.83	30,008.83
	59,164.38	35,967.84
Loans and Advances (considered good)		
Deposits with Govt.Depts.and Others	1,973.49	2,084.08
Advances recoverable in cash or in kind or for value to be received	16,577.64	7,765.32
	18,551.13	9,849.40
<b>Total</b>	<b>103,474.06</b>	<b>78,232.63</b>
<b>Schedule G: Current liabilities &amp; provisions</b>		
Sundry creditors - MSME etc.	-	-
Sundry creditors - Others	2,611.99	3,489.44
Interest accrued but not due	717.52	771.37
Other liabilities & Provisions	33,331.13	20,983.47
Trade deposits	645.27	639.97
<b>Total</b>	<b>37,305.91</b>	<b>25,884.25</b>

# Deccan Chronicle Holdings Limited

Annual Report 2009-10

## Schedules forming part of the accounts

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
<b>Schedule I : Revenue</b>		
Advertisement revenue	83,434.25	75,911.11
Circulation revenue	5,815.58	5,582.52
Other income	3,075.15	4,260.24
Profit / (loss) on sale of assets	(130.44)	7.65
<b>Total</b>	<b>92,194.54</b>	<b>85,761.52</b>
<b>Schedule J : Printing &amp; other operative expenses</b>		
Raw materials	25,195.49	39,655.73
Handling charges	993.29	967.35
News Service charges	2,015.42	1,633.31
Repairs & maintenance	2,833.17	1,385.06
Electricity & water charges	720.88	632.55
<b>Total</b>	<b>31,758.25</b>	<b>44,274.00</b>
<b>Schedule K : Payments &amp; benefits to employees</b>		
Salaries & wages	5,453.35	4,009.22
Directors remuneration	870.00	770.00
Staff welfare expenses	71.80	37.62
Contribution to E.P.F. & E.S.I.	151.75	122.21
<b>Total</b>	<b>6,546.90</b>	<b>4,939.05</b>
<b>Schedule L : Sales &amp; administrative expenses</b>		
Advertisement expenses	1,005.72	1,094.57
Audit fee	50.00	50.00
Branch office expenses	21.06	32.75
Courier charges	98.18	95.25
Donations	50.00	350.00
Insurance charges	124.24	137.45
Legal & professional charges	483.97	476.56
Marketing & distribution expenses	1,139.56	1,044.39
Carriage out wards	629.41	527.28
Miscellaneous expenses	200.06	187.47
Printing & stationery	111.86	80.58
Rent	398.74	301.90
Security Service	161.12	127.91
Subscriptions and fees	38.06	30.46
Taxes & licenses	139.70	126.50
Telephone	170.67	123.99
Traveling expenses	964.92	668.87
<b>Total</b>	<b>5,787.27</b>	<b>5,455.93</b>
<b>Schedule M : Interest &amp; financial charges</b>		
Bank charges	83.54	436.82
Interest and financial charges	1,715.14	3,059.81
Interest on debentures	2,713.85	3,596.48
<b>Total</b>	<b>4,512.53</b>	<b>7,093.11</b>



## Schedule H : Significant Accounting Policies and Notes to Accounts

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Basis for preparation of financial statements

The financial statements have been prepared to comply in all material respects with mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006. The accounts are prepared under historical cost convention and on the going concern basis, with revenue recognized, expenses accounted on their accrual and in accordance with Generally Accepted Accounting Principles in India. The accounting policies have been consistently applied by the company.

#### 1.2. Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### 1.3. Fixed assets and depreciation

Assets are stated at cost of acquisition less accumulated depreciation. Expenditure which are of capital in nature are capitalized at cost, which comprises of purchase price (net of rebates and discounts), import duties, levies and all other expenditure directly attributable to 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 to be put to use. Depreciation on fixed assets is provided on the basis of Straight Line Method, at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. On additions and disposals, depreciation is provided for the period of use during the year under report. Brand and Editorial content property rights which are acquired are amortized on straight line basis over period of ten years and other expenditure is amortized equally over a period of five years.

#### 1.4. Impairment of Fixed assets

An Asset is treated as impaired when the carrying of assets exceeds its recoverable value. An impairment loss is charged for when the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### 1.5. Capital work in progress

Advances paid towards the acquisition of fixed assets and direct expenses pertaining to the cost of assets, not put to use before the year end are disclosed under 'Capital work in progress'

#### 1.6. Inventory

Raw materials, stores, spares & consumables are valued at cost on FIFO basis. Cost includes applicable taxes, duties and transportation, handling and interest cost. There is no work-in-process and finished stock in News Paper Industry.

#### 1.7. 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' and carried at cost of acquisition.

#### 1.8. Foreign currency transactions

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions. Current Assets and Liabilities in foreign currency outstanding at the close of financial year are calculated at the appropriate exchange rates prevailing at the close of the year. The gain or loss arising on account of decrease / increase in reporting currency due to fluctuations in rates of exchange, in the case of amounts receivable or payable in foreign currency, are recognized in the profit and loss account.

#### 1.9. Retirement benefits

Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Gratuity, which is a defined benefit plan, is provided as per actuarial valuation, determined by an independent actuary, as on balance sheet date.

#### 1.10. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue account.

# Deccan Chronicle Holdings Limited

Annual Report 2009-10

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## 1.11. Taxation

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and provisions of Income Tax Act, 1961. Provision for deferred tax is made for timing differences arising between the taxable and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date.

## 1.12. Earning per share

Basic and Diluted Earning Per Share (EPS) is reported in accordance with Accounting Standard 20 on Earning Per Share. EPS is computed by dividing the net profit or loss after tax for the year by weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profits or loss after tax for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

## 1.13. Segment reporting

The Company is exclusively engaged in the business of 'printing & publishing of newspaper and periodicals'. These in the context of Accounting Standard 17 on Segment Reporting, are considered to constitute one single primary segment. The Company's operations are geographically spread within India.

## 1.14. Going Concern

The Company has taken over as a going concern, the business including all assets, liabilities and other balances of Partnership firm "Deccan Chronicle" with effect from 1<sup>st</sup> January 2003 and pursuant to Sec 394 of the Companies Act, 1956 the Hon'ble High Court of Andhra Pradesh on 20<sup>th</sup> September 2004 approved the scheme of amalgamation of Deccan Chronicle Private Limited and Nandi Publishers Private Limited (Transferor Companies) with Deccan Chronicle Holdings Limited (Transferee Company) with effect from 1<sup>st</sup> April 2003.

Pursuant to Sec 394 of the Companies Act, 1956 the Hon'ble High Court of Andhra Pradesh on 12<sup>th</sup> March 2010 approved the scheme of amalgamation of M/s.Sieger Solutions Limited, M/s.Asianage Holdings Limited and Deccan Chronicle Bangalore Limited (Transferor Companies) with Deccan Chronicle Holdings Limited (Transferee Company) with effect from 1<sup>st</sup> April 2009.

## 1.15. Revenue recognition

Advertisement revenue is recognized as and when advertisement is published and Circulation revenue is recognized on dispatch (both above revenue are net of discount, commission and rebates).

## 2. NOTES TO ACCOUNTS

### 2.1. Contingent Liabilities not provided for

The outstanding amount in Guarantees given by Banks towards performance and contractual commitments is Nil (Previous year: Nil) and Letter of Credit is Rs.91.26 lakhs (Previous Year: Rs.86.68 lakhs).

### 2.2. Buyback of shares

During the year, the company bought back 26,54,761 Equity shares of Rs.2/- each at an average premium of Rs.95.78 per equity share. As required u/s. 77AA of the Companies Act, 1956 the company has created 'Capital Redemption Reserve' to the extent of reduction in share capital amounting to Rs.53.10 lakhs.

### 2.3. Dues to micro and small enterprises

The management has initiated the process of identifying enterprises which have provided goods and service to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, small and Medium Enterprises Development Act, 2006. Based on information received and available with the company no amount is payable to such enterprises as at 31<sup>st</sup> March 2010. The company has not received any claim for interest from any supplier under the said Act.



## 2.4. Related Party Transactions

### 2.4.1. Details of Transactions as per Accounting Standard – 18 are as under

(Rs. in Lakhs)

No.	Description	Volume of transactions during the year	Amount outstanding as at 31.03.2010
1	Payments for / against rendering of Services	2,044.82	502.38
2	Finance (Including loans & equity Contributions) in cash or in kind	14,724.82	10,902.72
3	Key Management Personnel (Remuneration)	880.75	Nil
4	Rent	34.24	Nil

### 2.4.2. Details of related parties

Associated Companies	Key Management Personnel	Subsidiary Companies
Deccan Chronicle (Rajahmundry) Pvt Ltd	T. Venkatram Reddy	Odyssey India Ltd
Deccan Chronicle Marketeers Pvt Ltd	T. Vinayak Ravi Reddy	Deccan Chargers Sporting Ventures Ltd
Deccan Chronicle (Secunderabad) Pvt Ltd	P. K. Iyer	
Andhra Bhoomi Publication (W) Pvt Ltd	N. Krishnan	Netlink Technologies Limited
India Travel Bureau Pvt Ltd	<b>Associated Concerns</b>	
Nandi Publishers Pvt Ltd	Sri T.C. Reddy H.U.F.	

## 2.5. Accounting for taxes on Income

Deferred tax liability at the year end and created for the year is as under:

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Deferred Tax Liability Opening	6,971.10	5,683.78
Deferred Tax Liability Closing	7,969.13	6,971.10
On account of Amalgamation, net	113.43	-
Deferred Tax Liability for the year	884.60	1,287.32

## 2.6. Gratuity

Gratuity, which is a defined benefit plan, is provided as per actuarial valuation, determined by an independent actuary, as on the balance sheet date. The total amount of gratuity accrued as per the actuarial valuation is Rs.741.52 lakhs.

## 2.7. Finance Lease

During the year 2006-07 the company purchased Goss printing machines on hire purchase from GE Capital Services India aggregating to Rs. 9,978.67 lakhs. The details of contractual payments under the agreement are as follows:

(Rs. in Lakhs)

Due	Minimum Lease Payments	Interest	Principal
Less than one year	1856.76	388.69	1468.07
Between one and five years	5409.24	514.20	4895.04
More than five years	Nil	Nil	Nil

# Deccan Chronicle Holdings Limited

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## 2.8. Managerial Remuneration

(Rs. in Lakhs)

No.	Particulars	Current Year	Previous Year
1.	Salary	870.00	770.00
2.	Perquisites	10.75	7.04
	<b>Total</b>	<b>880.75</b>	<b>777.04</b>

## 2.9. Computation of net profit under section 309 (5) of the Companies Act, 1956

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Profit Before Tax	39,364.74	20,793.30
Add : Managerial Remuneration & Perquisites	880.75	777.04
(Profit)/Loss on Sale of Fixed Assets	130.44	(7.65)
Profit for the purpose of calculating Managerial Remuneration	40,375.93	21,562.69
Maximum allowable Managerial Remuneration being 10% of the above U/s. 198 (1) to full time directors	4,037.59	2,156.27

## 2.10. Earning Per Share (EPS)

Basic and diluted earning per share is Rs.10.73, computed using the profit after tax attributable to shareholders of Rs.26,091.81 lakhs for the year as numerator and weighted average number of equity shares outstanding for the period i.e. 2,432.84 lakhs as denominator.

## 2.11. Interim Financial Reporting

In terms of the Accounting Standard 25 and Clause 41 of the Listing Agreement entered with the stock exchanges, the Company published interim financial results (limited review) of quarters ended June 2009, September 2009, December 2009 and March 2010.

## 2.12. Impairment of assets

In the opinion of the management, there are no impaired assets requiring provision for impairment loss as per the accounting standard on Impairment of assets.

## 3. Supplementary and additional statutory information

### 3.1. Information as per Para 4B of part II of Schedule VI of the Companies Act, 1956 – remuneration to statutory auditors:

(Rs. in Lakhs)

No.	Particulars	Current Year	Previous Year
1	Statutory Audit	40.00	40.00
2	Tax Audit	5.00	5.00
3	Other Services	5.00	5.00
	<b>Total</b>	<b>50.00</b>	<b>50.00</b>

The amount does not include service tax.

### 3.2. Information as per Para 4C of part II of Sch. VI of the Companies Act – regarding licensed, installed, actual production is not applicable to the Company.



### 3.3. Information as per Para 4D of part II of Sch. VI of the Companies Act, 1956

#### 3.3.1. Expenditure in foreign currency

(Rs. in Lakhs)

No.	Particulars	Current Year	Previous Year
1.	Foreign Travel	101.33	159.74
2.	Raw material purchase	18,014.34	26,313.85
3.	News service charges	64.27	21.12
4.	Fixed assets purchases	Nil	4,093.65
5.	Professional services	52.91	56.17

#### 3.3.2. Income in foreign currency is Nil

#### 3.4. Details of major raw materials consumption

(Rs. in Lakhs)

No.	Particulars	Current Year		Previous Year	
		Qty	Value	Qty	Value
1.	Newsprint (M.T)	77,412	22,726.93	79,135	32,202.59
2.	Films (No. of rolls)	33	2.22	1,357	48.25
3.	Plates (No's)	3,94,412	625.14	3,54,676	565.25
4.	Printing inks (Kgs)	13,47,420	1,477.88	14,86,270	1,770.00

#### 4. Consolidated Financial Statements

Pursuant to the clause 32 of the Listing Agreement entered with the Stock Exchanges, Accounting Standard 21 and as per the provisions of Sec 212(e) of the Companies Act, 1956, audited financials of the Subsidiary Companies for the year 2009-10 were consolidated and annexed herewith.

- Financial Statements of the current year includes the financials of Asianage Holdings Ltd, Sieger Solutions Ltd and Deccan Chronicle Bangalore Ltd pursuant to the scheme of amalgamation of Sieger Solutions Limited, Asianage Holdings Limited and Deccan Chronicle Bangalore Limited (Transferor Companies) with Deccan Chronicle Holdings Limited (Transferee Company) with effect from 1<sup>st</sup> April 2009 approved by the Hon' ble High Court of Andhra Pradesh. All the current year figures are therefore not directly comparable.
- Previous year figures have been recast/ restated wherever necessary
- Schedules A to M are an integral part of accounts.

For and on behalf of the board

**T. Venkatram Reddy**  
Chairman

**T. Vinayak Ravi Reddy**  
Vice-Chairman

**P. K. Iyer**  
Vice-Chairman

**N. Krishnan**  
Managing Director

**V.Shankar**  
Company Secretary

Secunderabad, August 13, 2010

## Deccan Chronicle Holdings Limited

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### Additional Information as required under part IV of Schedule VI to the Companies Act, 1956

Balance sheet abstract and company's general business profile	
<b>1. Registration details</b>	
Registration number	01-40110
State code	01
Balance sheet date	31.03.2010
<b>2. Capital raised during the year (Rs. in lakhs)</b>	
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Conversion of bonds	Nil
Private placement	Nil
<b>3. Position of mobilisation and deployment of funds (Rs. in lakhs)</b>	
Total liabilities	1,68,003.09
Total assets	1,68,003.09
<b>Sources of funds</b>	
Paid-up capital	4,844.46
Reserves & surpluses	1,20,957.03
Secured loans	32,886.56
Unsecured loans	1,345.91
Deferred tax liability	7,969.13
<b>Application of funds</b>	
Net fixed assets	80,773.05
Investments	21,061.89
Net current assets	66,168.15
<b>4. Performance of company (Rs. in lakhs)</b>	
Total income	92,194.54
Total expenditure	52,829.80
Profit before tax	39,364.74
Profit after tax	26,091.81
Earnings per share (Rs.)	10.73
Dividend rate %	150
<b>5. Generic names of three principal products/services of company</b>	
Item code no.	49021001
Product description	Newspaper



## Auditors' Report on Consolidated Financial Statements

**TO**

**THE BOARD OF DIRECTORS OF DECCAN CHRONICLE HOLDINGS LIMITED**

1. We have audited the attached Consolidated Balance Sheet of Deccan Chronicle Holdings Limited ("the Company") and its subsidiaries (collectively referred to as the "the Group") as at 31 March 2010, the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries viz., Odyssey India Limited, Deccan Chargers Sporting Ventures Limited and Netlink Technologies Limited whose financial statements reflect total assets (net) of Rs. 59,301.82 lakhs as at 31 March 2010, total revenue of Rs. 14,423.13 lakhs and net cash flow amounting to Rs. 6,546.16 lakhs for the year ended on that date. These financial statements have been audited by other auditors whose report have been furnished to us, and in our opinion in so far as it relates to amounts included in respect of these subsidiaries is based solely on the audit report of those other auditors.
4. The consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements and on other financial information of the components, and to the best of information and according to the explanations given to us, in our opinion, the consolidated financial statements 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 the Group as at 31 March 2010;
  - (ii) in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
  - (iii) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For **C B Mouli & Associates**  
Chartered Accountants  
(Firm's Registration No. 2140S)

**Mani Oommen**  
Partner  
M.No.24046

Secunderabad, August 13, 2010

# Deccan Chronicle Holdings Limited

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## Consolidated Balance Sheet as at March 31, 2010

(Rs. in Lakhs)

Particulars	Schedule	As at 31.03.2010	As at 31.03.2009
<b>Sources of Funds:</b>			
<b>Shareholders' Funds:</b>			
Share capital	A	4,844.46	15,037.55
Reserves and surplus	B	116,217.25	112,205.73
		121,061.71	127,243.28
Minority interest		82.03	171.80
<b>Loan Funds:</b>			
Secured loans	C	43,826.67	41,449.53
Franchise fee payable to BCCI		25,682.40	32,959.08
Foreign currency convertible bonds		1,345.91	1,345.91
Deferred tax liability		8,038.42	7,146.59
<b>Total</b>		<b>200,037.14</b>	<b>210,316.19</b>
<b>Application of Funds:</b>			
<b>Fixed assets</b>			
Gross block	D	107,027.00	101,344.96
Franchise rights with BCCI		42,804.00	42,804.00
Less: Depreciation and Impairment		19,460.48	13,004.62
Net block		130,370.52	131,144.34
Capital work in progress		3,979.96	9,746.19
<b>Investments</b>	E	2,313.60	2,313.60
<b>Current assets, loans &amp; advances</b>			
Inventories	F	10,350.72	17,962.16
Sundry debtors		20,247.30	20,208.79
Cash and bank balances		66,414.52	51,754.66
Loans and advances		13,156.67	11,521.40
		110,169.21	101,447.01
<b>Current liabilities &amp; provisions</b>			
Current liabilities	G	45,023.96	32,915.32
Provisions		1,772.19	1,419.63
		46,796.15	34,334.95
<b>Net current assets</b>		63,373.06	67,112.06
<b>Total</b>		<b>200,037.14</b>	<b>210,316.19</b>
Significant Accounting Policies and Notes to accounts	H		

The Schedules referred to above form an integral part of Balance Sheet.

As per our report of even date attached  
For **C B Mouli & Associates**  
Chartered Accountants

**Mani Oommen**

Partner  
M.No. 24046

For and on behalf of the board

**T. Venkattram Reddy**  
Chairman

**T. Vinayak Ravi Reddy**  
Vice-Chairman

**P. K. Iyer**  
Vice-Chairman

**N. Krishnan**  
Managing Director

**V. Shankar**  
Company Secretary

Secunderabad, August 13, 2010



## Consolidated Profit and Loss account for the year ended 31st March, 2010

(Rs. in Lakhs)

Particulars	Schedule	For the year ended 31.03.2010	For the year ended 31.03.2009
<b>Income :</b>			
Revenue	I	106,617.68	101,889.00
<b>TOTAL ( A )</b>		<b>106,617.68</b>	<b>101,889.00</b>
<b>Expenditure :</b>			
Printing & other operative expenses	J	42,442.00	50,756.63
Payments & benefits to employees	K	7,620.97	6,808.23
Sales & administrative expenses	L	8,257.50	9,243.28
Interest & financial charges	M	5,440.12	8,094.44
Depreciation	D	6,554.27	5,300.36
<b>TOTAL ( B )</b>		<b>70,314.86</b>	<b>80,202.94</b>
<b>Profit before tax and minority interest ( A - B )</b>		36,302.82	21,686.06
Tax charge - current & fringe benefit tax		12,395.47	6,100.82
Deferred tax		795.81	1,349.90
<b>Net profit for the year</b>		<b>23,111.54</b>	<b>14,235.34</b>
Minority interest		6.41	2.38
<b>Profit for the Year</b>		<b>23,105.13</b>	<b>14,232.96</b>
<b>Appropriation :</b>			
Dividends		7,293.23	5,505.74
Corporate tax on dividends		1,239.48	935.74
Transfer to debenture redemption reserve		1,302.12	(8,371.77)
Transfer to general reserve		3,000.00	1,400.00
		12,834.83	(530.29)
<b>Balance carried to balance sheet</b>		<b>10,270.30</b>	<b>14,763.25</b>
<b>Earnings per share</b>	H(6)		
Basic and diluted - par value Rs. 2/- per share		9.50	5.81
Significant Accounting Policies and Notes to accounts	H		

The Schedules referred to above form an integral part of Profit and Loss account.

As per our report of even date attached

For **C B Mouli & Associates**

Chartered Accountants

**Mani Oommen**

Partner

M.No. 24046

For and on behalf of the board

**T. Venkatram Reddy**

Chairman

**T. Vinayak Ravi Reddy**

Vice-Chairman

**P. K. Iyer**

Vice-Chairman

**N. Krishnan**

Managing Director

**V. Shankar**

Company Secretary

Secunderabad, August 13, 2010

# Deccan Chronicle Holdings Limited

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## Consolidated Cash Flow Statement for the year 2009 - 10

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
<b>Cash Flow from Operating activities</b>		
Net profit before tax	36,302.82	21,686.06
Adjustment for:		
Depreciation	6,554.27	5,300.36
Loss on sale of fixed assets	130.44	3.08
Interest / Other income,net	2,199.09	3,038.49
	<u>8,883.80</u>	<u>8,341.93</u>
Operating Profit before working capital changes	45,186.62	30,027.99
Adjustment for:		
Inventories	7,611.44	(11,753.93)
Sundry debtors	(38.51)	4,603.06
Loans and advances	(1,635.27)	13,165.74
Current liabilities and provisions	12,461.20	(1,231.19)
	<u>18,398.86</u>	<u>4,783.68</u>
Cash generated from operation	63,585.48	34,811.67
Direct taxes	(12,395.47)	(11,216.93)
<b>Net cash flow from operating activities</b>	<b>51,190.01</b>	<b>23,594.74</b>
<b>Cash Flow from Investing activities</b>		
Purchase of Fixed Assets	(3,932.08)	(26,757.50)
Franchisee rights of BCCI - IPL	-	(42,804.00)
Sale of Fixed Assets/Impairment	352.02	200.04
Interest / Other income,net	(2,199.09)	(3,038.49)
<b>Net Cash used in investing activities</b>	<b>(5,779.15)</b>	<b>(72,399.95)</b>
<b>Cash Flow from financing activities</b>		
Proceeds from borrowings	2,377.14	(24,501.04)
Franchisee fee payable/(paid) to BCCI	(7,276.68)	32,959.08
Buy back of Equity Shares	(2,695.77)	-
Acquisition of Investments held by others in amalgamated subsidiaries	(14,622.97)	-
Dividends including dividend tax	(8,532.72)	(6,441.48)
<b>Net cash used in financing activities</b>	<b>(30,751.00)</b>	<b>2,016.56</b>
Net increase in cash and cash equivalents	14,659.86	(46,788.65)
Cash and cash equivalents at the beginning of period	51,754.66	98,543.31
<b>Cash and cash equivalents at the end of period</b>	<b>66,414.52</b>	<b>51,754.66</b>
Notes:		
<b>Components of cash and cash equivalents:</b>		
Cash in hand	92.98	61.23
Balances with Schedules banks:		
- in current accounts	11,250.28	6,675.42
- in deposit accounts	55,071.26	45,018.01
	<u>66,414.52</u>	<u>51,754.66</u>

As per our report of even date attached  
For **C B Mouli & Associates**  
Chartered Accountants

**Mani Oommen**

Partner  
M.No. 24046

For and on behalf of the board

**T. Venkatram Reddy**  
Chairman

**T. Vinayak Ravi Reddy**  
Vice-Chairman

**P. K. Iyer**  
Vice-Chairman

**N. Krishnan**  
Managing Director

**V. Shankar**  
Company Secretary

Secunderabad, August 13, 2010



## Schedules forming part of the accounts

(Rs. in Lakhs)

Particulars	As at 31.03.2010	As at 31.03.2009
<b>Schedule A: Share Capital</b>		
<b>Authorised:</b>		
35,00,00,000 equity shares of Rs. 2/- each	7,000.00	7,000.00
12,50,00,000 Preference shares of Rs.10/- each	-	12,500.00
	<u>7,000.00</u>	<u>19,500.00</u>
<b>Issued, Subscribed and Paid up:</b>		
24,22,22,784 equity Shares of Rs 2/- each (Previous Year 24,48,77,545 Equity shares of Rs.2/- each fully paid)	4,844.46	4,897.55
Nil 10% cumulative convertible preference shares (Previous Year 10,14,00,000) of Rs.10/- each fully paid up (Issued by Sieger Solutions Ltd to investors other than the holding company)	-	10,140.00
<b>Total</b>	<u><b>4,844.46</b></u>	<u><b>15,037.55</b></u>
Notes:		
1) Issued subscribed and paid-up capital includes		
a) 2,17,50,250 Equity shares issued in earlier years for consideration other than cash as fully paid pursuant to takeover of partnership firm Deccan Chronicle and upon amalgamation of Deccan Chronicle Pvt. Ltd. & Nandi Publishers Pvt. Ltd. with the company.		
b) 13,82,60,500 fully paid equity shares were issued as Bonus shares in the earlier years.		
2) 26,54,761 Equity shares were bought back by the company during the year and cancelled.		
<b>Schedule B: Reserves and Surplus</b>		
<b>Capital redemption reserve</b>	<u><b>53.10</b></u>	<u><b>-</b></u>
Note:		
'Capital Redemption Reserve' to the extent of reduction in share capital created as required u/s. 77AA of the Companies Act, 1956.		
<b>Revaluation reserve</b>	<u><b>258.80</b></u>	<u><b>258.80</b></u>
<b>General reserve</b>		
Opening balance	15,210.55	13,810.55
Add: Amount transferred from profit & loss A/c	3,000.00	1,400.00
Less: Elimination on account of amalgamation	(3,952.17)	-
Sub-total	<u><b>14,258.38</b></u>	<u><b>15,210.55</b></u>
<b>Securities premium</b>		
Opening Balance	52,522.56	53,660.30
Less: Amount utilized for Buy back of Equity Shares / others	(2,695.77)	(1,137.74)
Sub-total	<u><b>49,826.79</b></u>	<u><b>52,522.56</b></u>
<b>Debentures redemption reserve</b>		
Opening Balance	1,762.24	10,134.01
Add: Amount transferred from profit & loss A/c	1,302.12	(8,371.77)
Sub-total	<u><b>3,064.36</b></u>	<u><b>1,762.24</b></u>
<b>Total - (a)</b>	<u><b>67,461.43</b></u>	<u><b>69,754.15</b></u>
<b>Profit and loss account</b>		
Balance brought forward	42,451.58	27,684.72
Less: Elimination on account of amalgamation	(3,870.02)	-
Add: Accrued gratuity / others	(96.04)	3.61
Profit as per profit & loss account	10,270.30	14,763.25
<b>Total - (b)</b>	<u><b>48,755.82</b></u>	<u><b>42,451.58</b></u>
<b>Grand total (a+b)</b>	<u><b>116,217.25</b></u>	<u><b>112,205.73</b></u>
<b>Schedule C: Secured Loans</b>		
a) Long term non-convertible debentures	25,500.00	25,500.00
b) Loans from Banks & Financial institutions	18,326.67	15,949.53
	<u><b>43,826.67</b></u>	<u><b>41,449.53</b></u>
Notes:		
1. Debentures are redeemable non convertible debentures with interest rates ranging from 8 % to 12 % with early date of redemption in the year 2012.		
2. Debentures and term loan from banks and financial institutions are fully secured by hypothecation of movable property of the company.		

# Deccan Chronicle Holdings Limited

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## Schedules forming part of the accounts Schedule D : Fixed assets

(Rs. in Lakhs)

Sl. No.	Particulars	Gross Block			Depreciation			Net Block		
		as at 1.4.2009	Additions	Deletions	as at 31.3.2010	upto 1.4.2009	for the year	Deletions	as at 31.3.2010	as at 31.3.2009
1	Land	9,285.79	805.16	-	10,090.95	-	-	-	10,090.95	9,285.79
2	Buildings	16,437.60	2,250.46	105.80	18,582.26	1,328.43	555.29	13.06	1,870.66	15,109.17
3	Plant & Machinery	52,208.58	1,208.88	39.18	53,378.28	6,544.03	2,510.92	14.22	9,040.73	44,337.55
4	Aircraft	3,885.21	-	-	3,885.21	437.52	217.57	-	655.09	3,230.12
5	Computers	3,525.83	261.92	-	3,787.75	1,132.42	594.04	-	1,726.46	2,061.29
6	Furniture & Fixtures	4,628.45	1,398.18	0.83	6,025.80	465.30	343.81	0.22	808.89	5,216.91
7	Goodwill	16.00	-	-	16.00	-	-	-	-	16.00
8	Franchise rights	42,804.00	-	-	42,804.00	1,712.16	1,712.16	-	3,424.32	41,091.84
9	Intellectual property rights	690.81	331.27	-	1,022.08	118.57	134.54*	-	253.11	768.97
10	Intangible assets	1,826.37	535.46	-	2,361.83	727.40	317.06	-	1,044.46	1,098.97
11	Goodwill on consolidation	7,200.63	-	1,729.21	5,471.42	-	-	-	-	5,471.42
12	Vehicles	2,254.41	645.60	494.59	2,405.42	538.79	228.41	130.44	636.76	1,768.66
	<b>Total</b>	<b>144,763.68#</b>	<b>7,436.93</b>	<b>2,369.61</b>	<b>149,831.00</b>	<b>13,004.62</b>	<b>6,613.80</b>	<b>157.94</b>	<b>19,460.48</b>	<b>130,370.52</b>
	Previous Year	78,461.30	65,793.00	105.36	144,148.96	7,756.78	5,300.36	52.52	13,004.62	131,144.34
										70,704.52

# The opening block includes the assets of Deccan Chronicle Bangalore Ltd of Rs. 614.72 lakhs which became subsidiary during the year and amalgamated.

\* Includes provision for impairment loss of Rs. 59.53 lakhs.



## Schedules forming part of the accounts

(Rs. in Lakhs)

Particulars	As at 31.03.2010	As at 31.03.2009
<b>Schedule E : Long term Investments</b>		
2,06,740 (previous year 2,06,740) equity shares of Rs.10/- each in DC Investments and Finance Pvt Ltd., (Unquoted)	2,313.60	2,313.60
<b>Total</b>	<b>2,313.60</b>	<b>2,313.60</b>
<b>Schedule F: Current assets loans and advances</b>		
Inventories	10,350.72	17,962.16
Sundry debtors ( unsecured & considered good )		
Debts outstanding for a period exceeding six months	2,191.40	1,954.71
Other debts	18,055.90	18,254.08
	20,247.30	20,208.79
Cash and bank balances:		
Cash in hand	92.98	61.23
Deposits with Schedule banks:		
- in current accounts	11,250.28	6,675.42
- in deposit accounts	55,071.26	45,018.01
	66,414.52	51,754.66
Loans and advances (considered good):		
Deposits with Govt. Departments and others	4,754.93	4,668.32
Advances recoverable in cash or in kind or for value to be received	8,401.74	6,853.08
	13,156.67	11,521.40
<b>Total</b>	<b>110,169.21</b>	<b>101,447.01</b>
<b>Schedule G: Current liabilities &amp; provisions</b>		
Sundry creditors - MSME etc.,	-	-
Sundry creditors - Others	9,849.98	6,466.06
Interest accrued but not due	777.40	783.95
Other liabilities & provisions	34,190.89	26,442.04
Trade deposits	645.27	642.90
IPL Sponsorship and Sale of tickets revenue 2010	1,332.61	-
<b>Total</b>	<b>46,796.15</b>	<b>34,334.95</b>

# Deccan Chronicle Holdings Limited

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## Schedules forming part of the accounts

(Rs. in Lakhs)

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
<b>Schedule I : Revenue</b>		
Advertisement revenue	83,434.25	79,699.20
Circulation revenue	5,815.58	5,582.52
Sales merchandise <i>(Net of returns and discounts)</i>	8,064.17	5,593.43
Revenue from software development services	535.28	297.90
Revenue from Indian Premier League	5,657.81	5,660.00
Other income	3,241.03	5,048.30
Profit/(loss) on sale of assets	(130.44)	7.65
<b>Total</b>	<b>106,617.68</b>	<b>101,889.00</b>
<b>Schedule J : Printing &amp; other operative expenses</b>		
Raw materials	29,309.65	41,760.72
Handling charges	993.29	967.35
News service charges	2,015.42	1,813.59
Repairs & maintenance	3,197.31	1,905.88
Electricity & water charges	720.88	681.94
IPL operating expenses	6,205.45	3,627.15
<b>Total</b>	<b>42,442.00</b>	<b>50,756.63</b>
<b>Schedule K : Payments &amp; benefits to employees</b>		
Salaries & wages	6,328.82	5,619.83
Directors remuneration	870.00	811.00
Staff welfare expenses	161.40	140.26
Contribution to E.P.F. & E.S.I.	260.75	237.14
<b>Total</b>	<b>7,620.97</b>	<b>6,808.23</b>
<b>Schedule L : Sales &amp; administrative expenses</b>		
Advertisement expenses	1,005.72	2,383.36
Audit fees	80.65	95.41
Branch office expenses	21.06	33.07
Courier charges	98.18	122.71
Donations	50.00	350.00
Insurance charges	179.77	197.85
Legal & professional charges	557.76	714.49
Recruitment expenses	6.77	10.72
Marketing & distribution expenses	1,284.42	1,237.62
Carriage out wards	720.37	654.60
Miscellaneous expenses	246.36	329.34
Printing & stationery	194.51	150.12
Rent	1,794.08	1,394.12
Security service	287.83	181.60
Subscriptions and fees	38.06	31.98
Taxes & licenses	200.89	196.04
Telephone	331.40	219.48
Provision for Impairment loss	59.53	-
Traveling expenses	1,100.14	940.77
<b>Total</b>	<b>8,257.50</b>	<b>9,243.28</b>
<b>Schedule M : Interest &amp; financial charges</b>		
Bank charges	163.83	534.16
Interest and financial charges	2,562.44	3,963.80
Interest on debentures	2,713.85	3,596.48
<b>Total</b>	<b>5,440.12</b>	<b>8,094.44</b>



## Schedule H: Significant Accounting Policies and Notes to Accounts

### 1. Principles of Consolidation

The Consolidated financial statement relates to Deccan Chronicle Holdings Limited ('the Company') and its subsidiaries. Following Subsidiaries have been considered in the preparation of consolidated financial statements;

Name of the Company	Country of Incorporation	Basis of Subsidiary	% of Shareholding held by holding company
Odyssey India Ltd	India	Shareholding	100 %
Deccan Chargers Sporting Ventures Ltd	India	Shareholding	100 %
Netlink Technologies Ltd	India	Shareholding	76 %

Consolidated financial statements are prepared on the basis of the following principles of consolidation:

- The financial statements of the company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expense. The intra-group balances, intra-group transactions and unrealized profit or loss have been eliminated fully.
- The difference between the costs of investment in subsidiary, over the net assets is recognized in the financial statements as Goodwill on consolidation.
- Minority Interest in share of net profit of consolidated financial statements for the year is identified and adjusted against the income of the group in order to arrive at net income attributable to shareholders of the company.
- Minority Interest in share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and equity of the Company's Shareholders.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies, except in case of Employees retirement benefits, for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- Investments other than in subsidiaries and associates have been accounted as per accounting standard 13 on "Accounting for investments".

### 2. Other significant accounting policies

#### 2.1. Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

#### 2.2. Fixed assets and depreciation

Assets are stated at cost of acquisition less accumulated depreciation. Expenditure which are of capital in nature are capitalized at cost, which comprises of purchase price (net of rebates and discounts), import duties, levies and all other expenditure directly attributable to 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 to be put to use. Depreciation on fixed assets is provided on the basis of Straight Line Method, at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. On additions and disposals, depreciation is provided for the period of use during the year under report. Brand and Editorial content property rights which are acquired are amortized on straight line basis over period of ten years.

The franchise rights will continue in perpetuity, however the useful life has been determined as 25 years based on expected term that the franchise will continue to contribute to the net cash inflows of the company, accordingly franchise rights are being amortised over the estimated useful life of 25 years.

#### 2.3. Impairment of Fixed assets

An Asset is treated as impaired when the carrying of assets exceeds its recoverable value. An impairment loss is charged for when the asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

# Deccan Chronicle Holdings Limited

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## 2.4. Capital work in progress

Advances paid towards the acquisition of fixed assets and direct expenses pertaining to the cost of assets, not put to use before the year end are disclosed under 'Capital work in progress'

## 2.5. Inventory

Raw materials, stores, spares & consumables are valued at cost on FIFO basis. Cost includes applicable taxes, duties and transportation & Handling cost.

## 2.6. 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' and carried at cost of acquisition.

## 2.7. Foreign currency transactions

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions. Current Assets and Liabilities in foreign currency outstanding at the close of financial year are calculated at the appropriate exchange rates prevailing at the close of the year. The gain or loss arising on account of decrease / increase in reporting currency due to fluctuations in rates of exchange, in the case of amounts receivable or payable in foreign currency, are recognized in the profit and loss account.

## 2.8. Retirement benefits

Retirement benefits in the form of Provident Fund are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due. Gratuity, which is a defined benefit plan, is provided as per actuarial valuation, determined by an independent actuary, as on balance sheet date.

## 2.9. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset. A qualifying asset is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue account.

## 2.10. Taxation

Provision for Current tax is made based on the liability computed in accordance with the relevant tax rates and provisions of Income Tax Act, 1961. Provision for deferred tax is made for timing differences arising between the taxable and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date.

## 2.11. Earning per share

Basic and Diluted Earning Per Share (EPS) is reported in accordance with Accounting Standard 20 on Earning Per Share. EPS is computed by dividing the net profit or loss for the year by weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

## 2.12. Revenue recognition

Advertisement revenue is recognized as and when advertisement is published and Circulation/ sales revenue is recognized on dispatch, both above revenue are net of discount, commission and rebates.

Income from franchisee rights is accrued when the amounts are determined and intimation is received from BCCI. Sponsorship fees are recognized as per the terms of the sponsorship agreements. Revenue from sale of tickets is recognized when the tickets have been sold.



### 3. Contingent liabilities not provided for

The outstanding amount in Guarantees given by Banks towards performance and contractual commitments is Rs. 56.77 lakhs (previous year Rs. 19.09 laks), letter of credit is Rs. 91.26 lakhs (Previous year: Rs. 86.68 lakhs), arrears of dividend on cumulative preference shares not provided for and tax thereon is Nil (previous year Rs. 474.78 lakhs) and estimated amount of contracts to be executed on capital account and not provided for (net of advances) is Rs. 137.02 lakhs (previous year Rs. 123 lakhs).

### 4. Capital Redemption reserve

During the year, the company bought back 26,54,761 Equity shares of Rs.2/- each at an average premium of Rs.95.78 per equity share. As required u/s. 77AA of the Companies Act, 1956 the company has created 'Capital Redemption Reserve' to the extent of reduction in share capital amounting to Rs.53.10 lakhs.

### 5. Related Party Transactions

#### 5.1.Details of Transactions

(Rs. in Lakhs)

No.	Description	Volume of transactions during the Year	Amount outstanding as at 31.03.2010
1	Payments for / against rendering of Services	1,581.18	14.81
2	Key Management Personnel (Remuneration)	888.75	6.00
3	Rent	34.24	-

#### 5.2. List of Related Parties

Associated Companies	Key Management Personnel	Associated Concerns
Deccan Chronicle (Rajahmundry) Pvt Ltd	T. Venkatram Reddy	Sri T.C. Reddy H.U.F.
Deccan Chronicle Marketeers Pvt Ltd	T. Vinayak Ravi Reddy	
Deccan Chronicle (Secunderabad) Pvt Ltd	P.K. Iyer	
Nandi Publishers Pvt Ltd	N. Krishnan	
RRI International Ltd	J. Krishnan	
India Travel Bureau Pvt Ltd		
Andhra Bhoomi Publication (W) Pvt Ltd		

### 6. Earnings per Share

Basic and Diluted Earning per share (EPS) of the Group is Rs. 9.50 calculated as per Accounting Standard 20. For the purpose of computing, the profit after tax attributable to equity shareholders of Rs. 23,105.13 Lakhs for the year has been used as numerator. The Average Number of Equity Shares as on 31st March 2010 used as denominator i.e. 2,432.84 lakhs Shares.

- The figures of previous year have been rearranged, recasted and regrouped wherever considered necessary.
- Schedules A to M are an integral part of accounts.

For and on behalf of the board

**T. Venkatram Reddy**  
Chairman

**T. Vinayak Ravi Reddy**  
Vice-Chairman

**P. K. Iyer**  
Vice-Chairman

**N. Krishnan**  
Managing Director

**V.Shankar**  
Company Secretary

Secunderabad, August 13, 2010

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in subsidiary companies for the financial year 2009 – 10

S.No.	Particulars	Odyssey India Ltd.	Name of the Subsidiary Company	Deccan Chargers Sporting Ventures Ltd.
			Netlink Technologies Ltd.	
1.	The financial period of the Subsidiary Companies ended on	31.03.2010	31.03.2010	31.03.2010
2.	Date from which they became Subsidiary Company	01.09.2005	08.01.2008	10.04.2009
3.	a. Number of shares held by Deccan Chronicle Holdings Ltd., with its nominees in the subsidiaries at the end of the financial period of the subsidiary companies.	1,12,50,000 Equity Shares of Rs. 10/- each fully paid-up	2,72,240 Equity Shares of Rs.100/- each fully paid-up	5,00,00,000 Equity Shares of Rs.10/- each fully paid-up
	b. Extent of interest of holding company at the end of financial period of the subsidiary companies.	100%	76%	100%
4.	The net aggregate amount of the subsidiary companies Profit/(Loss) so far as it concerns the members of the holding company			
	a. Not dealt with in the holding company's account:			
	i. For the financial period ended 31 <sup>st</sup> March, 2010 (Rs. In lakhs)	(11.57)	20.30	(4180.62)
	ii. For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries. (Rs. In lakhs)	230.47	38.83	162.41
	b. Dealt with in the holding company's account:			
	i. For the financial period ended 31 <sup>st</sup> March, 2010 (Rs. In lakhs)	NIL	NIL	NIL
	ii. For the previous financial years of the subsidiary companies since they became the holding company's subsidiaries. (Rs. In lakhs)	NIL	NIL	NIL

Statement pursuant to Section 212(8) of the Companies Act, 1956, related to Subsidiary Companies

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment included in Total Assets	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1.	Odyssey India Ltd.,	INR	-	1125.00	4531.03	10651.97	4995.94	-	8227.17	20.44	32.01	(11.57)	-	India
2.	Netlink Technologies Ltd.,	INR	-	358.21	1623.11	1994.80	13.48	-	538.15	3.38	(23.33)	26.71	-	India
3.	Deccan Chargers Sporting Ventures Ltd.,	INR	-	5000.00	-	46655.05	41655.05	-	5657.81	(4270.95)	(90.33)	(4180.62)	-	India

## Deccan Chronicle Holdings Limited

Registered Office: 36, Sarojini Devi Road, Secunderabad-500 003.

### PROXY FORM

#### 8<sup>th</sup> Annual General Meeting – 29<sup>th</sup> September, 2010

Regd.Folio No/ DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

No. of Shares: \_\_\_\_\_

I/We \_\_\_\_\_ resident of \_\_\_\_\_ in the District of \_\_\_\_\_ in the state of \_\_\_\_\_ being a shareholder/shareholders of the Company hereby appoint Shri/Smt. \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ in the state of \_\_\_\_\_ or failing him/her Shri/Smt. \_\_\_\_\_ Resident of \_\_\_\_\_ in the district of \_\_\_\_\_ in the state of \_\_\_\_\_ as my/our Proxy to attend and vote for me/us and on my/ our behalf at the 8<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, 29<sup>th</sup> September, 2010 at 9.00 A.M. at Hotel Baseraa, Sarojini Devi Road, Secunderabad- 500 003. and at any adjournment thereof.

Name of the proxy: \_\_\_\_\_ Signature of Proxy: \_\_\_\_\_

Signature : \_\_\_\_\_

Affix  
Re.1/-  
Revenue  
Stamp

**Note:** The Proxy in order to be effective must reach the registered office of the company duly filled in at least 48 (forty-eight) hours before the commencement of the aforesaid meeting.

## Deccan Chronicle Holdings Limited

Registered Office: 36, Sarojini Devi Road, Secunderabad-500 003

### ATTENDANCE SLIP

#### 8<sup>th</sup> Annual General Meeting – 29<sup>th</sup> September, 2010

I/we hereby record my/our presence at the 8<sup>th</sup> Annual General Meeting held on Wednesday, 29<sup>th</sup> September, 2010 at 9.00 A.M. at Hotel Baseraa, Sarojini Devi Road, Secunderabad- 500 003.

Name of the Shareholder/Proxy\* \_\_\_\_\_

No. of Shares Held: \_\_\_\_\_

FOLIO NO. \_\_\_\_\_

CLIENT ID: \_\_\_\_\_

DP ID: \_\_\_\_\_

SIGNATURE OF THE SHAREHOLDER/PROXY\* \_\_\_\_\_

\*Strike out whichever is not applicable

- Notes:**
1. Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
  2. Shareholder/Proxy should bring his/her copy of the Annual Report.