

# Annual Report 2010 - 11



DECCAN  
**Chronicle**  
NO. 1 IN SOUTH INDIA

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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,

Your company has had a very significant year in terms of its geographical spread as far as the core print business is concerned by entering and publishing from Kerala, we have completed the last mile in coverage of the four states of South India and have emerged as the undisputed no. 1 English daily in South India.

The growth in revenues this fiscal has been challenging both for your company and the nation that is grappling with high inflation, high interest rates and a looming threat of slowdown in the GDP growth coupled with not so encouraging global economic environment as well.

This has been a further daunting task in the face of political uncertainties in the southern states that your company operates in.

We have also witnessed a rising raw material cost that has not helped the situation. Despite these, the management of your company and its committed team has achieved satisfactory results and have made constant innovation to mitigate the risks.

After three years, Deccan Chargers has a new team which is young in its median age and committed to improve on the previous teams performance going forward.

As I pen this letter to you, the country has had a good monsoon and we are seeing decline in commodities prices which signal tapering inflation and pause to interest hikes which will increase consumer spend and growth, that gives us the confidence that from the last quarter of 2011 and first quarter of 2012 we will see the start of an uptick in revenues & profitability.

I take this opportunity to thank the support of your board of directors, suppliers, employees and our millions of readers.

Sincerely,

**T. Venkatram Reddy**  
Chairman

## Deccan Chronicle Holdings Limited

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### NOTICE

Notice is hereby given that the 9<sup>th</sup> Annual General Meeting of the members of Deccan Chronicle Holdings Limited will be held on Friday, 30<sup>th</sup> September 2011 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 2011 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 appoint a director in place of Mr. Krishan Premnarayen, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. T. Vinayak Ravi Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. G. Kumar, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. 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

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** the Company hereby accords its consent and approval under section 314 (1) and all other applicable provisions, if any, of the Companies Act, 1956, to Mr. T. Vijay Reddy, a relative (son) of Mr. T. Venkatram Reddy, Chairman and Whole Time Director of the Company, for holding and continuing to hold an office or place of profit under the company as Vice President (Business Development & Finance) on a gross remuneration of ₹. 1,50,000/- per month.

**RESOLVED FURTHER THAT** the Board of Directors, which expression shall include a Committee of Directors, of the Company be and is hereby authorised to do all acts, deeds and things as are necessary and incidental for implementing this resolution."

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

**"RESOLVED THAT** the Company hereby accords its consent and approval under section 314 (1) and all other applicable provisions, if any, of the Companies Act, 1956, to Mrs. T. Manjula Reddy, a relative (wife) of Mr. T. Venkatram Reddy, Chairman and Whole Time Director of the Company and also related to (Brother's wife) Mr. T. Vinayak Ravi Reddy, Vice Chairman and Whole Time Director of the company, for holding and continuing to hold an office or place of profit under the company as Senior Features Editor on a gross remuneration of ₹. 2,45,000/- per month.

**RESOLVED FURTHER THAT** the Board of Directors, which expression shall include a Committee of Directors, of the company be and is hereby authorised to do all acts, deeds and things as are necessary and incidental for implementing this resolution."

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

**"RESOLVED THAT** the Company hereby accords its consent and approval under section 314 (1) and all other applicable provisions, if any, of the Companies Act, 1956, to Ms. T. Gayatri Reddy, a relative (daughter) of Mr. T. Venkatram Reddy, Chairman and Whole Time Director of the Company, for holding and continuing to hold an office or place of profit under the company as Features Editor on a gross remuneration of ₹. 2,00,000/- per month.

**RESOLVED FURTHER THAT** the Board of Directors, which expression shall include a Committee of Directors, of the Company be and is hereby authorised to do all acts, deeds and things as are necessary and incidental for implementing this resolution."

**By Order of the Board**

For Deccan Chronicle Holdings Ltd.

**V. Shankar**

Company Secretary

Secunderabad, August 13, 2011

#### 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. Krishan Premnarayen, Mr. T. Vinayak Ravi Reddy, and Mr. G. Kumar 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 15<sup>th</sup> September 2011 to 22<sup>nd</sup> September 2011 (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 Meeting 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:
- to their Depository Participants (DP) in respect of shares held in dematerialized form, and
  - to the Company at its Registered Office or to its Registrar & Share Transfer Agent M/s. Karvy Computershare Pvt. Ltd. in respect of their physical shares, if any, quoting their folio number.
9. **The Ministry of Corporate Affairs, Government of India (vide its Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively) has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances and recognizing delivery of Notices/Documents/ Annual Reports etc. to the shareholders through electronic medium.**

**In light of the above, the company will be sending Notice/Documents/ Annual Reports etc. to the shareholders in future through email, wherever the Email Id is available; and through other modes of service provided in Section 53 of the Companies Act where email address have not been registered.**

**Accordingly Members are requested to support this initiative by registering their email addresses in respect of shares held in dematerialised form with their respective Depository Participants and in respect of shares held in physical form with the company's Registrar and Share Transfer Agents, M/s. Karvy Computershare Pvt. Ltd.**

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

**V. Shankar**  
Company Secretary

*Secunderabad, August 13, 2011*

## Explanatory Statement

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

**Item No. 6**

In terms of the provisions of section 314(1) of the Companies Act, 1956, a special resolution is required for enabling any relative of a Director of the Company [holding office or place of profit] to hold any office or place of profit under the Company. It is proposed to appoint Mr. T. Vijay Reddy, son of Mr. T. Venkatram Reddy (who is the Chairman and Whole Time Director of the Company), as Vice President (Business Development & Finance) on a gross monthly remuneration of ₹. 1,50,000/-.

Mr. T. Vijay Reddy is a B.Sc (Hons.) in Business Studies from Lancaster University, U.K. and has the acumen and skills necessary for the position and directors are of view that the company would derive benefit from his appointment. The remuneration proposed as above is comparable with the remuneration drawn by other employees in similar position/hierarchy in the company.

Accordingly, in terms of section 314(1) of the Act, the members are requested to grant their consent to Mr. T. Vijay Reddy for holding and continuing to hold the aforesaid office or place of profit with the Company.

**Item No. 7**

In terms of the provisions of section 314(1) of the Companies Act, 1956, a special resolution is required for enabling any relative of a Director of the Company [holding office or place of profit] to hold any office or place of profit under the Company. It is proposed to appoint Mrs. T. Manjula Reddy, wife of Mr. T. Venkatram Reddy (who is the Chairman and Whole Time Director of the Company), as Senior Features Editor on a gross monthly remuneration of ₹. 2,45,000/-. Mrs. T. Manjula Reddy is also related (brother's wife) to Mr. T. Vinayak Ravi Reddy, Vice Chairman and Whole Time Director. Mr. T. Vinayak Ravi Reddy is brother of Mr. T. Venkatram Reddy.

Mrs. T. Manjula Reddy is a graduate in Economics, Public Administration and Political Science and has skills necessary for the position and directors are of view that the company would derive benefit from her appointment. The remuneration proposed as above is comparable with the remuneration drawn by other employees in similar position/hierarchy in the company.

Accordingly, in terms of section 314(1) of the Act, the members are requested to grant their consent to Mrs. T. Manjula Reddy for holding and continuing to hold the aforesaid office or place of profit with the Company.

**Item No. 8**

In terms of the provisions of section 314(1) of the Companies Act, 1956, a special resolution is required for enabling any relative of a Director of the Company [holding office or place of profit] to hold any office or place of profit under the Company. It is proposed to appoint Ms. T. Gayatri Reddy, daughter of Mr. T. Venkatram Reddy (who is the Chairman and Whole Time Director of the Company), as Features Editor on a gross monthly remuneration of ₹. 2,00,000/-.

Ms. T. Gayatri Reddy is a B.Sc (Hons.) in construction management from University College of London and has the skills necessary for the position and directors are of view that the company would derive benefit from her appointment. The remuneration proposed as above is comparable with the remuneration drawn by other employees in similar position/hierarchy in the company.

Accordingly, in terms of section 314(1) of the Act, the members are requested to grant their consent to Ms. T. Gayatri Reddy for holding and continuing to hold the aforesaid office or place of profit with the Company.

**By Order of the Board**

For Deccan Chronicle Holdings Ltd.

**V. Shankar**

Company Secretary

Secunderabad, August 13, 2011



## Management discussion and analysis

The financials of the year under review are not strictly comparable to that of previous year as Netlink Technologies Ltd., Odyssey India Ltd., and Deccan Chargers Sporting Ventures Ltd., the subsidiaries of the company, were amalgamated with the company from the appointed date of 1.04.2010.

The year 2010-11 was difficult and challenging for the company as the continued uncertain situation in the markets in which the company operates has led to a decreased spend on advertisements thereby affecting the advertisement revenue growth. Consequently, there was fall in the profitability with profit after tax at ₹.16,258.30 lakhs compared to ₹.26,091.81 lakhs in the previous year.

### Operations Review

Deccan Chronicle, the flagship newspaper of the company continues to be the leading newspaper of South India. During the year under review, your company launched editions of Deccan Chronicle from Coimbatore as a measure of consolidating its position in Tamil Nadu and from Kochi in Kerala to make its maiden foray in that state. While Coimbatore edition of the paper has received good response, that in Kochi is promising. The above launches are expected to increase the readership and reach. Your company plans to consolidate its leadership in South India by launching few more editions starting with Thiruvananthapuram shortly and also increase the circulation and readership in the existing centres.

The circulation of Deccan Chronicle grew over 3%; as per Audit Bureau of Circulations (ABC) for the period Jul-Dec 2010 the average daily circulation is 14.23 lakhs copies as against Jul-Dec 2009 circulation of 13.79 lakhs copies.

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

	Jul-Dec 2010	Jul-Dec 2009
Hyderabad	5.94	5.72
Rest of Andhra Pradesh	2.61	2.51
Chennai	3.15	3.11
Bengaluru	2.53	2.45
<b>Total</b>	<b>14.23</b>	<b>13.79</b>

The Hyderabad IPL Franchise 'Deccan Chargers' owned by the company is expected to enhance the brand value of the company and visibility. This is further indicated by the addition of two new teams in the league, the highest at a price of nearly ₹.1700 crores.

In IPL 3 the team qualified to the semi finals level though could not reach the same in IPL 4. The IPL 3 home matches were not played in Hyderabad due to local conditions, however the IPL 4 home matches conducted in April-May 2011 were played in Hyderabad. The financials for the year under review include the results of IPL 3.

The performance of 'Odyssey' chain of leisure stores of your company offering consumer lifestyle products of books, music, stationery and gifts during the year under review was impacted owing to reduced margins, decrease in consumer spend on leisure and lifestyle products on account of inflation, increase in

the real estate and staff costs. The company is taking effective steps to rationalize stores, reduce costs to have positive impact on overall performance.

### Industry Overview

During the year under review, the Indian Economy continued to show resilience. However higher inflation of commodity and food prices continues to be a key concern, due to which Reserve Bank had to raise interest rates multiple times during the year.

The Indian Economy is expected to maintain its growth rate in the coming years notwithstanding external shocks, which is likely to translate to an increased advertisement spend, and the print media being a preferred medium is likely to derive a major benefit of the same.

### Financial Review

#### Share Capital

Share capital as at March 31, 2011 is ₹. 4,869.44 lakhs comprising of 24,34,72,219 Equity shares of ₹. 2/- each fully paid up. The Equity share capital has increased during the year from ₹. 4,844.46 lakhs to ₹. 4,869.44 lakhs on account of allotment of 12,49,435 Equity Shares of ₹.2/- each upon conversion of 3,000 Foreign currency convertible bonds.

#### Reserves and Surplus

Reserves and surplus as at March 31, 2011 is ₹.1,23,145.03 lakhs as against ₹. 1,20,957.03 lakhs in the previous year a net increase of ₹. 2,188 lakhs. Retained Earnings accounted 57.57% of the Reserves and surplus.

#### Debt

Secured long term debt as at March 31, 2011 is ₹. 31,311.61 lakhs as against ₹. 32,886.56 lakhs in the previous year a decrease of ₹.1,574.95 lakhs.

#### Fixed Assets and Capital work in progress

The net block of fixed assets and Capital work in progress is ₹.92,671.31 lakhs as against ₹. 80,773.05 lakhs in the previous year the increase in block of assets is on account of amalgamation, expansion/modernization of the printing facilities.

#### Investments

There are no investments as at March 31, 2011; all the subsidiary companies have been amalgamated and the other investment was sold.

#### Inventories

Inventories as at March 31, 2011 is ₹. 13,340.94 lakhs as against ₹. 6,203.71 lakhs in the previous year, the increase in inventory is on account of inventory of amalgamated subsidiaries.

#### Debtors

Debtors as at March 31, 2011 is ₹. 25,836.15 lakhs as against ₹. 19,554.84 lakhs, increase in debtors is due to uncertain market condition.

#### Cash and Bank balances

Cash and bank balances as at March 31, 2011 is ₹. 70,379.60 lakhs as against ₹. 59,164.38 lakhs.



### Loans and Advances

The loans and advances decreased to ₹.15,161.89 lakhs from ₹.18,551.13 lakhs in the previous year, primarily on account of amalgamation of subsidiaries.

### Current liabilities and Provisions

The Current liabilities and Provisions increased to ₹.49,736.98 from ₹.37,305.91 lakhs in the previous year, primarily on account of amalgamation of subsidiaries.

### Printing and Other Operative Expenses

The increase in printing and operative cost from ₹.31,758.25 lakhs to ₹.42,608.55 lakhs is primarily an account of cost of merchandise and franchisee fee paid of amalgamated subsidiaries.

### Overheads

Overheads comprise personnel cost, sales and administrative expenses, Interest and financial charges. The overheads for the year are ₹.31,636.97 lakhs compared to ₹.16,846.70 lakhs for the previous year. The current year financials includes the operating costs of the amalgamated subsidiaries.

### 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 ₹.4,224.85 lakhs to ₹.5,157.35 lakhs due to amalgamation, expansion / modernization.

### Tax Charge

The total tax charge (including deferred tax) has decreased from ₹.13,272.93 lakhs to ₹.7,430.31 lakhs on account of reduced 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 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 fundamentals of higher economic growth remaining intact notwithstanding concern on inflationary pressures, the economy is expected to maintain its current growth rate which will further lead to increasing standards of living and literacy level which will fuel growth. As such print media sector is considered to have a robust future within India for a number of years to come.

### 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.Venkattram 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	V.Suresh	Director	Non Executive, Independent

#### Meetings held

During the year 2010-11, the Board met 6 times on 14.05. 2010; 13.08.2010; 12.11.2010; 24.01.2011; 14.02.2011; and 24.03.2011.

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.Venkattram Reddy	6	6	Yes	3	-	-	5,14,27,416 (21.12%)
T.Vinayak Ravi Reddy	6	6	Yes	3	-	-	5,14,27,416 (21.12%)
P.K. Iyer	6	6	Yes	3	-	1	5,14,27,416 (21.12%)
N. Krishnan	6	6	No	3	-	-	-
M. Sukumar Reddy	6	6	No	2	1	1	-
G. Kumar	6	6	Yes	2	1	1	-
Krishan Premnarayan	6	6	No	-	-	-	-
V.Suresh	6	6	No	1	-	-	-

\* As at 31<sup>st</sup> March 2011 (Committee positions include only Audit and Investors' Grievance Committees)

## Deccan Chronicle Holdings Limited

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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 4 times during the year under review on 14.05.2010; 13.08.2010; 12.11.2010; and 14.02.2011.

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

SI.No	Name	Position held in the Committee	Number of Committee meetings attended
1	G. Kumar	Chairman	4
2	M. Sukumar Reddy	Member	4
3	V. Suresh	Member	4

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 5 times on 07.05.2010; 04.06.2010; 13.08.2010; 12.11.2010; and 14.02.2011.

SI.No	Name	Position held in the Committee	Number of Committee meetings attended
1	M. Sukumar Reddy	Chairman	5
2	T. Vinayak Ravi Reddy	Member	5
3	P. K. Iyer	Member	5

### 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. During the year, the Remuneration Committee met once on 14.05.2010.

The composition of Remuneration Committee is given below:

SI.No	Name	Position held in the Committee	Number of Committee meetings attended
1	G. Kumar	Chairman	1
2	M. Sukumar Reddy	Member	1
3	V. Suresh	Member	1

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	314.17
2	T. Vinayak Ravi Reddy	Vice Chairman	314.92
3	P. K. Iyer	Vice Chairman	316.28
4	N. Krishnan	Managing Director	198.87

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, inter alia, 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, 2011.

#### Code of conduct and 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 has adopted the Code of Conduct 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 Conduct for Directors and senior management in respect of the financial year 2010-2011."

**N. Krishnan**  
Managing Director

#### Details on General Body Meetings

Year	Location	Date	Time	No. of Special Resolutions
2009-2010	Hotel Baseraa, Sarojini Devi Road, Secunderabad-500 003	29/09/2010	9.00 AM	Nil
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

#### Postal Ballot

During the year 2010-2011, pursuant to Section 192A of the Companies Act, 1956 the shareholders of the company approved the Special Resolution for giving consent of the shareholders under Sections 77A, 77AA, 77B of the Companies Act, 1956 for buy back of Equity Shares of the company to the Board of Directors, by means of Postal Ballot. The Postal Ballot was conducted by Mr. Y Koteswara Rao, Practising Company Secretary who was appointed by the Board of Directors as the Scrutinizer.

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### Results of the aforesaid Postal Ballot

Sl.No	Particulars	
1	Number of Valid Postal Ballot forms received	899
2	Votes in favour of the Resolution	17,94,55,690
3	Votes against the Resolution	6,829

The special resolution has, therefore, been approved by the shareholders with requisite majority.

### 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.

### Non-Mandatory Requirements

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

### General Shareholder Information

#### Annual General Meeting

:	Date and Time	30 <sup>th</sup> September, 2011 at 9.00 A.M
	Venue	Hotel Baseraa, Sarojini Devi Road, Secunderabad-500003

#### Financial Calendar (tentative)

:	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

#### Book Closure Dates

:		15 <sup>th</sup> September 2011 to 22 <sup>nd</sup> September 2011 (both days inclusive; for the purpose of AGM)
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#### Listing on Stock Exchanges

:	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.

#### Stock Code

:	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 up to the financial year 2011-12 have been paid to Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

The annual custodial fee up to the financial year 2011-12 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-2010	180.00	146.25	16,50,782	18047.86	17276.80
May-2010	154.65	116.00	16,58,643	17536.86	15960.15
June-2010	132.90	119.75	21,11,992	17919.62	16318.39
July-2010	143.60	121.10	62,56,314	18237.56	17395.58
August-2010	141.65	122.50	33,63,110	18475.27	17819.99
September-2010	139.40	124.10	21,66,170	20267.98	18027.12
October-2010	141.25	124.00	36,57,829	20854.55	19768.96
November-2010	150.00	87.00	54,58,590	21108.64	18954.82
December-2010	117.20	92.50	18,42,088	20552.03	19074.57
January-2011	113.70	86.50	10,84,668	20664.80	18038.48
February-2011	92.20	55.55	40,45,812	18690.97	17295.62
March-2011	83.85	57.80	1,46,27,112	19575.16	17792.17

Month	NSE				
	Deccan Chronicle			S&P CNX Nifty	
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low
April-2010	164.00	145.00	77,53,727	5399.65	5160.90
May-2010	154.70	116.05	99,03,308	5278.70	4786.45
June-2010	132.90	120.00	1,39,44,452	5366.75	4961.05
July-2010	143.50	121.20	2,48,83,645	5477.50	5225.60
August-2010	141.65	123.00	1,56,76,694	5549.80	5348.90
September-2010	139.30	124.25	1,22,68,241	6073.50	5403.05
October-2010	141.30	124.00	1,32,85,411	6284.10	5937.10
November-2010	149.90	86.30	1,96,75,701	6338.50	5690.35
December-2010	117.40	93.05	84,33,880	6147.30	5721.15
January-2011	113.90	86.30	69,40,594	6181.05	5416.65
February-2011	92.15	55.50	2,40,76,139	5599.25	5177.70
March-2011	83.80	57.75	5,43,35,049	5872.00	5348.20

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

Percentage change (based on closing prices as on 31-03-2010 and 31-03-2011) in:

BSE		NSE	
DCHL	Sensex	DCHL	S&P CNX Nifty
(-) 48%	11%	(-) 48%	11%

### 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 44655000  
 Fax: 040 23420814  
 Email: einward.ris@karvy.com

### 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.

## Deccan Chronicle Holdings Limited

Annual Report 2010-11

### Distribution of Shareholding as on 31<sup>st</sup> March, 2011

Category (Shares)	No. of Shares	Percentage	No. of Shareholders	Percentage
1 - 500	38,54,566	1.58	30,904	89.82
501 - 1000	14,06,983	0.58	1,729	5.03
1001 - 2000	12,36,929	0.51	806	2.34
2001 - 3000	6,82,197	0.28	265	0.77
3001 - 4000	4,66,992	0.19	130	0.38
4001 - 5000	4,72,858	0.19	100	0.29
5001 - 10000	14,96,374	0.62	199	0.58
Above 10000	23,38,55,320	96.05	272	0.79
<b>Total</b>	<b>24,34,72,219</b>	<b>100.00</b>	<b>34,405</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March, 2011

Category	No. of Shares	Percentage
Promoters	15,42,82,250	63.37
Mutual Funds	1,05,05,266	4.32
Foreign Institutional Investors	3,31,56,435	13.62
Bodies Corporate	1,86,57,204	7.66
Banks & Indian Financial Institutions	1,41,07,302	5.79
Indian Public/Others	1,27,63,762	5.24
<b>Total</b>	<b>24,34,72,219</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).

As on 31<sup>st</sup> March, 2011 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	23,74,69,453	97.53
Electronic form with CDSL	60,02,203	2.47
<b>Total</b>	<b>24,34,72,219</b>	<b>100.00</b>

**Plant Locations** : Industrial Estate, Vijayawada, A.P.  
Dowleswaram, Rajahmundry, A.P.  
MVP Colony, Visakhapatnam, A.P.  
Tapovanam Colony, Anantapur, A.P.  
Burrampur Village, Nellore, A.P.  
Vavilapally Colony, Karimnagar, A.P.  
Kompally, Hyderabad, A.P.  
Kondapur, Hyderabad, A.P.  
Industrial Estate, Guindy, Chennai, TN  
Bommasandra, Industrial Area, Bengaluru, Karnataka  
Kurudampalayam Vill., Coimbatore, TN

**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. Krishan Premnarayan	Mr. T. Vinayak Ravi Reddy	Mr. G. Kumar
Date of Birth	09.07.1952	14.09.1961	22.01.1959
Date of Appointment	26.10.2007	16.12.2002	27.04.2006
Qualifications	Graduate	MBA	FCA
Experience in specific functional area	Advertising, Marketing and Finance.	Business Strategy, General Management, Operations & Commercial matters.	Audit, Finance and Banking
Directorships held in other Public Companies	Nil	Deccan Chargers Sporting Ventures Ltd.* Odyssey India Ltd.* Netlink Technologies Ltd.*	Deccan Chargers Sporting Ventures Ltd.* Odyssey India Ltd.*
Membership/Chairmanship of Committees of other Public Companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	Nil	Nil	Deccan Chargers Sporting Ventures Ltd.* Audit Committee-Member Odyssey India Ltd.* Audit Committee – Chairman
No. of Shares held in the Company	Nil	5,14,27,416	Nil

\*amalgamated with Deccan Chronicle Holdings Ltd. from the Appointed Date of 01.04.2010 through a Scheme of Amalgamation sanctioned by Hon'ble High Court of Andhra Pradesh.

**For and on behalf of the Board**

Secunderabad, August 13, 2011

**T Venkatram Reddy**  
Chairman

## 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 31<sup>st</sup> March 2011 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. 21405)

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

Secunderabad, August 13, 2011



## Deccan Chronicle Holdings Limited

Annual Report 2010-11

### Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting the 9<sup>th</sup> Annual Report and the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2011 together with the Auditors' Report thereon.

#### Financial Results

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

	(₹. in Lakhs)	
Particulars	2010 - 11	2009-10
Total Revenue	<b>1,03,091.48</b>	92,194.54
Profit before interest, tax and depreciation	<b>34,747.12</b>	48,102.12
Less: Interest and financial charges	<b>5,901.16</b>	4,512.53
Profit before depreciation & tax	<b>28,845.96</b>	43,589.59
Less: Depreciation	<b>5,157.35</b>	4,224.85
Profit before tax	<b>23,688.61</b>	39,364.74
Tax charge (current and deferred)	<b>7,430.31</b>	13,272.93
Net profit for the year	<b>16,258.30</b>	26,091.81
<b>Appropriations &amp; Adjustments:</b>		
Dividend (including dividend tax thereon)	-	8,532.71
Effect of change in treatment of franchise rights/others	<b>5,136.48</b>	96.04
Transfer to debenture redemption reserve	<b>5,000.00</b>	1,302.12
Transfer to general reserve	<b>6,000.00</b>	3,000.00
Surplus for the year	<b>121.82</b>	13,160.94
Balance in Profit & Loss Account	<b>52,616.65</b>	39,455.71
Balance carried forward	<b>52,738.47</b>	52,616.65

The above results for the year under review are not strictly comparable with that of the previous year, as the figures for the year under review includes the results of the subsidiaries viz., Deccan Chargers Sporting Ventures Ltd., Netlink Technologies Ltd. and Odyssey India Ltd. which were amalgamated with the company.

#### Amalgamation of subsidiaries

During the year under review company's subsidiary Netlink Technologies Limited was amalgamated with the company pursuant to a Scheme of Amalgamation sanctioned by the Hon'ble High Court of Andhra Pradesh vide its Order dated 9<sup>th</sup> March 2011; and the other two subsidiaries viz., Deccan Chargers Sporting Ventures Limited and Odyssey India Limited 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 15<sup>th</sup> April 2011. The effective dates of the aforesaid Scheme of Amalgamation

are 11<sup>th</sup> April 2011 and 4<sup>th</sup> May 2011 respectively.

The Appointed Date of amalgamation under both the Schemes being 1<sup>st</sup> April 2010, the financials for the year under review have been prepared after giving effect to the Amalgamation.

#### Dividend

In view of the ongoing buyback programme and the need to conserve liquid resources of the company, your Directors do not propose payment of dividend for the year under review.

#### Management Discussion and Analysis

A detailed Management Discussion and Analysis covering operations review and outlook is provided in the Annual Report.



### **Buyback 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 1,00,00,000 equity shares, a maximum of 3,45,00,000 equity shares at a price per share not exceeding ₹.180/- at a total outlay not exceeding ₹.270 crores through stock market mechanism. The buy back offer commenced on 16<sup>th</sup> May 2011 and the scheduled closing is on 3<sup>rd</sup> January 2012 or such other earlier date as the Board may decide in this regard.

Pursuant to the aforesaid Buy Back Offer the Company, as of date of this report, has bought back 2,61,73,133 Equity Shares and out of which 1,87,82,870 Equity Shares has been extinguished and the remaining 73,90,263 Equity Shares are being extinguished in due course.

### **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.

### **Directors**

Mr. Krishan Premnarayan, Mr. T. Vinayak Ravi Reddy, and Mr. G. Kumar retire by rotation at the ensuing annual general meeting and being eligible have offered themselves for reappointment.

### **Report on 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.

### **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 (IB) 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, 2011, 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;
- (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, 2011 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.

## Deccan Chronicle Holdings Limited

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### 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.

(₹. in Lakhs)		
Particulars	2010-11	2009-10
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	22,304.82	18,232.85

### 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, 2011



## 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<sup>st</sup> March 2011, 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<sup>st</sup> March 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March 2011 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:
    - (ii) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2011;
    - (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, 2011

## 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 at regular intervals. 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.  
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 2011 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. 21405)

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

Secunderabad, August 13, 2011

**Deccan Chronicle Holdings Limited**

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**Balance Sheet as at 31st March, 2011**

(₹. in Lakhs)

Particulars	Schedule	As at 31.03.2011	As at 31.03.2010
<b>Sources of Funds:</b>			
<b>Shareholders' Funds:</b>			
Share capital	A	4,869.44	4,844.46
Reserves and surplus	B	<u>123,145.03</u>	<u>120,957.03</u>
		128,014.47	125,801.49
<b>Loan Funds:</b>			
Secured loans	C	31,311.61	32,886.56
Foreign currency convertible bonds		–	1,345.91
Deferred tax liability		<u>8,326.83</u>	<u>7,969.13</u>
<b>Total</b>		<b><u>167,652.91</u></b>	<b><u>168,003.09</u></b>
<b>Application of funds:</b>			
<b>Fixed Assets</b>			
Gross block	D	107,408.51	91,657.75
Less: Depreciation		<u>21,020.52</u>	<u>14,653.04</u>
Net block		86,387.99	77,004.71
Capital work in progress		6,283.32	3,768.34
<b>Investments</b>	E	–	21,061.89
<b>Current Assets Loans and Advances</b>			
Inventories		13,340.94	6,203.71
Sundry debtors		25,836.15	19,554.84
Cash and bank balances		70,379.60	59,164.38
Loans and advances		<u>15,161.89</u>	<u>18,551.13</u>
		<u>124,718.58</u>	<u>103,474.06</u>
<b>Current Liabilities and Provisions</b>			
Current liabilities	G	48,460.36	35,629.00
Provisions		<u>1,276.62</u>	<u>1,676.91</u>
		<u>49,736.98</u>	<u>37,305.91</u>
<b>Net current assets</b>		<u>74,981.60</u>	<u>66,168.15</u>
<b>Total</b>		<b><u>167,652.91</u></b>	<b><u>168,003.09</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

For and on behalf of the board

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

**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, 2011



## Profit and Loss account for the year ended 31st March, 2011

(₹. in Lakhs)

Particulars	Schedule	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>Income :</b>			
Revenue	I	103,091.48	92,194.54
<b>Total ( A )</b>		<b>103,091.48</b>	<b>92,194.54</b>
<b>Expenditure:</b>			
Printing & other operative expenses	J	42,608.55	31,758.25
Payments & benefits to employees	K	9,682.16	6,546.90
Sales & administrative expenses	L	16,053.65	5,787.27
Interest & financial charges	M	5,901.16	4,512.53
Depreciation	D	5,157.35	4,224.85
<b>Total ( B )</b>		<b>79,402.87</b>	<b>52,829.80</b>
<b>Profit before tax ( A - B )</b>		23,688.61	39,364.74
Tax charge - Current & Deferred tax		7,430.31	13,272.93
<b>Net Profit for the year</b>		<b>16,258.30</b>	<b>26,091.81</b>
<b>Appropriation and Adjustments</b>			
Changes in treatment of franchise rights / Others	H(2.12)	5,136.48	96.04
Dividends		-	7,293.23
Corporate tax on dividends		-	1,239.48
Transfer to debenture redemption reserve		5,000.00	1,302.12
Transfer to general reserve		<u>6,000.00</u>	<u>3,000.00</u>
		16,136.48	12,930.87
Add: Brought forward balance in Profit & Loss Account		<u>52,616.65</u>	<u>39,455.71</u>
<b>Balance carried to balance sheet</b>		<b>52,738.47</b>	<b>52,616.65</b>
<b>Earnings per share</b>	H(2.9)		
Basic and diluted - par value ₹. 2/- per share		6.68	10.73
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

For and on behalf of the board

**T. Venkatram Reddy**  
Chairman

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

**Mani Oommen**

Partner  
M.No. 24046

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

**N. Krishnan**  
Managing Director

**V. Shankar**  
Company Secretary

Secunderabad, August 13, 2011



**Deccan Chronicle Holdings Limited**

Annual Report 2010-11

**Cash Flow Statement for the year 2010 - 11**

(₹. in Lakhs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
<b>Cash Flow from operating activities</b>		
Net profit before tax	23,688.61	39,364.74
Adjustment for:		
Depreciation	5,157.35	4,224.85
Loss on sale / impairment of fixed assets	79.04	130.44
Interest / other income, net	346.93	1,437.38
Operating Profit before working capital changes	<u>29,271.93</u>	<u>45,157.41</u>
<b>Adjustment for:</b>		
Inventories	(7,137.23)	6,787.00
Sundry debtors	(6,281.31)	(130.16)
Loans and advances	3,389.24	(10,882.21)
Current liabilities and provisions	12,431.07	11,421.67
Cash generated from operation	<u>31,673.70</u>	<u>52,353.71</u>
Direct taxes	(7,141.92)	(12,388.33)
<b>Net cash flow from operating activities</b>	<b><u>24,531.78</u></b>	<b><u>39,965.38</u></b>
<b>Cash Flow from investing activities</b>		
Purchase of Fixed Assets	(8,932.54)	(2,351.84)
Sale of Fixed Assets /Impairment	312.61	352.02
Interest / other income, net	(346.93)	(1,437.38)
Sale of Investments	2,313.60	-
<b>Net Cash used in investing activities</b>	<b><u>(6,653.26)</u></b>	<b><u>(3,437.20)</u></b>
<b>Cash Flow from financing activities</b>		
Buy back of Equity Shares	-	(2,695.77)
Repayment of borrowings of amalgamated subsidiaries, net of cash Balances	(5,088.35)	459.82
Proceeds / repayment of borrowings, net	(1,574.95)	(2,562.97)
Dividends including corporate tax	-	(8,532.72)
<b>Net cash used in financing activities</b>	<b><u>(6,663.30)</u></b>	<b><u>(13,331.64)</u></b>
Net increase in cash and cash equivalents	11,215.22	23,196.54
Cash and cash equivalents at the beginning of period	59,164.38	35,967.84
<b>Cash and cash equivalents at the end of period</b>	<b><u>70,379.60</u></b>	<b><u>59,164.38</u></b>
Notes:		
<b>Components of cash and cash equivalents:</b>		
Cash Balance on hand	98.54	40.03
Balance with scheduled banks:		
- in current accounts	26,321.19	4,115.52
- in deposit accounts	43,959.87	55,008.83
	<b><u>70,379.60</u></b>	<b><u>59,164.38</u></b>

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

For and on behalf of the board

**Mani Oommen**

Partner  
M.No. 24046

**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, 2011



## Schedules forming part of the accounts

(₹. in Lakhs)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>Schedule A: Share Capital</b>		
<b>Authorised:</b>		
35,00,00,000 Equity Shares of ₹. 2/- each (Previous year 35,00,00,000 Equity Shares of ₹. 2/- each)	<u>7,000.00</u>	<u>7,000.00</u>
<b>Issued Subscribed and Paid up:</b>		
24,34,72,219 Equity shares of ₹.2/- each fully paid (Previous year 24,22,22,784 Equity shares of ₹.2/- each fully paid)	4,869.44	4,844.46
<b>Total</b>	<u>4,869.44</u>	<u>4,844.46</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.		
c) 12,49,435 fully paid equity shares were issued on conversion of FCCBs in the current year.		
<b>Schedule B: Reserves and Surplus</b>		
<b>Capital redemption reserve</b>		
Capital redemption reserve	53.10	53.10
Sub-total	<u>53.10</u>	<u>53.10</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>General reserve</b>		
Opening balance	14,258.39	15,210.56
Add: Amount transferred from profit & loss account	6,000.00	3,000.00
Less: Elimination on account of amalgamation of subsidiaries	(10,215.33)	(3,952.17)
Sub-total	<u>10,043.06</u>	<u>14,258.39</u>
<b>Securities premium</b>		
Opening balance	50,964.53	53,660.30
Add: Premium on conversion of FCCBs	1,281.51	-
Less: Amount utilized for Buy back of Equity Shares	-	(2,695.77)
Sub-total	<u>52,246.04</u>	<u>50,964.53</u>
<b>Debentures redemption reserve</b>		
Opening balance	3,064.36	1,762.24
Add: Amount transferred from profit & loss account	5,000.00	1,302.12
Sub-total	<u>8,064.36</u>	<u>3,064.36</u>
<b>Profit and loss account</b>	<u>52,738.47</u>	<u>52,616.65</u>
<b>Total</b>	<u>123,145.03</u>	<u>120,957.03</u>
<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	5,811.61	7,386.56
<b>Total</b>	<u>31,311.61</u>	<u>32,886.56</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.

## Schedules forming part of the accounts

## Schedule D : Fixed assets

(₹. in Lakhs)

Sl. No.	Particulars	Gross Block			Depreciation			Net Block		
		as at 1.4.2010	Additions	Deletions	as at 31.3.2011	upto 1.4.2010	for the year	Deletions	as at 31.3.2011	as at 31.3.2010
1	Land	10,090.95	1,359.04	-	11,449.99	-	-	-	11,449.99	10,090.95
2	Buildings	18,582.26	2,798.95	-	21,381.21	1,870.71	654.63	-	18,855.87	16,711.55
3	Plant & Machinery	53,378.29	464.85	17.19	53,825.95	9,040.82	2,542.32	0.71	42,243.52	44,337.47
4	Aircraft	3,885.21	-	-	3,885.21	655.10	217.57	-	3,012.54	3,230.11
5	Computers	3,787.75	137.05	-	3,924.80	1,726.31	612.42	-	1,586.07	2,061.44
6	Furniture & Fixtures	6,025.80	1,046.12	-	7,071.92	809.03	425.03	-	1,234.06	5,216.77
7	Vehicles	2,405.39	571.68	477.26	2,499.81	636.97	234.59	137.84	733.72	1,766.09
8	Intangible Assets	3,399.94	4.12	34.44	3,369.62	1,297.22	470.79	34.44	1,733.57	2,102.72
<b>Total</b>		<b>101,555.59</b>	<b>6,381.81</b>	<b>528.89</b>	<b>107,408.51</b>	<b>16,036.16</b>	<b>5,157.35</b>	<b>172.99</b>	<b>21,020.52</b>	<b>86,387.99</b>
<b>Previous year</b>		87,390.08	4,908.07	640.40	91,657.75	10,586.13	4,224.85	157.94	14,653.04	76,803.95

\* 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

(₹. in Lakhs)

Particulars	As at 31.03.2011	As at 31.03.2010
<b>Schedule E: Long term Investments - Unquoted</b>		
Nil (previous year 2,06,740) equity shares of ₹. 10/- each in DC Investments and Finance Pvt. Ltd. (sold during the year)	-	2,313.60
Nil (previous year 1,12,50,000) equity shares of ₹. 10/- each in Odyssey India Ltd.	-	11,683.29
Nil (previous year 5,00,00,000) equity shares of ₹. 10/- each in Deccan Chargers Sporting Ventures Limited.	-	5,000.00
Nil (Previous year: 2,72,240) equity shares of ₹. 100/- each in Netlink Technologies Limited	-	2,065.00
<b>Total</b>	<b>-</b>	<b>21,061.89</b>
<b>Schedule F: Current assets loans and advances</b>		
Inventories	13,340.94	6,203.71
Sundry debtors (Unsecured & Considered Good)		
Debts outstanding for a period exceeding six months	3,097.53	2,067.42
Other debts	<u>22,738.62</u>	<u>17,487.42</u>
	25,836.15	19,554.84
Cash Balance on hand	98.54	40.03
Balance with scheduled banks		
- in current accounts	26,321.19	4,115.52
- in deposit accounts	<u>43,959.87</u>	<u>55,008.83</u>
	70,379.60	59,164.38
Loans and Advances (considered good)		
Deposits with Govt. Depts. and Others	5,369.99	1,973.49
Advances recoverable in cash or in kind or for value to be received	<u>9,791.90</u>	<u>16,577.64</u>
	15,161.89	18,551.13
<b>Total</b>	<b><u>124,718.58</u></b>	<b><u>103,474.06</u></b>
<b>Schedule G: Current liabilities &amp; provisions</b>		
Sundry creditors - MSME etc.	-	-
Sundry creditors - Others	2,890.36	2,611.99
Interest accrued but not due	716.99	717.52
Other liabilities & Provisions	45,392.27	33,331.13
Trade deposits	737.36	645.27
<b>Total</b>	<b><u>49,736.98</u></b>	<b><u>37,305.91</u></b>

**Deccan Chronicle Holdings Limited**

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**Schedules forming part of the accounts**

(₹. in Lakhs)

Particulars	For the year ended 31.03.2011	For the year ended 31.03.2010
<b>Schedule I : Revenue</b>		
Advertisement revenue	81,684.36	83,434.25
Circulation revenue	6,091.80	5,815.58
Sales merchandise <i>(Net of returns and discounts)</i>	9,840.13	-
Other income	5,554.23	3,075.15
Profit / (loss) on sale of assets / investments	(79.04)	(130.44)
<b>Total</b>	<b>103,091.48</b>	<b>92,194.54</b>
<b>Schedule J : Printing &amp; other operative expenses</b>		
Raw materials	31,835.75	25,195.49
Handling charges	1,124.26	993.29
News service charges	1,279.17	2,015.42
Repairs & maintenance	2,472.58	2,833.17
Electricity & water charges	1,175.51	720.88
Franchise Fee Paid for IPL-3 (inclusive of service tax)	4,721.28	-
<b>Total</b>	<b>42,608.55</b>	<b>31,758.25</b>
<b>Schedule K : Payments &amp; benefits to employees</b>		
Salaries & wages	8,118.42	5,453.35
Directors remuneration	1,132.90	870.00
Staff welfare expenses	123.51	71.80
Contribution to E.P.F. & E.S.I.	307.33	151.75
<b>Total</b>	<b>9,682.16</b>	<b>6,546.90</b>
<b>Schedule L : Sales &amp; administrative expenses</b>		
Advertisement expenses	1,166.14	1,005.72
Audit fee	82.73	50.00
Branch office expenses	25.17	21.06
Courier charges	98.39	98.18
Donations	-	50.00
Insurance charges	160.29	124.24
Legal & professional charges (Incl. Player cost)	4,489.45	483.97
Marketing & distribution (Incl. Match Conducting exp)	2,790.20	1,139.56
Carriage out wards	825.64	629.41
Miscellaneous expenses	235.82	200.06
Printing & stationery	181.57	111.86
Rent	2,858.10	398.74
Security Service	349.35	161.12
Subscriptions and fees	31.17	38.06
Taxes & licenses	240.53	139.70
Telephone	324.52	170.67
Traveling, Conveyance & Stay expenses	2,194.58	964.92
<b>Total</b>	<b>16,053.65</b>	<b>5,787.27</b>
<b>Schedule M : Interest &amp; financial charges</b>		
Bank charges	353.47	83.54
Interest and financial charges	2,815.38	1,715.14
Interest on debentures	2,732.31	2,713.85
<b>Total</b>	<b>5,901.16</b>	<b>4,512.53</b>



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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Company overview

The Company is in the businesses of Printing and publication of newspapers and periodicals, sports and entertainment under the Brand "Deccan Chargers", chain of leisure stores offering various consumer lifestyle products under the Brand "Odyssey".

The Company is the publisher of the largest circulated English Newspaper in South India – "Deccan Chronicle" with a circulation of over 1.426 Million Copies per day (Source: ABC Jan-June' 2011) across Andhra Pradesh, Tamil Nadu and Karnataka. The Company also publishes another English daily "The AsianAge", English Financial Newspaper "Financial Chronicle" and "Andhra Bhoomi" a Telugu Daily, weekly, monthly.

The Company is the owner of the Hyderabad Franchise of the Indian Premier League (IPL) "Deccan Chargers", created by the Board of Control for Cricket in India (BCCI).

Odyssey aims to fulfill the aspirational needs of consumer, positioned as neighborhood leisure store offering consumer lifestyle products like books, music, stationery, gift items, toys, pens, eye-ware etc., having stores spread across the States of Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra and National Capital Region.

#### 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 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. Inventory

Raw materials, stores, spares & consumables useable in the printing and publication of newspapers and periodicals are valued at cost on FIFO basis. Cost includes applicable taxes, duties and transportation, handling and interest cost. Inventories of Odyssey are valued at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. There is no work-in-process and finished stock.

#### 1.4. 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.

#### 1.5. Revenue recognition

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

*Advertisements:* Advertisement revenue is recognized, net of discount and commission, as and when advertisement is published. Further, advertisement revenue earned, as per arrangement with BCCI, from sale of media rights, sponsorship and in stadia advertisement etc., are recognized on accrual / intimation of BCCI.

*Circulation Revenue:* Circulation revenue is recognized, net of commission, on dispatch of newspapers and periodicals.

*Sale of merchandise:* Revenue from sale of merchandise is recognized when significant risks and rewards in respect of ownership of products are transferred to the customer.

*Other Operating Income:* Ticket revenue from the viewership in stadium, sale of scrap and interest income etc., is recognized as other income.

#### 1.6. 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'

## 1.7. Foreign currency transactions

Foreign exchange transactions are accounted at the rates prevailing on the date of transactions. Monetary assets and liabilities relating to foreign currency transactions unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

## 1.8. 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.

## 1.9. Amalgamations

Pursuant to Sec 394 of the Companies Act, 1956 the Hon' ble High Court of Andhra Pradesh vide its order dated March 12, 2010 sanctioned the scheme of amalgamation of Sieger Solutions Limited, Asianage Holdings Limited and Deccan Chronicle Bangalore Limited with the Company from the appointed date of April 1, 2009.

Pursuant to Sec 394 of the Companies Act, 1956 the Hon' ble High Court of Andhra Pradesh sanctioned the schemes of amalgamation of a) Netlink Technologies Ltd. b) Deccan Chargers Sporting Ventures Ltd. and Odyssey India Ltd. with the Company vide its orders dated March 9, 2011 and April 15, 2011 respectively, from the appointed date of April 1, 2010.

## 1.10. 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.

## 1.11. 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.

## 1.12. Leases

Assets taken on finance lease are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and interest cost, so as to obtain a constant periodic rate of interest on outstanding liability for each period. Operating leases in respect of office & other equipment, house for employees, Office buildings are cancelable / renewable by mutual consent on agreed terms. Lease payments under an operating lease are recognized as an expense in the Profit and Loss account.

## 1.13. Earnings per share

Basic and Diluted Earnings 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.

## 1.14. 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.

## 1.15. 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 2010, September 2010, December 2010 and March 2011.

## 1.16. Impairment of Fixed assets

An Asset is treated as impaired when the carrying amount of assets exceeds its recoverable value. An impairment loss is charged to Profit & Loss account as an expense immediately, 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 based on external and internal sources of information.

## 1.17. Provisions, contingent liabilities and contingent assets

The Company recognizes a provision when there is a present obligation as a result of past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognized nor disclosed in the financial statements.



- 1.18. The cost of operating the franchise 'Deccan Chargers' like remuneration to players and support staff, franchise fee, travelling and hotel accommodation of team, advertisements, promotions and the costs involving sale of merchandise by 'Odyssey' like purchase of books, merchandise, rents, promotional expenses etc., are accounted and grouped in respective natural heads of account in accordance with the Generally Accepted Accounting Principles

## 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 ₹. 56.77 lakhs (Previous year: Nil) and Letter of Credit is ₹. 107.54 lakhs (Previous Year: ₹. 91.26 lakhs).

### 2.2. 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 March 31, 2011. The company has not received any claim for interest from any supplier under the said Act.

### 2.3. Related Party Transactions

#### 2.3.1. Details of related parties

Associated Companies	Key Management Personnel	Associated Concerns
India Travel Bureau 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	
Deccan Chronicle (Rajahmundry) Pvt Ltd	N. Krishnan	
Andhra Bhoomi Publication (W) Pvt Ltd		
Nandi Publishers Pvt Ltd		

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

(₹. in Lakhs)

No.	Description	Volume of transactions during the year	Amount outstanding as at 31.03.2011
1.	Payments for / against rendering of Services	745.00	360.47
2.	Key Management Personnel (Remuneration)	1,144.24	Nil
3.	Rent	32.06	Nil
4.	Sale of Investments	2,313.60	Nil

### 2.4. Accounting for taxes on Income

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

(₹. in Lakhs)

Particulars	Current Year	Previous Year
Deferred Tax Liability Opening	7,969.13	6,971.10
Deferred Tax Liability Closing	8,326.83	7,969.13
On account of Amalgamation, net	69.31	113.43
Deferred Tax Liability for the year	288.39	884.60

### 2.5. 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 ₹.115 lakhs.



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### 2.6. Finance Lease

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

Due	Minimum Lease Payments	Interest	Principal
Less than one year	1,950.08	418.77	1,531.31
Between one and five years	3,570.63	325.76	3,244.87
More than five years	Nil	Nil	Nil

(₹. in Lakhs)

### 2.7. Managerial Remuneration

No.	Particulars	Current Year	Previous Year
1.	Salary	1,132.90	870.00
2.	Perquisites	11.34	10.75
	<b>Total</b>	<b>1,144.24</b>	<b>880.75</b>

(₹. in Lakhs)

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

Particulars	Current Year	Previous Year
Profit Before Tax	23,688.61	39,364.74
Add: Managerial Remuneration & Perquisites	1,144.24	880.75
Loss on Sale of Fixed Assets	79.04	130.44
Profit for the purpose of calculating Managerial Remuneration	24,911.89	40,375.93
Maximum allowable Managerial Remuneration being 10% of the above U/s. 198 (1) to full time directors	2,491.19	4,037.59

(₹. in Lakhs)

### 2.9. Earning Per Share (EPS)

Basic and diluted earning per share is ₹. 6.68, computed using the profit after tax attributable to shareholders of ₹.16,258.30 lakhs for the year as numerator and weighted average number of equity shares outstanding for the period i.e. 2,434.72 lakhs as denominator.

### 2.10. Foreign Currency Convertible Bonds

During the year, Foreign Currency Convertible Bonds holders opted for conversion, accordingly were allotted 12,49,435 equity shares of ₹. 2/- each. All the bonds issued have been converted and the outstanding bonds at the end of the year are Nil.

### 2.11. 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.

### 2.12. Franchise rights of "Deccan Chargers"

The Company is the owner of the Hyderabad Franchise of the Indian Premier League (IPL) "Deccan Chargers", created by the Board of Control for Cricket in India (BCCI). This is an indefinite right and the company can operate the franchise as long as the IPL tournament is conducted. The consideration for acquiring the franchise rights of ₹. 428.04 Crores is payable to BCCI over a period of 10 years in equal installments commencing from Year 2008.

A wholly owned subsidiary Company Deccan Chargers Sporting Ventures Limited (DCSVL) which was operating the franchise, capitalized the franchise rights as intangible asset and recognized an equal amount as liability payable to BCCI. The economic useful life of the asset was estimated at 25 years and amortized accordingly.

On amalgamation of DCSVL with the Company, the Company reviewed the aforesaid policy and decided to write off the fee paid to BCCI in the year of incurrence i.e. over a period of 10 year period itself. Accordingly the amount of ₹. 5,136.48 lakhs represents the difference between the amount paid to participate in IPL 1 & 2 and the amount amortized for the year 2008 & 2009. In view of the above, recognition of asset and corresponding liability does not arise.



### 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:

(₹. in Lakhs)

No.	Particulars	Current Year	Previous Year
1.	Statutory Audit	55.00	40.00
2.	Tax Audit	10.00	5.00
3.	Other Services	10.00	5.00
	<b>Total</b>	<b>75.00</b>	<b>50.00</b>

The amount does not include the 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

(₹. in Lakhs)

No.	Particulars	Current Year	Previous Year
1.	Foreign Travel	34.59	101.33
2.	Imported purchase – raw material & traded goods	20,463.03	18,014.34
3.	News service charges	40.48	64.27
4.	Professional fee (Including Player and support staff)	1,766.72	52.91

3.3.2. Income in foreign currency is Nil

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

(₹. in Lakhs)

No.	Particulars	Current Year		Previous Year	
		Qty	Value	Qty	Value
1.	Newsprint (M.T)	79,805	24,424.20	77,412	22,726.93
2.	Plates (No's)	430,761	634.27	3,94,412	625.14
3.	Printing inks (Kgs)	15,43,880	1,869.93	13,47,420	1,477.88

The company also operates a chain of leisure stores and the Hyderabad franchise of the Indian Premier League, the units sold and the activities cannot be expressed in any generic unit. Hence it is not possible to give the quantitative details of sales and the information as required under paragraph 3,4C and 4D of part II schedule VI of the Companies Act, 1956.

#### 4. Segment Reporting

The Company is primarily in the businesses of Printing and publication of newspapers and periodicals and other businesses are below the required reportable levels as per the Accounting standard. The Company's operations are geographically spread across India and do not have any operations in economic environments with different risks and returns. Accordingly, pursuant to the accounting standards, no segment disclosure has been made in these financial statements, as the Company has only one geographical segment.

- Financial Statements of the current year includes the financials of Netlink Technologies Ltd, Odyssey India Ltd and Deccan Chargers Sporting Ventures Ltd, pursuant to the schemes of amalgamation with Deccan Chronicle Holdings Limited. 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, 2011

## 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	31.03.2011
<b>2. Capital raised during the year (₹. in lakhs)</b>	
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Conversion of bonds	1,306.49
Private placement	Nil
<b>3. Position of mobilisation and deployment of funds (₹. in lakhs)</b>	
Total liabilities	1,67,652.91
Total assets	1,67,652.91
<b>Sources of funds</b>	
Paid-up capital	4,869.44
Reserves & surpluses	123,145.03
Secured loans	31,311.61
Unsecured loans	-
Deferred tax liability	8,326.83
<b>Application of funds</b>	
Net fixed assets	92,671.31
Investments	-
Net current assets	74,981.60
<b>4. Performance of company (₹. in lakhs)</b>	
Total income	103,091.48
Total expenditure	79,402.87
Profit before tax	23,688.61
Profit after tax	16,258.30
Earnings per share (₹.)	6.68
Dividend rate%	-
<b>5. Generic names of three principal products/services of company</b>	
Item code no.	49021001
Product description	Newspaper

## Deccan Chronicle Holdings Limited

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

### PROXY FORM

#### 9<sup>th</sup> Annual General Meeting – 30<sup>th</sup> September, 2011

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 9<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 30<sup>th</sup> September, 2011 at 9.00 A.M. at Hotel Baseraa, Sarojini Devi Road, Secunderabad-500003. 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

#### 9<sup>th</sup> Annual General Meeting – 30<sup>th</sup> September, 2011

I/we hereby record my/our presence at the 9<sup>th</sup> Annual General Meeting held on Friday, 30<sup>th</sup> September, 2011 at 9.00 A.M. at Hotel Baseraa, Sarojini Devi Road, Secunderabad-500003.

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.

