



DECCAN CHRONICLE HOLDINGS LIMITED

(Our Company was incorporated on December 16, 2002 at Hyderabad as a public limited company under the Companies Act, 1956.)

Registered Office: 6-3-898, Raj Bhavan Road, Somajiguda, Hyderabad 500082, Andhra Pradesh; Tel: +91 40 234 03101

Corporate Office: 36, Sarojini Devi Road, Secunderabad 500003; Tel: +91 40 27803930; Fax: +91 40 27801716/27803870

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Public Issue of 8,013,100 Equity Shares of Rs. 10 each for cash at a price of Rs. 162 per Equity Share by Deccan Chronicle Holdings Limited (hereinafter referred to as the "Company") aggregating Rs. 1,298.12 million (hereinafter referred to as "the Issue"). The Issue will have a Green Shoe Option of 1,201,960 Equity Shares of Rs. 10 each for cash at a price of Rs. 162 per Equity Share aggregating Rs. 194.72 million. The Issue and the Green Shoe Option aggregate Rs. 1,492.84 million. The Issue would constitute 20.0 % of the fully diluted post Issue paid-up capital of the Company, if the Green Shoe Option is not exercised and 22.3% if the Green Shoe Option is exercised.

PRICE Rs.162 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH

THE ISSUE PRICE IS 16.2 TIMES OF THE FACE VALUE

The Issue is being made through the 100% book building process where at least 60% of the Issue Size shall be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). If at least 60% of the Issue Size cannot be allocated to QIBs, then the entire application money shall be refunded forthwith. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- and the Issue Price is 16.2 times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager ("BRLM") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page x of this Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on The Stock Exchange, Mumbai and the National Stock Exchange. We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated October 8, 2004 and October 19, 2004, respectively. The Stock Exchange, Mumbai is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER



ICICI SECURITIES LIMITED

ICICI Centre
H.T. Parekh Marg, Churchgate,
Mumbai 400 020
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
E-mail: dchl_ipo@isecitd.com

REGISTRAR TO THE ISSUE



KARVY COMPUTERSHARE PRIVATE LIMITED

Karvy House, 46, Avenue 4
Street No.1, Banjara Hills
Hyderabad 500 034
Tel: (91 40) 2331 2454
Fax: (91 40) 2331 1968
E-mail: dchl_ipo@karvy.com

ISSUE PROGRAMME

BID / ISSUE OPENED ON

NOVEMBER 25, 2004

BID / ISSUE CLOSED ON

DECEMBER 2, 2004

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DEFINITIONS AND ABBREVIATIONS

Definitions

Term	Description
“DCHL” or the “Company” or “Deccan” or “our Company” or “we” or “us”	Unless the context otherwise requires, refers to Deccan Chronicle Holdings Limited, a public limited company incorporated under the Companies Act
“our Group” or “our Group Companies” or “Group Companies”	Unless the context otherwise requires, refers to those companies mentioned in “Our Promoters” on page 58 of this Prospectus

Issue Related Terms and Abbreviations

Term	Description
ABWPL	Andhra Bhoomi Publications Warangal Private Limited
AGM	Annual General Meeting
Allocation Amount	The amount payable by a Bidder on or prior to the Pay-in Date after deducting any Bid Amounts that may already have been paid by such Bidder
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are being/have been issued
Andhra Bhoomi	Telugu publication of our Company having daily, weekly and monthly editions
Articles/ Articles of Association	Articles of Association of our Company
AS	Accounting Standards as issued by the Institute of Chartered Accountant of India
Auditors	Statutory auditors of our Company, M/s. C.B. Mouli & Associates, being Chartered Accountants for Indian GAAP
Banker(s) to the Issue	ICICI Bank Limited, IDBI Bank and Canara Bank
Bid	An indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of this Prospectus
Bidder(s)	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus
Bidding Period/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Board of Directors/ Board	The Board of Directors of our Company
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made
BRLM	Book Running Lead Manager to the Issue, in this case being ICICI Securities Limited
BSE	The Stock Exchange, Mumbai
CAGR	Compounded Annual Growth Rate



Term	Description
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
CARE	Credit Analysis & Research Limited
CBRLM	Co-Book Running Lead Manager to the Issue, in this case being IDBI Capital Market Services Limited
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLM
DCML	Deccan Chronicle Marketeers Private Limited
DCPL	Deccan Chronicle Private Limited
DCRPL	Deccan Chronicle Rajahmundry Private Limited
DCSPL	Deccan Chronicle Secunderabad Private Limited
Deccan Chronicle	English daily publication of our Company
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the Registrar of Companies, following which the Board of Directors shall allot Equity Shares to successful Bidders
Designated Stock Exchange	The Stock Exchange, Mumbai
DIP Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Directors	The directors of our Company
ECS	Electronic and Clearing System
EGM	Extraordinary General Meeting of the shareholders of our Company
EPS	Earnings per Equity Share
Equity Shares	Equity shares of our Company of face value of Rs. 10 each unless otherwise specified in the context thereof
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid and the Allocation Amount paid thereafter
Escrow Agreement	Agreement entered into by our Company, the Registrar, BRLM and the CBRLM, the Syndicate and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable refunds of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker(s) to the Issue with whom the Escrow Account for the Issue will be opened
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FERA	Foreign Exchange Regulation Act, 1973, now repealed



Term	Description
FII/ Foreign Institutional Investor	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Financial year/fiscal/FY	The twelve months ended March 31 of a particular year
FIPB	Foreign Investment Promotion Board, Ministry of Finance and Company Affairs, Government of India
Firm	Deccan Chronicle, the partnership firm established in 1938 which was acquired by our Company in 2003
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band below which the Issue Price will not be finalised and below which no Bids will be accepted
GIR Number	General Index Registry Number
GoI	Government of India
Green Shoe Lenders	T.Venkatram Reddy and T.Vinayak Ravi Reddy
Green Shoe Option	An option to the BRLM (also the Stabilizing Agent) and the Company, to allocate Equity Shares in excess of the Equity Shares included in the Issue and operate a post-listing price stabilisation mechanism in accordance with Chapter VIII-A of the DIP Guidelines
Green Shoe Option Portion	The portion of the Issue being 1,201,960 Equity Shares aggregating Rs. 194.72 million if exercised in full
GSO Bank Account	The bank account opened by the Stabilising Agent under the Stabilization Agreement
GSO Demat Account	The demat account opened by the Stabilising Agent under the Stabilization Agreement
HNI	High Net-worth Individual
HUF	Hindu Undivided Family
I.T. Act	The Income-Tax Act, 1961, as amended from time to time, except as stated otherwise
IBSL	ICICI Brokerage Services Limited
ICAI	The Institute of Chartered Accountants of India
ICRA	Investment and Credit Rating Agency Limited
IDBI Caps	IDBI Capital Market Services Limited
Indian GAAP	Generally accepted accounting principles in India
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, who is not an NRI (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000)
IPO Committee	A committee of the Board of Directors comprising T. Vinayak Ravi Reddy, P.K. Iyer and T.S. Ashwin appointed for the purpose of carrying out various actions in relation to the Issue
I-Sec	ICICI Securities Limited
Issue	The fresh issue of 8,013,100 new Equity Shares of Rs. 10 each at the Issue Price by our Company under this Prospectus
Issue Price	Rs. 162 per Equity Share which has been decided by our Company in consultation with the BRLM
Loaned Shares	1,201,960 Equity Shares of Our Company loaned by the Green Shoe Lenders pursuant to the terms of the Stabilisation Agreement.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Members of the Syndicate	The BRLM, the CBRLM and the Syndicate Members
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company



Term	Description
MIB	Ministry of Information and Broadcasting
NAV	Net Asset Value
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 50,000
Non Institutional Portion	The portion of the Issue being 1,201,965 Equity Shares of Rs. 10 each available for allocation to Non Institutional Bidders
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NPPL	Nandi Publishers Private Limited
NRI/ Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue
Over Allotment Shares	Equity Shares allotted pursuant to the Green Shoe Option
PAN	Permanent Account Number
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose payment has not been waived by the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose payment has been initially waived by the Syndicate and are therefore not required to pay the Bid Amount into the Escrow Account on or prior to the Bid/Issue Closing Date, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. 162 and the maximum price (cap of the price band) of Rs. 194 and includes revisions thereof
Pricing Date	The date on which Company in consultation with the BRLM finalized the Issue Price i.e. December 6, 2004.
Promoters	T. Venkatram Reddy and. T. Vinayak Ravi Reddy
Prospectus	The Prospectus to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
QIB Portion	The portion of the Issue being 4,807,860 Equity Shares of Rs. 10 each available for allocation to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million



Term	Description
RBI	Reserve Bank of India
Registrar to the Issue or Registrar	Registrar to the Issue, in this case being Karvy Computershare Private Limited having its registered office as indicated on the cover page of this Prospectus
Retail Individual Bidder(s)	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 50,000, in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being 2,003,275 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus dated November 8, 2004 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/Issue Opening Date. It will become a Prospectus after it is filed with the RoC following the pricing of the equity shares.
RNI	Registrar of Newspapers for India
RoC or Registrar of Companies	Registrar of Companies, Andhra Pradesh at Hyderabad
RoNW	Return of Net Worth
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Stabilisation Period	The period commencing from the date of obtaining trading permission from the Stock Exchanges for the Equity Shares, and ending 30 days thereafter unless terminated earlier
Stabilising Agent or SA	ICICI Securities Limited
Stabilization Agreement	Agreement entered into by the Company, the Green Shoe Lenders, and the Stabilising Agent on September 27, 2004 in relation to the Green Shoe Option
Stock Exchanges	NSE and BSE
Syndicate	The BRLM and the Syndicate Members
Syndicate Agreement	Agreement between the Syndicate, and our Company
Syndicate Members	ICICI Brokerage Services Limited and Karvy Stock Broking Limited
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLM, the CBRLM and Syndicate Members
Underwriting Agreement	The Agreement between the Underwriters and our Company to be entered into on the Pricing Date



GLOSSARY OF TECHNICAL AND INDUSTRY TERMS

Term	Description
ABC	Audit Bureau Circulation
CCs	Column Centimeters
CPT	Cost Per Thousand
CtP	Computer to Plate
DAVP	Directorate of Advertising & Visual Publicity
GDP	Gross Domestic Product
INS	Indian Newspaper Society
IRS	Indian Readership Survey
JD	Period starting from July 1 of a particular year and ending on December 31 of the same year
JJ	Period starting from January 1 of a particular year and ending on June 30 of the same year
MRSI	Market Research Society of India
NRS	National Readership Survey
p.a	Per annum
SEC	Socio Economic Classifications
TV	Television
VPB	Vision Punch Bender



CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, or “Deccan”, or “DCHL”, unless the context otherwise indicates or implies, refers to Deccan Chronicle Holdings Limited. Unless stated otherwise, the financial data in this Prospectus is derived from our financial statements prepared in accordance with generally accepted accounting principles in India (“Indian GAAP”) included elsewhere in this Prospectus. Our fiscal year commences on April 1 and ends on March 31. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to “India” contained in this Prospectus are to the Republic of India.

For additional definitions, see the section “Definitions and Abbreviations” on page i of this Prospectus.

Market data used throughout this Prospectus was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The National Readership Survey analyses the Indian Media Sector across various Socio Economic Classifications (SECs), viz. SEC A, SEC B, SEC C, SEC D and SEC E. The Market Research Society of India (MRSI) has designed the following SEC Grid. The MRSI survey categorized eight socio-economic groups based on both occupation and education of the chief wage earner of a household. The eight socio-economic classes have been labeled as A1, A2, B1, B2, C, D, E1, and E2. A1 denotes the uppermost socio-economic class, and E2 stands for the lowest socio-economic class. The basis of such classification is indicated in the following SEC Grid:

Education

OCCUPATION		Illiterate	School upto 4 years or literate but no formal schooling	School 5 to 9 years	Higher Secondary Certificate/ Senior Secondary Certificate	College education, but not graduation	Graduation or Post-Graduation	Graduation or Post Graduation Professional	
1	Unskilled workers	E2	E2	E1	D	D	D	D	
2	Skilled workers	E2	E1	D	C	C	B2	B2	
3	Petty traders	E2	D	D	C	C	B2	B2	
4	Shop owners	D	D	C	B2	B1	A2	A2	
5	Businessmen	D	C	B2	B1	A2	A2	A1	
	Industrialists	None	C	B2	B2	B1	A2	A1	
	Industrialists	1-9*	B1	B1	A2	A2	A1	A1	
6	Self-employed professionals	10 + *	D	D	D	B2	B1	A2	A1
7	Clerks/salesmen	D	D	D	C	B2	B1	B1	
8	Supervisory level	D	D	C	C	B2	B1	A2	
9	Officers/Executives – Junior	C	C	C	B2	B1	A2	A2	
10	Officers/Executives – Senior	B1	B1	B1	B1	A2	A1	A1	

Note: * No. of employees



FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Changes in laws and regulations that apply to the print media industry;
- Increasing competition in the print media industry;
- Changes in political and social conditions in India;
- Our advertisement and circulation revenues;
- The loss of our key employees and staff;
- Our inability to launch the ‘Deccan Chronicle’ effectively in Tamil Nadu;
- Failure of our distribution network;
- Increase in the price of newsprint or a decrease in its availability;
- An adverse outcome in the legal proceedings in which our Company is involved; and
- The loss or shutdown of operations at any time of our Company’s printing facilities.

For further discussion of factors that could cause our actual results to differ, please see the section entitled “Risk Factors” beginning on page x of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, the BRLM and the CBRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



CURRENCY OF PRESENTATION

In this Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India.

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations (as per “Indian GAAP”) and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of the our financial statements prepared in accordance with Indian GAAP.



RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section:

INTERNAL RISK FACTORS

We derive a substantial percentage of our revenues from advertisement.

We rely substantially on advertisements for our revenue. During the period ended September 30, 2004, we derived approximately 85% of our revenues from advertisements of which our top ten advertisers contributed to approximately 12% of our total revenue. Whilst there is no central regulatory authority/body which complies or monitors the advertisement and circulation income mix of newspapers, as per the PricewaterhouseCoopers “Global Media and Entertainment Outlook – 2004-2008” the average advertisement to circulation income ratio for the year 2003 was estimated at 55:45.

Competition from other forms of media available in the Company’s market, including but not limited to other newspapers, magazines, broadcasters, websites, and direct marketing may affect our ability to attract and retain advertisers and to increase or maintain the advertising rates. Changes in advertising preferences by advertisers or a change in law may also affect our business and financial condition.

We have no contracts with most of our advertisers or advertising agencies. The advertising agencies place advertisement orders for their clients with us either for a particular day or for a comprehensive advertising campaign. Some of these advertisers or advertising agencies may pre-maturely terminate such advertisements or such advertisement campaigns and switch to our competitors or other media platforms which may adversely affect our revenues. Also, our advertisers may demand a revision of our charges or alteration of the terms of our arrangements with them, which may adversely impact our revenues. We cannot assure you of continued arrangements with our advertisers.

Circulation of our newspaper among our readers is another source of revenue for our Company. Any decrease in such circulation may result in the decline of our revenue.

Circulation of our newspaper among our readers is another source of revenue for our Company. Circulation is dependant on the quality of our newspaper, the reach of our newspaper and the loyalty of our readers to our newspapers. Our circulation or readership pattern may be adversely effected due to competition from other newspapers, competition from other media of mass communication like television or radio or the Internet or changing consumer lifestyles or for any other reason. Further, as a result of such factors, we may not be able to assure you of a continued readership base.

In the event of competitors reducing the cover-prices of their newspapers, we may also have to reduce the cover price of our newspaper to compete effectively. Any such reduction in the cover prices or our circulation would adversely affect our revenue and our financial condition.

We depend on the expertise of our editorial staff, our network of reporters, journalists, stringers and external sources to provide and present news.

The quality of content and substance of our newspaper is dependant on the expertise of our editorial team. We are dependant on the network of our reporters, journalists, stringers and external news service agencies to provide news content. Any changes in our editorial team or disruption in the news gathering by our news reporting team or that of external sources upon whom we rely may adversely affect our reporting.

We are in the process of launching Deccan Chronicle in Tamil Nadu. Our ability to realise the expected benefits from our Tamil Nadu edition depends on our ability to operationalise the printing facility in a timely manner, recruit skilled and experienced manpower, establish a distribution network and effectively compete with established newspapers.



We have purchased land at Chennai and have effected the construction of a building thereupon to house our printing facility. The civil construction as well as electrical installation work has been completed and we have either received or placed orders for the plant and machinery and office equipments. See “Our Business” on page 37 of this Prospectus. The interior finishing work is currently underway and would be completed shortly. We are currently in the process of evaluating the candidature of personnel for the Chennai edition. We have applied for and received the sales tax registration for our Chennai facility whilst the other statutory approvals will be applied for subsequently after completion of the building. We do not have a strong marketing and distributorship network for Deccan Chronicle in Chennai and we are still in the early stages of discussions with agents for the distribution of our newspapers. The success of our Tamil Nadu venture is dependent on our ability to achieve the desired level of circulation/readership and to leverage our existing relationship with advertisers. This is our first foray into Tamil Nadu and as we would be competing with established newspapers in Tamil Nadu, we may not be able to realise the expected benefits that may adversely affect our business and the implementation of our business strategy.

Our ability to realise the expected benefits from our Tamil Nadu edition depends inter alia on our ability to operationalise the printing facility in a timely manner, recruit skilled and experienced manpower, establish a strong marketing and distributorship network and effectively compete with established newspapers.

We are dependant on our senior management team and the loss of team members may adversely affect our business. Further, our operations may be adversely affected if relations with employees were to deteriorate.

We have a strong team of professionals to oversee the operations and growth of our businesses, including our Chairman, Managing Director, Executive Director (Finance), Chief Editor and eight key managerial personnel to oversee our business. Our success is substantially dependent on the expertise and services of our management team. Our future performance may be affected by the continued service of these persons. We do not maintain key man life insurance for any of the senior members of our management team or other key personnel. The loss of the services of such management personnel or key personnel may have an adverse effect on our business, financial condition and results of operations and may adversely affect the quality of our newspaper. For further details, see “Our Management” on page 52 of this Prospectus.

Our operations depend substantially on employees. Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. Political instability or changes might also have an impact on the industrial relations prevailing in our printing facilities. Any shortage of skilled labour or stoppage caused either due to disagreements with employees or due to any other factor could adversely affect our operations.

We may face defamation charges for inadvertent errors in reporting.

Whilst we essentially rely on first hand information for the purpose of reporting news, we also do rely sometimes on secondary sources for reporting news. Our news may contain certain unintended errors owing to reliance on such incorrect or non-factual information received from secondary sources although we take prudent care to verify the source and accuracy of such secondary sources of information prior to publishing the news. These inadvertent errors in reporting may expose us to litigation or defamation charges, which could adversely affect our goodwill and business.

We may face the risk of non-payment of advertising dues to us by advertising agencies.

Advertising agencies are split into two categories, namely the accredited and the non-accredited agencies. We maintain a credit cycle with the accredited agencies and carry book debts of the same for a period ranging between 90 to 120 days from each of them. In the event of a default by an accredited agency, the Indian Newspaper Society, the governing body of the accredited agencies assists a newspaper in claiming any dues owed to it from an agency. However, there is a possibility of default or delay in payments by our accredited advertisers, thereby affecting our financial position.

In the case of the non-accredited advertisers, our Company either takes cash upfront or provides credit based on an underlying security deposit. Whilst defaults in the past by non-accredited advertisers have not been substantial, we have filed suits against them for the recovery of the dues. See “Outstanding Litigation” on page 82 of this Prospectus for further details. Further, no assurance can be given of the timely receipt of payment from our advertisers in the future.



The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution

In the absence of any appraisal by a bank or a financial institution for the funds required by us, the deployment of funds raised through this Issue, as stated in “Objects of the Issue” on page 24 of this Prospectus, are as per our internal assessments.

We depend substantially on some of our Group Companies for work force.

We source some of our work force from our Group Companies, namely ABWPL, DCRPL, DCSPL and DCML, with whom we have executed agreements for this purpose. See “Our Management” on page 52 of this Prospectus for further details. Currently, approximately 23% of our work force comprises of such personnel deputed from the aforesaid companies. If such arrangements for the secondment of such work force with us are terminated, we may be unable to obtain necessary services for our business from alternative sources on terms acceptable to us, or in a timely manner. Also, since our operations are substantially dependent on personnel deputed by the aforesaid companies, if any adverse change occurs in the business of these companies or if these companies cease to provide such personnel on deputation, our business and operations may be adversely affected.

Certain licenses required by us in the ordinary course of business are either in the name of the Firm or continue to exist in the name of certain of our Group Companies who have merged with us.

The license required by us under the Factories Act, 1948, to carry on our business continues to be in the name of the Firm though we have acquired the Firm. Failure to modify the aforesaid license in the name of our Company may affect our business as we may be restricted from carrying out certain activities essential to our business and may further expose us to statutory liability.

As we have historically carried out some of our printing and publishing business through our Group Companies, Deccan Chronicle Private Limited and Nandi Publishers Private Limited, these companies hold the required licenses to carry out these activities. Whilst, the merger of Deccan Chronicle Private Limited and Nandi Publishers Private Limited into our Company has been sanctioned by the High Court of Andhra Pradesh, we are currently taking steps to transfer the licenses in their possession in our favour, as required by law. No assurances can be given as to the time required for affecting the transfer of the licenses in their possession in the name of our Company. See “Our History and Certain Corporate Matters” and “Our Business” on page 49 and page 37, respectively, of this Prospectus.

Most of the land on which our facilities are constructed are not registered in our favour.

Land situated at Chennai, Vijayawada, Nellore, Karimnagar, Anantapur, Secunderabad, Kondapur, Cuddapah and Vishakapatnam on which our facilities are constructed are not registered in the name of our Company, but are in the name of either Deccan Chronicle Private Limited, Nandi Publishers Private Limited, Late Sri T. Chandrasekhar Reddy, the Firm or our Chairman. Whilst the amalgamation of Deccan Chronicle Private Limited and Nandi Publishers Private Limited (our Group Companies engaged in the business of printing and publishing) into our Company has been sanctioned by the High Court of Andhra Pradesh, we are currently taking steps to register the land owned by them in our favour. No assurances can be given as to the time required for affecting the registration of properties in the name of our Company. We have also taken steps to register the land currently in the name of the Firm, in the name of the Company. Inordinate delay in registering these lands in our favour may affect our business or operations.

After completion of the Issue, our Promoters will collectively own approximately 80% of our Equity Shares and will continue to control us.

After completion of the Issue, our Promoters, T. Venkatram Reddy (our Chairman) and T. Vinayak Reddy (our Managing Director) will collectively own approximately 80% of our Equity Shares (on a fully diluted basis). As a result, our Promoters will have the ability to appoint the majority of the members of our Board, in accordance with the Companies Act and our Articles of Association, and determine the outcome of actions requiring the approval of our shareholders. See “Main Provisions of our Articles of Association” on page 113 of this Prospectus for further details. The interests of our Promoters may conflict with the interests of our other investors, and you may not agree with actions they take.



Any future equity offerings by us or our existing shareholders, or the issue of options under an employee stock option plan, may lead to dilution of your shareholding in us or affect the market price of our Equity Shares.

As a purchaser of Equity Shares in this Issue, you may experience dilution in your shareholding to the extent that we make future equity offerings or issue stock options under any employee stock option plan. The EPS and Net Asset Value per share would fall if there is sub-division of Equity Shares or bonus shares are issued. Further, sale of Equity Shares by our existing shareholders could impact the market price of our Equity Shares.

One of our key personnel is also on the board of directors of Asian Age Holdings Limited.

M.J. Akbar, the Chief Editor of Deccan Chronicle is a director on the board of directors of Asian Age Holdings Limited. Asian Age Holdings Limited which is our Group Company, is engaged in the publication of the “Asian Age”, a daily newspaper from Delhi and Mumbai, which is focussed on international news and which is circulated in Mumbai, Delhi, Kolkatta and Ahmedabad. Asian Age Holdings Limited may compete with us in the future and we cannot assure you that Asian Age shall not enter the markets addressed by Deccan Chronicle. There may consequently exist potential conflicts of interest between Asian Age Holdings Limited/ M.J. Akbar and us in addressing business opportunities and strategies.

Risk related to non-registration of our trademark.

We have applied on September 30, 1996 to the Registrar of Trademarks, Mumbai for registration of our trademark “Deccan Chronicle”. Whilst the registration is awaited, we may not be able to prohibit any person from using the said trademark to their advantage and any unfavorable use of such trademark may adversely affect our goodwill and business.

The following outstanding litigations or disputes are pending against our Company, our Promoters, our Directors and our Group Companies.

Against the Company

Criminal Prosecution

There are three criminal complaints filed against us alleging defamation. The amount of damages cannot be accurately estimated.

Civil and Other Cases

The Company has filed five petitions pertaining to dishonour of cheques for a total value of approximately Rs. 12.8 million. There are two miscellaneous petitions pending against us in respect of wages settlement and land dispute. See “Outstanding Litigation” on page 82 of this Prospectus for further details.

Contingent Liabilities of Our Company

As per the audited financial statements for the financial period ended September 30, 2004 , the contingent liabilities not provided for consists of foreign letters of credit amounting to Rs. 287.7 million.

Against the Group Companies

Asian Age Holdings Limited

Civil and Other Cases

There are two cases that have been filed against Asian Age Holdings Limited that pertain to breach of contractual obligations and alleged defamation respectively and the amount involved in the said cases is approximately Rs. 5.79 crores. See “Outstanding Litigation” on page 82 of this Prospectus for further details.

Midram Publications Private Limited

Midram Publications Private Limited has received a letter from the MIB requesting it to cease publication of the International Herald Tribune, an English daily as the existing regulations do not permit publication of foreign material in excess of 7.5% of the total printed area of a newspaper. Midram Publications Private Limited has requested the MIB to refrain from pursuing Midram in this behalf as the GoI had no legitimate right to issue orders for ceasing printing and that the same would be illegal, arbitrary and unconstitutional.



Contingent Liabilities of Group Companies

Name of the Company	Particulars
DC Power Limited	Contingent liabilities not provided for as of March 31, 2004 – Bank Guarantee of Rs. 26.7 million secured by pledge of 100% fixed deposit.
Media Asia Private Limited	The annexure to the auditor's report is qualified to the extent that: No provision has been made for bad and doubtful debts for an amount of Rs. 3,39,55,199; No provision has been made towards gratuity and leave encashment liability.
Nagarjuna Travels and Hotels Limited	Contingent liability: Bank guarantee given by Andhra Bank to M/s Sri Lankan Airlines Limited on account of Nagarjuna Travels and Hotels Limited being appointed as the General Sales Agent for the state of Andhra Pradesh to the extent of Rs. 1 million secured by fixed deposit.

We have not provided for Gratuity as per AS 15.

The Auditors of have stated in the audit report for the period ended September 30, 2004 that their report is subject to non-provision of gratuity on accrual basis by the Company. As per the accounting policies pursued by our Company, we do not provide gratuity on accrual basis and the same is accounted for on cash basis. The amount of gratuity payable cannot be accurately estimated.

Some of our Group Companies have incurred losses (as per their standalone financial statements)

Rs. in thousand

Name of the Company	Reserves	Loss	FY
Open Doors Limited #	(1,063)	13	2004
Centrix Technologies Private Limited#	(178)	187 ^s	2004
Gayatri Cold Storage Private Limited#	(568)	2	2004
Mori India Private Limited#	400	468	2004
Asian Age Holdings Limited	(65,625)	7,525 ^s	2004
Nagarjuna Travels and Hotels Limited#	0	618	2004
Media Asia Private Limited#	(58,761)	334	2004
India Travel Bureau Private Limited#	(2,698)	215 ^s	2004
DC Interactive Private Limited	0	2,713	2004

these companies do not have any direct relationship with our Company nor are they engaged in similar line of business.

^s Profit

Some of the above stated companies have ceased operations due to commercial reasons. Please refer to page no. 58 to 67 for the details on Group Companies.

EXTERNAL RISK FACTORS

Our business is dependent on the supply and cost of newsprint.

Newsprint forms the major raw material for our business, and represents a significant portion of our Company's costs and expenses. Newsprint can be procured either domestically or can be imported. The price of newsprint has historically been volatile. Any significant increase in the price of newsprint will increase our costs and expenses and may adversely effect our business and financial results.



Further, consolidation in the North American newsprint industry has reduced the number of suppliers, which has led to paper mill closures and conversions to other grades of paper, which in turn have decreased overall newsprint capacity and increased the likelihood of price increases in the future. Decreased newsprint capacity also affects the availability of newsprint for import, which may reduce the level of newsprint available within India.

In the past the supply of newsprint was regulated by the Newsprint Allocation Policy as formulated by the GoI. Any changes to this policy seeking to restrict the sources from which we source our newsprint requirement or restraining the extent to which we may obtain newsprint would adversely effect our operations.

The non-availability of newsprint or the inadequate supply of newsprint caused either by default of the supplier or by a sudden change in the prices or for any other reason could hamper our operations thereby adversely affecting our business and financial results.

We depend on our distribution network for the sale and distribution of our products.

The newspaper industry relies on an extensive network of distributors for the sale and circulation of newspapers. Our Company's distribution network is multi-tiered. Distribution of newspapers is done through the network of circulation agents and distribution boys. We supply newspaper to the circulation agents as per their demand, who in turn employ distribution boys to deliver our newspapers to our patrons. Any breaks in this distribution network may adversely effect the supply of newspapers to our patrons. Further, our circulation agents and distribution boys are retained on a non-exclusive basis and could engage in other competing businesses. If our competitors provide better incentives to our circulation agents and distribution boys, it could result in them favouring the products of our competitors instead of our products. Any continued disruption in the supply of the newspaper conditioned by the above factors or due to any other factor may also pose a larger risk of loss of advertisers due to decline in the reach of the newspaper.

Our business is dependent on our publishing centres and the loss of or shutdown of operations at any of these centres would have a material adverse effect on us.

We have publishing centres located at Hyderabad/Secunderabad, Vijaywada, Rajahmundry, Vishakapatnam, Anantapur, Karimnagar and Nellore. All our publishing centres are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. Our printing facilities use heavy equipment and machinery and whilst the same have been insured, the breakdown or failure of equipment or machinery may result in us having to make repairs or procure replacements that can require considerable time and expense. Although we take precautions to minimise the risk of any significant operational problems at our printing facilities, our printing facilities and consequently our financial results may be adversely affected by any of the factors mentioned above.

Our business is subject to extensive regulation by the Government, which could have an adverse effect on our business.

The Indian newspaper industry is subject to extensive Government regulation. To print newspapers, we must obtain licenses, permits and approvals for our printing facilities. We cannot assure you that we will be able to obtain and comply with all necessary licenses, permits and approvals for our printing facilities. Under our existing licenses, the GoI may impose certain penalties including suspension, revocation or termination of a license or suspension of a license, in the event of default by us. Our business might suffer in case there are adverse changes to the regulatory environment, which could include new regulations that we are unable to comply with or those that allow our competitors an advantage. If we cannot comply with all applicable regulations, our business prospects and results of operations could be adversely affected.

Valuation Methodology and Accounting Practice in Media Business

There are no standard valuation methodology or accounting practices in the emerging internet/ media and related industries. The financials of our Company are not strictly comparable with those of the listed players in the industry as they are present in different segment. The valuations in the media industry are presently high and may not be sustained in future and may also not be reflective of the future valuations of the industry. The performance of the some of our competitors is described on page 43 of this Prospectus.



Our ability to raise capital from foreign investors is limited by Indian law.

Foreign investment in the print media sector is regulated both by the Union Government through the FIPB and the MIB. The Industrial Policy specifies that FDI up to 26% is permitted with prior GoI in publishing newspapers and periodicals dealing in news and current affairs subject to verification of antecedents of the foreign investor, keeping editorial and management control in the hands of resident Indians and ensuring against dispersal of Indian equity.

The MIB has also laid down regulations governing FDI in the Indian entities publishing newspapers/periodicals dealing with news and current affairs. Such FDI is allowed only towards the subscription of upto 26% of paid-up equity of such entity. Such permission is granted by the MIB, upon application, only where the equity held by the largest Indian shareholder is at least 51% of the total equity shares, excluding the equity held by Public Sector Banks and Public Financial Institutions, in such entity. Further, there is a requirement that 50% of the FDI has to be inducted by the issue of fresh equity shares. The permission of the MIB is incumbent, inter alia, upon:

- (i) At least 3/4th of the Directors on the board of directors of such Indian entity and all the key executives and editorial staff being resident Indians.
- (ii) Complete disclosures to be made by the applicant and such Indian entity at the time of making the application regarding any shareholders' agreements and/or loan agreements that are finalized or proposed to be entered into.
- (iii) The Articles and its Memorandum of Association of such Indian entity shall reflect compliance with the above provisions.

It is obligatory on the part of such Indian entity to take prior permission from the MIB before effecting any alteration in the foreign shareholding pattern and the shareholding of the largest Indian shareholder.

This regulation limits our ability to seek and obtain additional equity investments from foreign investors, which may adversely affect our ability to raise capital. Further, any revisions to the prevalent foreign exchange regime permitting 100% foreign direct investment under the automatic approval route in the newspaper industry may result in the entry of foreign competitors or the infusion of additional capital into our competitors thereby increasing a possibility of loss of market share and consequent decline in revenue.

In accordance with the aforesaid regulations, the Issue is not being made to any other jurisdictions other than India. Consequently, only resident Indians are allowed to participate in the Issue. Non-Residents/NRIs/ FIIs/ Foreign Venture Capital Funds registered with SEBI, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. For details see "Issue Procedure – Who can Bid" on page 90 of this Prospectus. These restrictions prohibit foreign investors to invest and trade in our Equity Shares, which may adversely affect the value of our Equity Shares traded on the Stock Exchanges.

Our business and activities will be regulated by the Competition Act, 2002 as and when it is notified.

The Parliament of India has enacted the Competition Act, 2002 for the purpose of preventing practices having an adverse effect on competition. Under the Competition Act, 2002, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement inter alia which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the Competition Act, 2002 will affect industries in India.

Our performance is linked to the stability of policies and the political situation in India

The role of the Indian central and state governments in the Indian economy has remained significant over the years. Since 1991, the GoI has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The present GoI, which was formed in May 2004, consists of a coalition of political parties. The withdrawal of one or more of these parties from a coalition government can result in political instability. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares. We cannot assure you that these liberalization policies will continue under the newly elected government. Protests against privatisation could



slowdown the pace of liberalization and deregulation. For instance, pursuant to the Cigarettes and Other Tobacco Products (Prohibition of Advertisement and Regulation of Trade And Commerce, Production, Supply And Distribution) Act, 2003, we are restricted from publishing advertisements pertaining to cigarettes and other tobacco products. Any such changes to the government policy or to law may result in loss of our advertisement revenues thereby impacting our business and financial condition. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and thereby affect our business.

The price of our Equity Shares may be highly volatile.

The prices of our Equity Shares on the Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- (a) Volatility in Indian and global securities market;
- (b) Significant development in India's economics liberalization and de-regulation policies;
- (c) Significant development in India's fiscal and environmental regulations;
- (d) Adverse media reports on the Company or the Indian newspaper industry;
- (e) Our results of operations and performance;
- (f) Changes in the estimates of our performance or recommendations by financial analysts;
- (g) Performance of our competitors and perception in the Indian market about investment in the newspaper industry;

There has been no public market for our Equity Shares and the prices of our Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the prices at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue. The price of our Equity Shares may be volatile and may decline.

Terrorist attacks, civil disturbances and regional conflicts in South Asia could adversely affect the Indian economy and the market for our securities, disrupt our operations and cause our business to suffer.

Terrorist attacks, such as the September 11, 2001 attacks in the United States, the attack on the Indian Parliament on December 13, 2001, and the bomb blasts in Mumbai on August 25, 2003 and such other acts of violence or terrorism may negatively affect the Indian markets, where our Equity Shares will trade, and the worldwide financial markets.

South Asia has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, such as between India and Pakistan. In recent years there have been military confrontations along the India-Pakistan border although the governments of both the nations have been recently involved in reconciliatory efforts. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel and transportation more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.



Notes:

- The shareholders, at the EGM held on September 4, 2004 approved the issue of 2,76,52,100 Equity Shares of Rs.10 each as bonus shares in the ratio of seven (7) Equity Shares for every Equity Share held in the Company. These shares were allotted on September 4, 2004. All numbers presented have been adjusted on a post-bonus basis. The bonus issue was recommended to (i) capitalise the reserves of the Company; (ii) to meet the issuance and listing guidelines; and (iii) to encourage retail participation in the Issue.
- Issue of 8,013,100 Equity Shares of Rs. 10 each for cash at a price of Rs. 162 per Equity Share aggregating Rs. 1,298.12 million.
- The book value per Equity Share of Rs. 10 each was Rs. 37 as at September 30, 2004, as per our financial statements under Indian GAAP.
- The net worth of the Company as of September 30, 2004 was Rs. 1,179,993(000).
- Investors may note that in case of over-subscription in the Issue, allotment shall be on proportionate basis to Retail Individual Bidders and Non-Institutional Bidders. Please refer to the paragraph on “Basis of Allotment” on page 108 of this Prospectus.
- The average cost of acquisition of our Equity Shares by our Promoters, T.Venkatram Reddy and T.Vinayak Ravi Reddy, is Rs.10 each (excluding Equity Shares issued to our Promoters for consideration other than cash). We have not issued any shares to the promoters during last twelve months, except for shares issued under the scheme of amalgamation of DCPL and NPPL with us.
- Other than as set out in Note 8 to “Capital Structure – Notes to Capital Structure” on page 22 of this Prospectus our Promoters have not been issued Equity Shares issued for consideration other than cash.
- The EPS and RoNW of our Company for the Period ended September 30, 2004 are not comparable with the previous period, as the same is for a period of one year.
- Investors are free to contact the BRLM or the CBRLM for any clarification or information, who will be obliged to attend to the same.
- For outstanding loans and related party transactions since incorporation including interests of Promoters, see pages 131-132 of this Prospectus.
- Our Promoters have promoted other ventures that have an interest in our Company. Please refer to “Our Promoters” and “Our Business” and “Risk Factors - We depend substantially on some of our Group Companies for work force” on pages 58, 37 and x, respectively, of this Prospectus for further details.
- Investors are advised to see “Basis for Issue Price” on page 103 of this Prospectus.



SUMMARY

Overview

Deccan Chronicle, the flagship newspaper of our Company is the leading English daily in Hyderabad and Andhra Pradesh. We publish seven editions of the Deccan Chronicle in Andhra Pradesh from our printing presses located at Hyderabad/Secunderabad, Vijayawada, Rajahmundry, Vishakapatnam, Anantapur, Karimnagar and Nellore. Besides Deccan Chronicle, our Company also publishes Andhra Bhoomi in Telugu (daily, weekly and monthly).

Deccan Chronicle also has the highest circulation and readership among English dailies in Hyderabad and Andhra Pradesh. As per ABC the average net paid sales of Deccan Chronicle was 342,053 during the period July-December 2003. As per NRS 2003, Deccan Chronicle commanded a readership of 1,164(000). IRS 2003 has ranked Deccan Chronicle fourth in terms of readership in the All India English Category. As per the ABC certificate for the period JJ 04 Deccan Chronicle's average net paid sales was 380,093 representing as 11.12% (annualized growth of 22.24%) whereas the average net paid sales of Andhra Bhoomi was 51,697 representing as 46.87% (annualized growth of 93.7%).

ABC data reveals that Deccan Chronicle's circulation has increased at a CAGR of 26% during the period FY 1999 to FY 2003 whereas the NRS 2003 data reveals that Deccan Chronicle's readership has increased by 10% during FY 2003 as compared to FY 2002. In recent years, a number of broad-paged national English newspapers have started publishing editions from Hyderabad and other parts of Andhra Pradesh; Deccan Chronicle despite the competition has been able to maintain its leadership position in Hyderabad and Andhra Pradesh.

We were initially formed as a partnership firm in 1938 by the name of Deccan Chronicle (the "Firm"), which first published the English weekly Deccan Chronicle in 1938 and daily Deccan Chronicle in 1947. For almost four decades, the Firm published the Hyderabad edition of the Deccan Chronicle, until we acquired the business of the Firm in 2003.

Continuing with our expansion and modernization program, during the current year we have set-up a modern printing facility at Kondapur (Hyderabad) which increases our ability to print color pages from four (4) per copy to sixteen (16) pages per copy. We are also in the process of launching the Deccan Chronicle in Chennai (Tamil Nadu).

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Leadership position in the Indian newspaper publishing industry

Deccan Chronicle is the largest circulated and read newspaper in Hyderabad and in the State of Andhra Pradesh. Deccan Chronicle is also the fourth largest circulated (ABC certificates for June-December 2003) and read (IRS 2003) English newspaper daily in India. We have successfully withstood competition in Andhra Pradesh from most of the leading English newspapers in India. Our leadership position provides us the flexibility to charge premium advertisement rates.

Editorial Excellence, Experienced Analytical and Creative Team

We have a large team of professionals with vast experience in analysing the news gathered through a network of reporters, journalists and news service agencies and a strong creative team which designs the layout and provides aesthetic value to our newspaper. We believe that our professionals do understand our audience, and have contributed towards amassing a large readership base for the Deccan Chronicle.

Modernisation

Our Company has set-up a modern printing facility at Kondapur in Hyderabad which provides our Company the ability to print sixteen (16) colour pages in a newspaper of twenty (20) pages as against the existing printing facility that prints four (4) colour pages. The ability to print colour advertisements for our advertisers will contribute further to our revenues as the rates for colour advertisements are at a premium over the black and white advertisement rates.

Established Business

Our Company acquired the newspaper publishing business from the Firm in December 2002. The Firm started the newspaper publishing business in the year 1938 and the newspaper "Deccan Chronicle" has been in existence since then.

Strong Management Team and motivated work force

Our Company is managed by a team of professional managers exclusively focussed on different aspects of newspaper publishing including editorial content, advertising, distribution and finance. Our promoters and management have a substantial experience in publishing a newspaper and its ancillary activities.



Focussed Newspaper Publishing Company

We have adopted a focused approach for our businesses and are committed on the English Newspaper publishing business which we believe is our core strength. Currently we do not have any plans to enter into the broadcasting or the online business. We believe that given the demographic features of India, the Indian news industry is not prepared to move towards an online model and the English dailies will continue to grow. The vernacular newspapers are not preferred by such advertisers because of the limited purchasing power of the typical vernacular newspapers reader.

Superior operational performance

As per ABC the circulation of our newspaper “Deccan Chronicle” has increased at a CAGR of twenty six (26) per cent during the period 1999 to 2003. As per NRS 2003 Deccan Chronicle’s readership has increased by approximately ten (10) per cent during 2003 as compared to 2002. Our Company has maintained a watchful control over our operating costs. These factors result in better profitability for our Company. Our strengths lie in key areas such as speedy and accurate news collection, effective communication of the story, newspapers distribution and advertisement marketing, strong distribution network, which we believe are critical factors for success in the Indian newspaper industry.

Our Strategy

Our corporate vision is “to be one of the leading English newspapers publishing companies”. The following are our strategies to achieve this vision:

Expand our installed Colour printing capacity

We have recently started a new print facility in Hyderabad where by colour printing capacity has increased from four (4) pages to sixteen (16) pages. The colour advertisements command a premium over Black & White advertisements and we propose to migrate a portion of our Black & White advertisers into colour.

Enter into newer territories which offer growth potential

We are launching our flagship newspaper “Deccan Chronicle” in Chennai (Tamil Nadu). Our Tamil Nadu entry is motivated by the current state of the market, geographic proximity to Andhra Pradesh and the possibility of achieving the economies of scale.

Increase the circulation and readership

We are committed on increasing our circulation and readership with a strong focus on catering to the preferences of our readers. We believe in constantly evaluating the objectives of our advertisers and continue to operate as one of the lowest cost per thousand (“CPT”) reader’s English newspaper. Please refer to page no 34 for details in relation to CPT.

Capture an increasing share of advertising revenue potential

In addition to the strategy of migrating from black and white advertisements to colour advertisements, we propose to increase our advertisement rates in line with the industry and other players in light of our CPT. We are also striving to increase the share of national advertisers. Our Tamil Nadu entry will provide is the flexibility to provide a bouquet of product to advertisers.

Increase the number of editions in Andhra Pradesh

We are in the process of setting up a printing facility in Cuddapah in Andhra Pradesh and start the Cuddapah edition. The Cuddapah town is currently serviced by other editions. The operationalisation of Cuddapah facility will enable us to map the entire state of Andhra Pradesh.



Summary Financial Data

The following table sets forth selected financial information of our Company derived from its audited financial statements as of Period ended September 30, 2004, Year ended March 31, 2004, and for the Period ended March 31, 2003, all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines, and as described in the auditors' report of M/s. C.B. Mouli and Associates, Chartered Accountants, included in the section titled "Financial Information" on page 125 of this Prospectus and should be read in conjunction with those financial statements and the notes thereto. For further discussion of our financial statements under Indian GAAP, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 72 of this Prospectus.

SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

Rs. in thousand

Particulars	Period Ended March 31, 2003*	Year Ended March 31, 2004	Period Ended September 30, 2004#
INCOME			
Revenue	219,189	1,169,357	727,124
Other Income	2,171	54,415	9,946
Total Income	221,360	1,223,773	737,070
EXPENDITURE			
Employee Cost	20,407	111,475	71,083
Production Cost	117,550	639,199	377,989
Administrative & Other Costs	16,649	129,509	55,926
Total Expenditure	154,607	880,183	504,998
Profit – EBITDA	66,754	343,590	232,072
Interest & Financial Charges	5,249	28,508	32,086
Preliminary Expenses written off	80	7,520	1,946
Profit before Depreciation and Tax	61,425	307,562	198,040
Depreciation	4,845	31,643	28,327
Net Profit before Tax	56,580	275,919	169,713
Current Tax	15,975	66,532	21,589
Deferred Tax	4,149	34,380	20,356
Net Profit as per audited Statement of Account (A)	36,456	175,008	127,768
Adjustment on account of changes in accounting policies	-	-	-
Impact of Prior Period Items	(278)	-	-
Total Adjustments	(278)	-	-
Adjusted Profit	36,178	175,008	127,768

* three months period

six months period



SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

Rs. in thousand

Particulars	As at March 31, 2003	As at March 31, 2004	As at September 30, 2004
Fixed Assets			
Gross Block	606,404	1,359,063	1,497,407
Less: Depreciation	4,845	74,933	103,007
Net Block	601,559	1,284,130	1,394,400
Less: Revaluation Reserve	-	-	-
Net Block after adjustment for Revaluation Reserve	601,559	1,284,130	1,394,400
Capital Work In Progress	23,548	105,380	78,727
Total	625,108	1,389,510	1,473,127
Investments	86,201	88,224	87,425
Current Assets, Loans and Advances			
Inventory	35,184	129,870	110,394
Cash and Bank Balances	71,284	468,263	265,848
Sundry Debtors	199,816	341,715	424,161
Loans and Advances	66,239	24,710	20,485
	372,523	964,558	820,888
Liabilities and Provisions			
Secured Loans	159,773	990,046	908,293
Unsecured Loans	30,344	32,303	32,705
Deferred Tax Liability	37,812	80,510	100,866
Current Liabilities & Provisions	118,592	271,603	159,583
	(346,522)	(1,374,462)	(1,201,447)
NET WORTH	737,310	1,067,830	1,179,993
Represented By			
Share Capital	43,932	48,433	320,525
Reserves & Surplus	693,699	1,031,086	882,333
Less: Revaluation Reserve	-	-	-
Reserves (Net of Revaluation Reserves)	693,699	1,031,086	882,333
Total	737,631	1,079,519	1,202,858
Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	(321)	(11,689)	(22,865)
NET WORTH	737,310	1,067,830	1,179,993



THE ISSUE

Particulars	If Greenshoe Option not exercised	If Greenshoe Option is exercised in full
Equity Shares Offered:		
Fresh Issue	8,013,100 Equity Shares	8,013,100 Equity Shares
Fresh Issue of Equity Shares - Green Shoe Option Portion ⁽¹⁾		1,201,960 Equity Shares
	8,013,100 Equity Shares	9,215,060 Equity Shares
Of which:		
Qualified Institutional Buyers Portion (Allocation on a discretionary basis)	4,807,860 Equity Shares	5,529,036 Equity Shares
Non-Institutional Portion (Allocation on a proportionate basis)	At least 1,201,965 Equity Shares	At least 1,382,259 Equity Shares
Retail Portion (Allocation on a proportionate basis)	At least 2,003,275 Equity Shares	At least 2,303,765 Equity Shares
Equity Shares outstanding prior to the Issue	32,052,450	32,052,450
Equity Shares outstanding after the Issue	40,065,550	41,267,510
Objects of the Issue	The net proceeds of the Issue will be used for financing new printing facilities, advertisement and marketing expenses that may be incurred on entering new territories, working capital and general corporate purpose including strategic initiatives and acquisitions. For more information, see "Objects of the Issue" on page 24 of this Prospectus.	

⁽¹⁾ The Green Shoe Option will be exercised at the discretion of the BRLM. The Green Shoe Lenders have agreed to transfer 1,201,960 Equity Shares to the Stabilising Agent, in the event that the Green Shoe Option is exercised.



GREEN SHOE OPTION

Our Company intends to establish an option for allocating Equity Shares in excess of the Equity Shares that are included in the Issue in consultation with the BRLM to operate a price stabilization mechanism in accordance with the applicable DIP Guidelines. The Green Shoe Lenders will transfer the Equity Shares to the Stabilising Agent upon exercise of the Green Shoe Option.

We have appointed the BRLM, ICICI Securities Limited as the Stabilising Agent, for performance of the role of Stabilising Agent as envisaged in Chapter VIIIA of the DIP Guidelines, including price stabilising post listing, if required. However, there is no obligation to conduct stabilising measures. If commenced, stabilization will be conducted in accordance with applicable laws and regulations and such stabilization may be discontinued at any time and will not continue for a period exceeding 30 days from the date when trading permission is obtained from the Stock Exchanges. The Stabilising Agent will borrow Equity Shares from Green Shoe Lenders. The Equity Shares borrowed from Green Shoe Lenders or purchased in the market for stabilizing purposes will be in demat form only. On September 27, 2004, we entered into a Stabilization Agreement with the Green Shoe Lenders and ICICI Securities Limited as the Stabilising Agent. The Green Shoe Lenders have agreed to lend the following number of Equity Shares for the purpose of Green Shoe Option:

Name of the Green Shoe Lender	No. of Equity Shares
T. Venkatram Reddy	600,980
T. Vinayak Ravi Reddy	600,980
	1,201,960

The terms of the Stabilization Agreement provide that:

Stabilisation Period

“Stabilisation Period” shall mean the period commencing from the date we obtain trading permission from the Stock Exchanges and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.

Procedure for Over Allotment and Stabilisation

- (i) The monies received from the applications for Equity Shares in the Issue against the over allotment shall be kept in the GSO Bank Account, which is a distinct account separate from the Public Issue Account and shall be used only for the purpose of stabilization of the post listing price of the Equity Shares.
- (ii) The allocation of the Over Allotment Shares shall be done in conjunction with the allocation of Issue so as to achieve pro-rata distribution. The Equity Shares available for allocation under the Green Shoe Option will be available for allocation to Qualified Institutional Buyers, Non-Institutional Bidders and Retail Individual Bidders in the ratio of 60:15:25 assuming full demand in each category.
- (iii) Upon such allocation, the Stabilising Agent shall transfer the Over-Allotment Shares from the GSO Demat Account to the respective depository accounts of successful Bidders.
- (iv) For the purpose of purchasing the Equity Shares, the Selling Agent shall use the funds lying to the credit of GSO Bank Account.
- (v) The Stabilising Agent shall solely determine the timing of buying the Equity Shares, the quantity to be bought and the price at which the Equity Shares are to be bought from the market for the purposes of stabilization of the post-listing price of the Equity Shares.
- (vi) The Equity Shares purchased from the market by the Stabilising Agent, if any, shall be credited to the GSO Demat Account and shall be returned to the Green Shoe Lenders immediately on the expiry of the Stabilisation Period but in no event later than the expiry of two working days thereafter.
- (vii) In the event the Equity Shares lying to the credit of the GSO Demat Account at the end of the Stabilisation Period but before the transfer to the Green Shoe Lenders is less than the Over Allotment Shares, upon being notified by the Stabilising Agent, we shall within five (5) days of the end of the Stabilisation Period allot new Equity Shares in dematerialized form in an amount equal to such shortfall to the credit of the GSO Demat Account. The newly issued Equity Shares be returned by the Stabilising Agent to the Green Shoe Lenders in final settlement of Equity Shares borrowed, within two (2) working days of them being credited into the GSO Demat Account, time being of essence in this behalf.
- (viii) Upon the return of Equity Shares to the Green Shoe Lenders pursuant to and in accordance with sub-clauses (vi) and (vii) above, the Stabilizing Agent shall close the GSO Demat Account.
- (ix) The Equity Shares returned to the Green Shoe Lenders under this clause shall be subject to remaining lock-in-period, if any, as provided in the DIP Guidelines.



GSO Bank Account

The Stabilising Agent shall remit from the GSO Bank Account to the Company, an amount, in Indian Rupees, equal to the number of Equity Shares allotted by us to the GSO Demat Account at Issue Price. The amount left in this account, if any, after this remittance and deduction of expenses including depository, brokerage and transfer fees and net of taxes, if any, incurred by the Stabilising Agent in connection with the activities under the Stabilization Agreement, shall be transferred to the Investor Protection Fund of the Stock Exchanges in equal parts. Upon the return of Equity Shares to the Green Shoe Lenders, the GSO Bank Account will be closed by the Stabilising Agent.

Reporting

During the Stabilisation Period, the Stabilising Agent will submit a report to the Stock Exchanges on a daily basis. The Stabilising Agent will also submit a final report to SEBI in the format prescribed in Schedule XXIX of the DIP Guidelines. This report will be signed by the Stabilising Agent and our Company and be accompanied by the depository statement for the GSO Demat Account for the Stabilisation Period indicating the flow of shares into and from the GSO Demat Account. If applicable, the Stabilising Agent will, along with the report give an undertaking countersigned, if required by the respective depositories of the GSO Demat Account and the Green Shoe Lenders regarding confirmation of lock-in on the Equity Shares returned to the Green Shoe Lenders in lieu of the Over-Allotment Shares.

Rights and obligations of the Stabilising Agent

- (i) Open a special bank account “Special Account for GSO proceeds of Deccan Chronicle Holdings Limited” or GSO Bank Account and deposit the money received against the over-allotment in the GSO Bank Account.
- (ii) Open a special account for securities “Special Account for GSO shares of Deccan Chronicle Holdings Limited” or GSO Demat Account and credit the Equity Shares bought by the Stabilising Agent, if any, during the Stabilisation Period to the GSO Demat account.
- (iii) Stabilise the market price only in the event of the market price falling below the Issue Price as per DIP Guidelines, including determining the price at which Equity Shares to be bought, timing etc.
- (iv) On exercise of Green Shoe Option, to request the Green Shoe Lender to transfer Equity Shares and to transfer funds from the GSO Bank Account to Green Shoe Lender within a period of five working days of close of the Stabilisation Period.
- (v) On expiry of the Stabilisation Period, to return the Equity Shares to the Green Shoe Lenders either through market purchases as part of stabilising process.
- (vi) To submit daily reports to the Stock Exchanges during the Stabilisation Period and to submit a final report to SEBI.
- (vii) To maintain a register of its activities and retain the register for three years. Net gains on account of market purchases in the GSO Bank Account to be transferred net of all expenses and net of taxes, if any, equally to the Investor Protection Fund of the Stock Exchanges.

Rights and obligations of the Green Shoe Lenders

- (i) The Green Shoe Lenders undertake to execute and deliver all necessary documents and give all necessary instructions to procure that all rights, title and interest in the Loaned Shares shall pass to the Stabilising Agent/GSO Demat Account free from all liens, charges and encumbrances.
- (ii) Before the opening of the Issue, to transfer the Loaned Shares to the GSO Demat account.
- (iii) The Green Shoe Lenders will not recall or create any lien or encumbrance on the Loaned Shares until the completion of the settlement under the Stabilization Agreement.

Fees and Expenses

- (i) The Company shall pay to Green Shoe Lenders a fee of Rs. 200,000 on a pro-rata basis depending on the number of Equity Shares being lent by them. Accordingly, the maximum fees payable to each Green Shoe Lender would be as under:

Name of the Green Shoe Lender	Maximum Fees (Rupees)
T. Venkatram Reddy	100,000
T. Vinayak Ravi Reddy	100,000
	200,000



-
- (ii) The Company will pay the Stabilising Agent a fee of Re.1 plus applicable service tax for providing the stabilizing services.
- (iii) The Stabilising Agent shall deduct from the GSO Bank Account the following expenses:
- Demat and transfer cost;
 - Brokerage / underwriting fee and selling commission;
 - However, these expenses would be subject to availability of any proceeds in the GSO Bank Account and as per the guidelines of SEBI in this regard.

Procedure for Green Shoe Option

The primary objective of the Green Shoe mechanism is stabilization of the market price of Equity Shares after listing. Towards this end, after listing of Equity Shares, in case the market price of the Equity Shares fall below the Issue Price, then the Stabilisation Agent, at its sole and absolute discretion, may start purchasing Equity Shares from the market with the objective of stabilization of the market price of the Equity Shares. The Stabilising Agent, at its sole and absolute discretion, would decide the quantity of Equity Shares to be purchased, the purchase price and the timing of purchase. The Stabilisation Agent, at its sole and absolute discretion, may spread orders over a period of time or may not purchase any Equity Shares under certain circumstances where it believes purchase of Equity Shares may not result in stabilisation of market price.

Further, the Stabilisation Agent does not give any assurance that would it be able to maintain the market price at or above the Issue Price through stabilization activities.

The funds lying to the credit of GSO Bank Account would be utilized by the Stabilisation Agent to purchase the Equity Shares from the market and such Equity Shares would be credited to GSO Demat Account. The operations of GSO Demat Account and GSO Bank Account are explained in the earlier paragraphs.



GENERAL INFORMATION

Authority for the Issue

The Issue (including the Green Shoe Option) has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the extraordinary general meeting of the shareholders of our Company held on September 4, 2004. The Board of Directors has pursuant to a resolution dated September 4, 2004 authorized a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue.

Prohibition by SEBI

Our Company, our Directors, our Promoters, the directors and persons in control of our Promoters, our Group Companies, other companies promoted by our Promoters and companies with which our Company's Directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

We satisfy the eligibility norms for companies issuing securities in terms of Clause 2.2.2 of the DIP Guidelines as described below:

- The Issue is made through the 100% Book-Building Process wherein minimum of 50% of the Issue would be allotted to Qualified Institutional Buyers failing which the full subscription monies shall be refunded; and
- The minimum post-Issue face value capital of our Company shall be more than Rs. 100 million.

Further in terms of Clause 2.2.2A of the DIP Guidelines, the prospective allottees shall be more than one thousand (1,000)

Further, the Issue is subject to the fulfilment of the following conditions as required by the Securities Contracts (Regulation) Rules, 1957:

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- The Issue Size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building Process with allocation of 60% of the Issue to Qualified Institutional Buyers, as defined under DIP Guidelines.

Disclaimer Clause

AS REQUIRED, A COPY OF THIS PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE BOOK RUNNING LEAD MANAGER ICICI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BOOK RUNNING LEAD MANAGER, ICICI SECURITIES LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2004 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. **"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE.**



2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY. WE CONFIRM THAT:**
 - (A) **THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (B) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (C) **THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
4. **WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.**

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE.

SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS."

Note

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, www.deccan.com would be doing so at his or her own risk.

The BRLM and CBRLM does not accept any responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and CBRLM and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by us and the BRLM and the CBRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are not minors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares and to permitted insurance companies and pension funds and to non-residents. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction other than India. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe the restrictions contained herein. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Hyderabad, India only.



No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction other than India. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the NSE

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/7101-2 dated October 19, 2004, permission to the Issuer to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed subject to the issuer fulfilling the various criteria for listing including the one relating to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs.10 crores and market capitalisation shall not be less than Rs.25 crores at the time of listing). The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of BSE

BSE-The Bombay Stock Exchange, Mumbai ("the Exchange") has given vide its letter dated October 8, 2004 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC. A copy of this Prospectus has been filed with the Corporate Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to the NSE and BSE for permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight (8) days after our Company become liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer



in default shall, on and from such expiry of eight (8) days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below: “Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the net offer to public, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest prescribed under Section 73 of the Companies Act.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date without assigning any reason therefore.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants and dispatch allotment advice or refund orders within 2 working days of finalization of the basis of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk

We shall ensure that all steps for completion of the necessary requirements for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Issue Program

BID/ISSUE OPENED ON : November 25, 2004

BID/ISSUE CLOSED ON : December 2, 2004

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the NSE and BSE on the Bid/Issue Closing Date.



In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the NSE and BSE, by issuing a press release, and also by indicating the change on the web site of the BRLM and the CBRLM and at the terminals of the Syndicate.

Book Running Lead Manager

ICICI Securities Limited
ICICI Centre
H.T.Parekh Marg, Churchgate
Mumbai- 400020
Maharashtra
Tel: + 91 22 2288 2460
Fax: + 91 22 2282 6580
Email: dchl_ipo@isecltd.com

Co-Book Running Lead Manager

IDBI Capital Market Services Limited
8th Floor
Bakhtawar
Nariman Point
Mumbai - 400021, Maharashtra
Tel: + 91 22 5637 1212
Fax: + 91 22 2288 5850
Email : dchl_ipo@idbicapital.net



Statement of Inter-Se Allocation of Responsibility

The responsibilities and co-ordination for various activities in this Issue to be carried out by the BRLM and the CBRLM are as under:

Particulars	Responsibility	Coordinator
1 Capital structuring with the relative components and formalities such as type of instruments etc.	I-Sec	I-Sec
2 Due diligence of our Company's operations/ management/ business plans/ legal etc. Drafting and design of the Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same.	I-Sec	I-Sec
3 Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, roadshow presentations, FAQs, corporate films etc.	I-Sec	I-Sec
4 Appointment of other intermediaries viz. Registrar, Printers, Advertising Agency and Bankers to the Issue.	I-Sec, IDBI Caps	I-Sec
5 Institutional Marketing of the Issue, which will cover, <i>inter alia</i> , Finalize the list and division of investors for one to one meetings; and Finalize roadshow schedule and investor meeting schedules	I-Sec, IDBI Caps	I-Sec
6 Non-Institutional and Retail Marketing of the Issue, which will cover, <i>inter alia</i> , Formulating marketing strategies, preparation of publicity budget; Finalise Media & PR strategy; Finalise centres for holding conferences for brokers etc.; Finalise collection centres; and Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the Issue material.	I-Sec, IDBI Caps	I-Sec
7 Deciding pricing and institutional allocation in consultation with the Company	I-Sec, IDBI Caps	I-Sec
8 The post bidding activities including management of escrow accounts, coordinate non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post issue activities will involve essential follow up steps, which include the finalisation of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company.	I-Sec, IDBI Caps	I-Sec



Syndicate Members

ICICI Brokerage Services Limited
163, Backbay Reclamation
H.T. Parekh Marg
Churchgate
Mumbai- 400 020
Tel: +91 22 2288 2460
Fax: +91 22 2282 6455

Karvy Stock Broking Limited
529, Road No.4
Banjara Hills
Hyderabad - 500 034.
Tel: +91 40 2338 8769
Fax: +91 40 2343 1505

Registered Office of the Company

6-3-898
Raj Bhavan Road
Somajiguda
Hyderabad-500 082
Andhra Pradesh
Tel: + 91 40 2340 3101

Company Secretary and Compliance Officer

Dr. V. Lakshmanacharya
Deccan Chronicle Holdings Limited
36, Sarojini Devi Road
Secunderabad-500 003
Andhra Pradesh
Tel: + 91 40 2780 3930
Fax: + 91 40 2771 1143
Email: investors@deccan.com

Registrar to the Issue

Karvy Computershare Private Limited
"Karvy House"
46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad – 500 034
Andhra Pradesh
Tel: + 91 40 2331 2454
Fax: +91 40 2331 1968
E-mail: dchl_ipo@karvy.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post- Issue related problems such as non-receipt of letters of allotment, non-credit of allotted shares in the respective beneficiary accounts, refund orders etc.

Legal Counsel to the Issue

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai - 400 013, Maharashtra
Tel: + 91 22 2496 4455
Fax: + 91 22 2496 3666

Amarchand & Mangaldas & Suresh A. Shroff & Co.
4th floor1-10-20/2b, Pooja Edifice
Begumpet, Hyderabad - 500 016
Andhra Pradesh
Tel: + 91 40 5533 6622
Fax: + 91 40 5549 2727



Auditors to the Company

M/s. C.B. Mouli & Associates
125, M.G. Road
Secunderabad - 500 003
Andhra Pradesh
Tel: + 91 40 2784 0777
Fax: + 91 40 2784 8585

Bankers to the Issue and Escrow Collection Banks

ICICI Bank Limited
Capital Markets Division
30, Mumbai Samachar Marg
Mumbai - 400001
Maharashtra

IDBI Bank Limited
224 – A, Mittal Court
Nariman Point
Mumbai - 400021
Maharashtra

Canara Bank
R.P. Road Branch,
Secunderabad – 500003
Andhra Pradesh

Bankers to the Company

Canara Bank
R.P. Road Branch,
Secunderabad – 500003
Andhra Pradesh

ICICI Bank Limited
Cenotaph Branch
Teynumpet
Chennai - 600018
Tamil Nadu

Credit Rating

As this is an Issue of Equity Shares there is no credit rating for this Issue.

Trustees

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Book Building Process

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date, The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Managers;
3. Co-Book Running Lead Manager; and
4. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange(s) and eligible to act as underwriters. The BRLM shall appoint Syndicate Members.

The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein 60% of the Issue shall be allocated on a discretionary basis to QIBs. Further, not less than 15% of the Issue shall be available for allotment on a proportionate basis to Non Institutional Bidders and not less than 25% of the Issue shall be available for allotment on a proportionate



basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Guidelines for this Issue. In this regard, we have appointed the BRLM and the CBRLM to procure subscriptions to the Issue.

Illustration of Book Building and Price Discovery Process (*Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue*)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.20 to Rs.24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares Bid Price Cumulative equity Subscription

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The Company, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

The process of Book Building under DIP Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date.

Please see the section entitled “Terms of the Issue” on page 87 of this Prospectus for more details.

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Prospectus and in the Bid cum Application Form.



Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM and the CBRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
ICICI Securities Limited ICICI Centre, H.T.Parekh Marg, Churchgate Mumbai- 400 020, Maharashtra Tel : +91 22 2288 2460 Fax : +91 22 2283 7045	7,679,050	1,244.03
IDBI Capital Market Services Limited 8 th Floor, Bakhtawar Nariman Point, Mumbai-400 021 Maharashtra Tel: + 91 22 5637 1212 Fax: + 91 22 2288 5850	1,535,810	248.81
ICICI Brokerage Services Limited 163, Backbay Reclamation H.T. Parekh Marg Churchgate, Mumbai- 400 020 India. Tel: +91 22 2288 2460 Fax: +91 22 2282 6455	100	0.02
Karvy Stock Broking Limited 529, Road No.4 Banjara Hills Hyderabad - 500 034. Tel: +91 40 2338 8769 Fax: +91 40 2343 1505	100	0.02

The above Underwriting Agreement is dated December 6, 2004.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the CBRLM and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allotment to QIBs is discretionary as per the terms of this Prospectus and may not be proportionate in any way and the patterns of allotment to the QIBs could be different for the various Underwriters.



CAPITAL STRUCTURE

Share capital as at the date of filing of Prospectus with SEBI is set forth below.

Rs. in thousand

Particulars	Aggregate nominal value	Aggregate value at Issue Price
A. Authorised Capital		
50,000,000 Equity Shares of Rs. 10 each	500,000.0	
B. Issued, Subscribed and Paid-Up Capital before the Issue		
32,052,450 Equity Shares of Rs.10 each fully paid-up	320,524.5	
C. Present Issue in terms of this Prospectus		
8,013,100 Equity Shares of Rs. 10 each fully paid-up		
Issue to the public:		
- 8,013,100 Equity Shares of Rs. 10 each fully paid-up	80,131.0	1,298,122.2
D. Green Shoe Option in terms of this Prospectus ⁽¹⁾		
1,201,960 Equity Shares of Rs. 10 each fully paid-up	12,019.6	194,717.5
F. Equity Capital after the Issue		
41,267,510 Equity Shares of Rs. 10 each fully paid-up (assuming Green Shoe Option is exercised in full)	412,675.1	6,685,336.6
40,065,550 Equity Shares of Rs. 10 each fully paid-up (assuming Green Shoe Option is not exercised)	400,655.5	6,490,619.1
E. Share Premium Account		
Before the Issue -		
After the Issue:		
- Assuming Green Shoe Option is exercised	1,400,689.12	
- Assuming Green Shoe Option is not exercised	1,217,991.2	

⁽¹⁾ The Green Shoe Option will be exercised at the discretion of the BRLM and the Company. The Green Shoe Lenders have agreed to transfer 1,201,960 Equity Shares to the Stabilising Agent, in the event that the Green Shoe Option is exercised.

- a) The authorised share capital of DCHL was increased from Rs. 50 million to Rs. 500 million pursuant to the resolution passed by the shareholders of DCHL at the EGM held on August 28, 2004.
- b) The share application money of Rs. 4,429,241 outstanding as on March 31, 2004 has been refunded.
- c) The shareholders at the EGM held on September 4, 2004 have approved a bonus issue in the ratio of 7:1. The Company has therefore issued 27,652,100 Equity Shares of Rs. 10 each.
- d) The Company had issued 450,050 Equity Shares of Rs. 10 each pursuant to the merger of Deccan Chronicle Private Limited and Nandi Publishers Private Limited into our Company.



Notes to Capital Structure

1. Share Capital History of our Company

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of Consideration	Reasons for Allotment	Cumulative Paid – up Capital (Rs.)	Cumulative Share Premium (Rs.)
December 12, 2002	50,300	10	10	Cash	Initial Subscribers to the Memorandum of Association	503,000	-
January 24, 2003	39,00,000	10	10	Other than cash	*	39,503,000	-
September 4, 2004	27,652,100	10	10	Other than cash	Bonus Issue	316,024,000	-
September 24, 2004	4,50,050	10	10	Other than cash	**	320,524,500	-

* Equity Shares of Rs. 10 each issued to our Promoters for consideration other than cash in pursuance of the acquisition of the business the Firm. Please see “Our History and Certain Corporate Matters” on page 49 of this Prospectus for further details.

** Equity Shares of Rs. 10 each issued to the shareholders of Deccan Chronicle Private Limited and Nandi Publishers Private Limited pursuant to the merger of Deccan Chronicle Private Limited and Nandi Publishers Private Limited with our Company.

2. Promoters Contribution and Lock-in

If the Green Shoe Option is not exercised

Name of Promoter	Date of Allotment	Number of shares held	Face value (Rs.)	Issue Price (Rs.)	Consideration	Percentage of Post Issue paid-up Capital (%)	Lock-in period (Years)@
T. Venkatram Reddy	September 24, 2004	220,790	10	10	**	0.55	Three
T. Venkatram Reddy	September 4, 2004	3,785,765	10	10	Bonus	9.45	Three
T. Vinayak Ravi Reddy	September 24, 2004	220,780	10	10	**	0.55	Three
T. Vinayak Ravi Reddy	September 4, 2004	3,785,775	10	10	Bonus	9.45	Three

** Equity Shares of Rs. 10 each issued to the shareholders of Deccan Chronicle Private Limited and Nandi Publishers Private Limited pursuant to the merger of Deccan Chronicle Private Limited and Nandi Publishers Private Limited with our Company.

@ starting from the date of allotment of the Equity Shares in this Issue

Other than as stated above, the entire pre-Issue issued Equity Share capital of the Company will be locked in for the period of one year from the date of allotment of Equity Shares in this Issue.

If the Green Shoe Option is exercised

Name of Promoter	Date of Allotment	Number of shares held#	Face value (Rs.)	Issue Price (Rs.)	Consideration	Percentage of Post Issue paid-up Capital (%)	Lock-in period#@ (Years)
T. Venkatram Reddy	September 24, 2004	220,790	10	10	**	0.54	Three
T. Venkatram Reddy	September 4, 2004	3,905,961	10	10	Bonus	9.46	Three
T. Vinayak Ravi Reddy	September 24, 2004	220,780	10	10	**	0.54	Three
T. Vinayak Ravi Reddy	September 4, 2004	3,905,971	10	10	Bonus	9.46	Three

** Equity Shares of Rs. 10 each issued to the shareholders of Deccan Chronicle Private Limited and Nandi Publishers Private Limited pursuant to the merger of Deccan Chronicle Private Limited and Nandi Publishers Private Limited with our Company.

If the Green Shoe Option is not successful (i.e the Stabilisation Agent utilises the funds partially or fully to acquire Equity Shares in the market) the number of Equity Shares acquired by the Stabilisation Agent and returned to the Green Shoe Lenders shall be subject to lock-in of one year as per clause 4.14.1 of the DIP Guidelines.

@ starting from the date of allotment of the Equity Shares in this Issue



Other than as stated above, the entire pre-Issue share capital, except the shares held by Green Shoe Lenders which are lent to the Stabilisation Agent under Clause 8A.7 of the DIP guidelines for the period starting from the date of lending to the date when they are returned to the same Green Shoe Lenders as per clause 8A.13 or under clause 8A.15 of the DIP Guidelines, as the case may be, shall be locked in for the period of one year from the date of allotment of this Issue.

Locked-in Equity Shares held by the Promoter can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of clause 4.16 (b) of the DIP Guidelines, Equity Shares held by the Promoter may be transferred to and amongst the promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Takeover Code, as applicable.

Further, in terms of clause 4.16 (a) of the DIP Guidelines, Equity Shares held by shareholders other than the Promoter may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the DIP Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Takeover Code, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the DIP Guidelines as amended from time to time.

3. Shareholding pattern of our Company before and after the Issue

Shareholder Category	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue			
			If Green Shoe Option is not exercised		If Green Shoe Option exercised in full	
	No. of Equity Shares	%	No. of Equity Shares	%	No. of Equity Shares	%
Promoters						
T. Venkatram Reddy	16,012,790	49.96	16,012,790	39.97	16,012,790	38.80
T. Vinayak Ravi Reddy	16,012,780	49.96	16,012,780	39.97	16,012,780	38.80
Individuals constituting the Promoter Group	-	-				
T. Manjula Reddy	11,230	0.04	11,230	0.03	11,230	0.03
T. Urmila Reddy	6,050	0.02	6,050	0.02	6,050	0.01
T. Shanthi Priyadarshini Reddy	8,000	0.02	8,000	0.02	8,000	0.02
T. Gayatri Reddy	800	0.00	800	0.00	800	0.00
Total Promoter Group	32,051,650	100.00	32,051,650	80.00	32,051,650	77.67
Others	800	0.00	800	0.00	800	0.00
Public	-	-	8,013,100	20.00	9,215,060	22.33
	32,052,450	100.00	40,065,550	100.00	41,267,510	100.00

4. Our top ten shareholders and the number of Equity Shares of Rs. 10 each held by them on the date of filing this Prospectus with SEBI is as follows:

Sr. No.	Name of Shareholders	No. of Equity Shares	%
1.	T. Venkatram Reddy	16,012,790	49.96
2.	T. Vinayak Ravi Reddy	16,012,780	49.96
3.	T. Manjula Reddy	11,230	0.04
4.	T. Urmila Reddy	6,050	0.02
5.	T. Shanthi Priyadarshini Reddy	8,000	0.02
6.	P. K. Iyer	800	#
7.	T. Gayatri Reddy	800	#
		32,052,450	100.00

Less than 0.01%

The number of members as at date is seven.



5. Our top ten shareholders and the number of Equity Shares of Rs. 10 each held by them ten (10) days prior to date of filing this Prospectus with SEBI is as follows:

Sr. No.	Name of Shareholders	No. of Equity Shares	%
1.	T. Venkatram Reddy	15,792,000	49.97
2.	T. Vinayak Ravi Reddy	15,792,000	49.97
3.	T. Manjula Reddy	8,000	0.03
4.	T. Urmila Reddy	800	0.00
5.	T. Shanthi Priyadarshini Reddy	8,000	0.03
6.	P. K. Iyer	800	#
7.	Deccan Chronicle Private Limited	800	#
		31,602,400	100.00

Less than 0.01%

6. Our top ten shareholders and the number of Equity Shares held by them two (2) years prior to date of filing of this Prospectus with SEBI: - **Not Applicable.**
7. There are no employee stock options, outstanding warrants, options or rights to convert debentures, loans or other instruments in our Equity Shares.
8. Other than as set out below our Promoters have not been issued Equity Shares issued for consideration other than cash:

- Equity Shares to the Promoters for consideration other than cash in pursuance of the acquisition of business of the Firm:

Name of the shareholder	No. of Equity Shares
1 T. Venkatram Reddy	1,950,000
2 T. Vinayak Ravi Reddy	1,950,000
	3,900,000

- Equity Shares issued to the shareholders of DCPL and NPPL pursuant to the merger of DCPL and NPPL with our Company:

Name of the shareholder	No. of Equity Shares*
1 T.Venkatram Reddy	220,790
2 T.Vinayak Ravi Reddy	220,780
3 T. Manjula Reddy	3,230
4 T. Urmila Reddy	5,250
	450,050

* As per the scheme of amalgamation of Deccan Chronicle Private Limited, Nandi Publishers Private Limited with our Company, one Equity Share of the Company has been issued and allotted to each shareholder of (i) Nandi Publishers Private Limited in lieu of every 200 Equity Shares held by them in Nandi Publishers Private Limited; and (ii) Deccan Chronicle Private Limited in lieu of every 10 shares held by them in Deccan Chronicle Private Limited.

9. None of our Promoters, members of our promoter group or our Directors have purchased or sold any Equity Shares, during a period of six months preceding the date on which this Prospectus is filed with SEBI, except as stated below:

Date of Transfer	Transferor	Transferee	Number of Equity Shares
September 16, 2004	Deccan Chronicle Private Limited	T. Gayatri Reddy	800

Our Company, our Directors, the BRLM and the CBRLM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of our Company from any person.



10. None of our Directors or Key Managerial Personnel hold Equity Shares in the Company, other than as set out below:

Name	No. of Equity Shares	Face Value Per Equity Share (Rs.)
T. Venkatram Reddy	16,012,790	10
T. Vinayak Ravi Reddy	16,012,790	10
T. Urmila Reddy	6,050	10
P.K. Iyer	800	10

11. In this Issue, 60% of the Issue shall be allocated on a discretionary basis to QIBs. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 25% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in the Non-Institutional and Retail categories would be allowed to be met with spill over from any other category, at the sole discretion of the Company and the BRLM.
12. The participation by promoters in the Issue in excess of the minimum percentage, shall also be locked in for a period of one year.
13. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
14. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue, and exercise of employee stock options or in any other manner during the period commencing from submission of this Prospectus with SEBI until the Equity Shares issued have been listed.
15. We have not raised any bridge loan against the proceeds of this Issue.
16. We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may issue options to our employees pursuant to a new employee stock option plan or, if we enter into acquisitions or joint ventures. We may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
17. There shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
18. An over-subscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearest multiple of 100 Equity Shares while finalising the basis of allotment.
19. As per Chapter VIIIA of the DIP Guidelines, we have decided to avail of the Green Shoe Option for stabilising the post-listing price of the Equity Shares. We have appointed ICICI Securities Limited as the Stabilising Agent. The Green Shoe Option consists of option to over allot up to 1,201,960 Equity Shares of Rs. 10 each at a price of Rs. 162 per share aggregating Rs. 194.72 million representing 15% of the Issue Size, exercisable during the period commencing from the date of obtaining trading permission from the Designated Stock Exchange for the Equity Shares in the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent.

The terms of the Green Shoe Option are as follows:

The maximum number of shares	1,201,960 Equity Shares of Rs. 10 each at a price of Rs. 162 per Equity Share aggregating Rs. 194.72 million representing 15% of the Issue Size
The maximum increase in paid-up capital in case of full exercise of the Green Shoe Option	Rs. 92,150,600
Stabilisation Period	The period commencing from the date of obtaining trading permission from the Designated Stock Exchange for the Equity Shares under the Issue, and ending 30 days thereafter unless terminated earlier by the Stabilising Agent



OBJECTS OF THE ISSUE

The objects of the Issue are to raise capital for financing new printing facilities, advertisement and marketing such expenses that would be incurred on entering new territories, working capital and general corporate purpose including strategic initiatives and acquisitions. The objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on the Stock Exchanges. We believe that the listing of our Equity Shares will enhance our visibility and brand name and enable us to use our Equity Shares for strategic growth opportunities.

The objects of the Issue include financing the cost of setting up printing facilities in Trichy and Coimbatore, the acquisition of printing machine in Chennai (other fixed assets have been erected), marketing expenses in relation to the launch of the Deccan Chronicle in Tamil Nadu, projected increase in working capital and Issue expenses at a cost of Rs. 1,143,642(000). These activities are proposed to be financed entirely from the proceeds of the Issue and our Company does not propose to raise any debt for the purpose of the above stated projects. The debt funds raised in the past have been utilized for financing the Kondapur and Cuddapah printing facilities, whereas a combination of debt funds and internal accruals have been applied to fund the land, building, furniture and fixtures for the Chennai printing facility.

The net proceeds of the Issue after deducting underwriting and management fees, selling commissions, fees payable to Green Shoe Lenders, and all other Issue-related expenses, is estimated at Rs. 1,400 million. The Issue amount will be determined based on the Issue Price discovered through the book- building process.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity would be met with by surplus funds, if any available in the other areas and/or the Company's internal accrual, and/or the term loans/working capital loans that shall be availed from the Banks/ Financial Institutions. The balance proceeds of the Issue in addition to the abovementioned requirements, if any, will be used for general corporate purposes including strategic initiatives and acquisitions.

The main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

Proposed utilisation of funds being raised through the Issue and schedule of implementation

The summary of proposed utilisation of funds is as follows:

Activities	Amount to be raised by way of this Issue	Expenditure Schedule	
		October 1, 2004 to March 31, 2005	Year ending March 31, 2006
Setting up of new printing facilities			
<u>Tamil Nadu</u>			
Printing Machine at Chennai	250,000	250,000	-
Trichy Printing Facility	150,000	150,000	-
Coimbatore Printing Facility	150,000	-	150,000
Tamil Nadu Launch/marketing expenses	100,000	30,000	70,000
Increase in Working Capital	393,642	194,551	199,091
Issue Expenses	100,000	-	100,000
	1,143,642	624,551	519,091

Schedule of new launches

We propose to launch the Chennai and Trichy editions during the current financial year. The Coimbatore edition is proposed to be launched during the financial year 2005-06.



Setting up of new printing facilities

The following is the category wise summary of our expansion project:

Rs. in thousand

Particulars	Chennai	Trichy	Coimbatore
Land & Buildings		33,725	33,725
Plant & Machinery	250,000	78,400	78,400
Office Equipments & Computers		25,692	25,692
Furniture & Fixtures		6,600	6,600
Contingencies & Provisions		5,582	5,582
	250,000	150,000	150,000

Land and Building

As at date we are in the process of identifying the land at Trichy and Coimbatore for the purpose of setting up the printing facility. The building will be constructed once land is acquired. We have currently not entered into any construction contract with any party. As stated in the table above the land for Trichy will be purchased and building constructed in the current financial year (FY 2005) and the land for Coimbatore will be purchased and building constructed in the next financial year (FY 2006).

Plant and Machinery

We have placed orders for purchase of Goss Printing Machine namely, GOSS Uniliner S press with Goss Systems Graphiques, France for the purpose of setting up the printing facility at Chennai. The machine comes with 546 mm cut off size, 1400mm web width, with a maximum printing speed of 75,000 copies per hour and with a maximum print capability of 32 broad sheet pages of 16X4 colour pages and 16X4 black and white pages. The machines includes the following 1 No. 2 Hi Tower printing unit, 2 No. 4 Hi towers, 2 No fans, 1 No 2.3.2 jaw folder, GOSS "OPCS" press control, 4 No. AMAL AR75, 4 No web servers. The machine carries a warranty against defects in material and workmanship and this warranty is for a period of twelve months commencing from the date of dispatch of the machine.

We have also placed an order for heat-offset printing machine to be installed and commissioned at our Chennai printing facility to print specialised colour supplements that would also cover and cater to the needs of the Trichy and Coimbatore print centres.

The summary of plant and machinery for Trichy and Coimbatore are as follows:

Rs in thousand

Particulars	Amount
2 No. Newspaper page Fascimile system (CTP)	13,400
1 No. Harlequin RIP with page pairing	3,000
6 No. Digital Cameras	1,500
1 No. 40 KVA UPS	500
1 No. Printing Machine	60,000
	78,400

We have placed an order for printing machines for Trichy.

Office Equipments and Computers

We propose to buy office equipments and computers for Trichy and Coimbatore each which shall include computers, servers, routers, modems, scanner copy dot (broad sheet), laptops, laser printers, licences for Quark Express software, licence for digital proofing software, Kodak Polycrome processor, Programmable Counter/Stacker, Epson 9600 Stylish Pro, counter stacker, land switches and air condition system at a cost of Rs. 25,692,000. We typically enter into contracts with vendors for the supply of office equipments, computers and furniture and fixtures a few months before we expect to launch in a particular territory. Since these are standard equipment available with various vendors in India and overseas, we see no difficulty in sourcing the same even at a short notice.



Particulars	Amount
50 Computers	2,175
1 Scanner Copy Dot (broad sheet)	5,000
2 Programmable Counter/Stacker	4,826
2 PS 300 Counter Stacker	4,560
Air condition system	2,500
Other equipments	6,632
	25,692

Tamil Nadu Launch / Marketing Expenses

We propose to undertake an aggressive advertisement and marketing campaign spread over a period of twelve to eighteen months. The medium selected for advertisement and marketing includes outdoor hoardings, bus shelters, posters and danglers at various points of sale, free copies and subscription schemes. We propose to spend around Rs. 100,000,000 in marketing expenses for the Tamil Nadu launch and propose to use outdoor hoardings as the primary medium and approximately 50% of the total launch expenses would be dedicated towards the same. Whilst, we are in discussions with various agencies for the undertaking the advertisement/marketing campaign we have not entered into any firm agreement/arrangement as at date. The arrangements are typically finalized closer to the launch and we do not foresee any difficulty in organizing the same at short notice. The above cost assumptions are based on internal assessments.

Working Capital

We are launching our flagship newspaper in Chennai (Tamil Nadu) during the current financial year and are focused on increasing our revenues from the existing operations.

Analysis of working capital components:

- **Inventories:** Our Company maintains three months inventory of newsprint, inks, plates and other critical components. Due to proposed increase in our circulation and launch of new editions the amounts invested in inventories is expected to increase.
- **Sundry Debtors:** Our Company gives credit of around ninety (90) to one hundred twenty (120) days to accredited agencies against advertisement. The collection period for advertisements given by government agencies are higher.
- **Sundry Creditors:** Our Company receives a credit of around ninety (90) days against purchase of newsprint and other raw materials.

The aforementioned estimates of working capital have not been assessed by any bank or financial institution and have been estimated by us.

General corporate purpose including strategic initiatives and acquisitions

Our management in accordance with the policies set up by our Board will have flexibility in applying the balance proceeds of this Issue, for general corporate purposes including strategic initiatives and acquisitions.

We seek to further enhance our position as a leading Indian newspaper. In addition to continued investments in expansion of our newspaper printing facilities, we intend to enhance our capabilities and address gaps, enhance our technical expertise, further develop and expand our IT infrastructure, rationalize manpower and explore strategic acquisitions, investments or joint ventures. We also plan to continue investing in and developing the “Deccan Chronicle” brand in Indian newspaper industry. The balance funds will be utilised for this purpose. The interim use of the balance funds is explained in the para titled “Interim use of funds”

As at the date of this Prospectus, we have not entered into any letter of intent or any other commitment for any such acquisition/ investments/joint ventures or definitive commitment for any such strategic initiatives and acquisitions. The Board of Directors typically reviews various opportunities periodically.



Issue expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Rs in thousand

Activity	Expenses
Lead Management, underwriting and selling commission*	350,00 - 400,00
Advertisement and Marketing expenses	200,00 - 400,00
Printing and stationery	150,00 - 200,00
Others (Registrars fee, legal fee, listing fee, etc)	150,00 - 200,00
Total estimated Issue expenses	900,00 - 10,00,00

* will be incorporated after finalisation of Issue Price

All expenses with respect to the Issue would be borne by the Company.

Interim use of funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration. We also intend to apply part of the proceeds of the Issue, pending utilization for the purposes described above, to temporarily reduce our working capital borrowings from banks and financial institutions.

Shortfall of funds

The shortfall in funds, if any shall be met by internal accruals and/or raising debt funds. Our Company has sufficient internal accruals to meet the shortfall in funds, if any. As on September 30, 2004 our Company had a Cash & Bank balance of Rs. 264,848(000); Reserves & Surplus of Rs 882,333(000). The debt:equity ratio of our Company as on September 30, 2004 was 0.8:1.

Monitoring of utilisation of funds

Our Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head in our Balance Sheet for FY 2006 clearly specifying the purpose for which such proceeds have been utilized. We will also, in our Balance Sheet for FY 2006, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, key management personnel or companies promoted by our Promoters except in the course of normal business.



NEWSPAPER INDUSTRY OVERVIEW

Unless otherwise indicated, all financial and statistical data relating to the newspaper industry in India in the following discussion is derived from the National Readership Survey, Audit Bureau of Circulation (“ABC”), Indian Readership Survey and other Industry reports. The data may have been re-classified by us for the purpose of presentation.

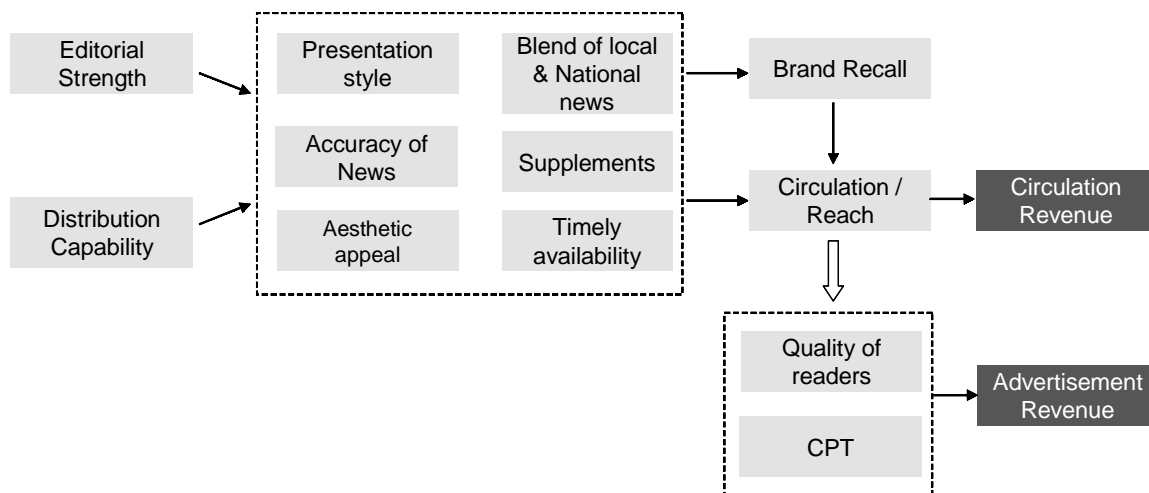
Overview

Key Revenue Drivers in the Newspaper Industry

The primary sources of revenues for the newspaper company are advertising and subscription / circulation revenues. The other sources of revenues for a newspaper company include providing news to other agencies and sale of scrap paper.

- **Advertising revenues** – A newspaper company earns advertising revenue by selling advertising space in its newspaper. Newspaper advertisements are normally classified based on the type of advertisement such as display, classified, cinema, appointment and also on the customer profile such as private and government entities, DAVP. Advertisement rates are typically dependant on the distribution network, the quality of the print (black and white as opposed to colour advertisements) and the effective readership in the category targeted by the advertisers, category of advertisement, the location of the advertisement such as front page, back page, corner. The advertisements are either directly procured by the marketing department or received through advertising agencies who receive an agency commission. Rates at which advertisement space is normally sold is determined as per the rate card. However, the companies may also provide discount to certain clients publishing advertisements in large volumes.
- **Circulation revenues** – This refers to the cover price of a newspaper recovered from its readers. Factors which determine the recovery of the cover price by a newspaper include news contents, credibility of the news, editorial capability, aesthetic factors and the intensity of competition among newspapers in the same market. Newspapers are distributed through a network of agents who buy from the publishing companies and distribute the same to the readers. The agents retain a fraction of the cover price as distribution charges. Our Company prints newspapers on the basis of the print orders/indents received in advance from the agents and hence there are no unsold copies with our Company at the end of the day.

Overview of the revenue drivers (internal factors)



Source: Company

As per PricewaterhouseCoopers Global Media and Entertainment Outlook 2004-2008, the entertainment and media industry is in an upswing following three years of sluggish growth in reaction to economic weakness and terrorism. The entertainment and media market in Asia/Pacific is projected to be on the verge of major growth. Spending in the region is estimated to have an average 9.8% annual growth, being the highest of any global region. India and the People’s Republic of China (PRC) are said to be the principal growth catalysts in the Asia/Pacific region; as economic expansion in these two countries is amongst the fastest in the world.



Entertainment and media tends to grow slightly faster than nominal gross domestic product (GDP) during all phases of the economic cycle because of income elasticity. That is, as income rises, proportionally more resources get devoted to leisure and entertainment and proportionally less to necessities such as food.

There are also other external development factors that can effect entertainment and media spending. In the last 1990s, for example, energy prices were declining, which freed up resources for entertainment and other goods and services. Defence spending also was growing more slowly than GDP, again mobilising resources for other industries, including entertainment and media. With more resources available to entertainment and media, there was a surge in spending.

The apprehensions about newspaper industry taking a set back by the advent of internet as a medium of sharing information has settled. It has been proven globally in the developed countries that while print newspapers and magazines may experience some cannibalization by their digital equivalents, the impact will be relatively minor, as many people continue to prefer printed materials for their ease in reading and mobility.

Global Newspaper Industry

The Pricewaterhouse Coopers survey has estimated the newspaper market in Asia/Pacific at US\$ 41.4 billion in 2003 and it is estimated that the market will grow at a CAGR of 2.7% p.a. for next five years to reach US\$ 47.3 billion in 2008. Similarly the size of the Indian newspaper market is estimated at US\$ 1.7 billion in 2003 and it is estimated that the market will grow at a CAGR of 6.9% p.a. for next five years to reach US\$ 2.4 billion in 2008. Summary of the historical and projected growth is as follows:

US\$ million

Particulars	1999	2000	2001	2002	2003*	2004	2005	2006	2007	2008
Advertising Market										
India	583	686	774	768	954	1,050	1,147	1,243	1,339	1,436
Asia/Pacific	17,492	19,454	19,008	18,291	19,334	20,109	21,041	22,095	23,121	24,153
Circulation Spending										
India	512	585	590	625	767	819	860	902	934	968
Asia/Pacific	20,674	21,311	21,550	21,744	22,081	22,120	22,238	22,455	22,762	23,162
Total										
India	1,095	1,271	1,364	1,393	1,721	1,869	2,007	2,145	2,273	2,404
Asia/Pacific	38,166	40,765	40,558	40,035	41,415	42,229	43,279	44,550	45,883	47,315

Source: PricewaterhouseCoopers Global Entertainment and Media Outlook 2004-08

* estimated

The size of media industry in India as a portion of the GDP is estimated at 0.7% and is lower than most of the developed and developing nations. The size of media industry as a proportion of GDP for some of the other countries was estimated at 2.7% for the United States of America; 2.0% for Brazil; 1.3% for Thailand; and 1.1% for South Africa. Similarly a study by World Advertising Trends on the comparison of advertising expenditure to GDP reveals that advertisement expenditure to GDP ratio in India is 0.4%. The same ratio for some of the other countries was estimated at 1.6% for Brazil; 1.3% for the United States of America; 1.1% for the United Kingdom; 0.9% for Germany; 0.9% for Thailand; and 0.7% for Indonesia.

Key Features of the Newspaper Publishing Industry Globally

- *Family control issues:* Certain newspaper publishers have risks associated with large portions of family ownership, especially when a majority of the voting power is not in the hands of common shareholders.
- *Newspapers have attractive demographics:* Typically, newspapers attract a high-quality audience, from an advertiser perspective. Readership tends to increase with higher income and higher levels of education. These demographics are typically very attractive to advertisers wishing to reach a higher quality audience with more purchasing power. As a result, newspapers can charge higher CPT than other media.
- *Newspapers represent the dominant local media franchise:* Globally no other local news and information outlet controls a franchise as strong as that of a typical local newspaper. Newspapers not only have strong connections with their readers, but also have implemented long-standing relationships with local advertisers.



- *Direct competition from other newspapers in a single market is rare:* A newspaper within a particular market typically will not have a direct intra - industry competitor within the same market, aside for a few exceptions.
- *Stable audience reach:* Newspapers have offered advertisers a relatively stable audience reach. Newspapers continue to dominate the local markets because of their flexibility and renewed focus as an industry on increasing readership and extending their product to younger skewing demographics.
- *Demographic trends within a newspapers market are important:* Companies that own franchises in solid local markets from a demographic perspective have been demonstrating superior performance.
- *The barriers to entry in the industry are high:* The newspaper industry has relatively high barriers to entry, primarily because (i) it requires a relatively large amount of fixed costs to start a newspaper, implementing a news-gathering infrastructure, establishing the distribution network and (ii) of the difficulty in competing with already established franchises with strong brand equity.
- *Locally, newspapers have the infrastructure to compete effectively with other media platforms:* With a substantial portion of content already digitized, newspapers can efficiently and inexpensively redeploy content onto their websites. Online competitors that strive to carve a local niche may actually have a more distinct possibility of taking share.

Indian Newspaper Industry

Overview

The period since the 1960's has seen rapid expansion of the Indian Press, aided mainly by the revolutionary changes in the technologies of printing and information and communication dissemination. These years have also witnessed significant changes in the structure of the newspaper publishing industry in India.

Historically, the English newspaper industry in India has been fragmented with the players having a regional focus such as the Deccan Chronicle in Hyderabad, Hindustan Times in Delhi, Times of India in Mumbai, Hindu in Chennai, Telegraph and Statesman in Kolkata, Deccan Herald in Bangalore, Gujarat Samachar in Ahmedabad. However, the industry is witnessing a trend whereby players are looking beyond their home territories viz. Times of India's entry into certain newer territories and Deccan Chronicle and Hindustan Times being on the verge of entering newer territories.

Regulatory measures have played an important part in defining the competitive scenario of the Indian Print Media Industry, which also had its impact on industry growth. The Government of India has put in restrictions on foreign investment in the newspaper industry on account of issues relating to national security. See "Government Approvals" on page 80 of this Prospectus.

The segment wise analysis shows that the role of television and print is becoming more prominent in reaching the consuming class

SEC Classification	Print	Television	Satellite Television	Radio	Cinema
A1	88	93	62	29	20
A2	80	89	54	27	21
B1/B2	69	85	45	27	21
C	54	77	34	26	20
D	35	63	23	24	21
E	18	45	13	19	20

Source: NRS 2002

The above figures represent percentage reach of each medium in the respective Socio Economic Classification (SEC) in urban India

There is no central regulatory authority/body which complies or monitors the advertisement and circulation income mix of newspapers. As per the PricewaterhouseCoopers "Global Media and Entertainment Outlook – 2004-2008" the average advertisement to circulation income ratio for the year 2003 was estimated at 55:45.

Indian Newspaper Industry – Evolution

The Indian daily press started off on its dynamic growth phase in the 1920's, in the wake of general political awakening. The so-called nationalist Indian newspapers like Free Press Journal, Hindustan Times, National Call, Statesman, Sentinel were being led by brilliant editors.

The period from 1930s - 1940s saw leading Industrialist groups like G. D. Birla, Ramakrishna Dalmia and Ramnath Goenka who had invested in widely diversified industrial activities like jute, textiles, sugar, cement, paper, airways, flourmills, biscuit factories and in farms and plantations also invest in newspaper companies. In the decade from 1950s-60s (Post Independence), press continued to be dominated by pan-Indian ideological representation but was slowly transforming into commercial ventures. The 1970's, the next generation in each



of the family controlled newspapers, saw significant change in newspaper profiles across regions. This led to a consolidation in the late 1980's and elimination of certain smaller and weaker newspapers.

Gutenberg's invention of the printing press is widely thought of as the origin of mass communication – it marked Western culture's first viable method of disseminating ideas and information from a single source to a large and far-ranging audience. Print was the single source to a large and far-ranging audience. Print was the single cause of the massive social, political and psychological changes it is associated with. Some historians suggest that print was instrumental in bringing about all major shifts in science, region, politics and the modes of thought.

Print technology facilitated a communications revolution that reached deep into human modes of thought and social interaction. Print, along with spoken language, writing and electronic media, is thought of as one of the markers of key historical shifts in communication that have attended social and intellectual transformation.

Between 1962 and 2002, there was nearly a five-fold increase in the number dailies and the circulation. The same is detailed below:

Circulation in thousand

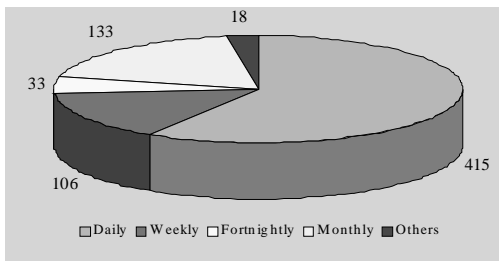
Year	Number of Dailies	Circulation/day
1962	236	5,505
1972	286	8,610
1982	482	14,711
1992	839	23,241
2002	914	25,133

Source: Registrar of Newspaper for various years

Indian Newspaper Industry Structure

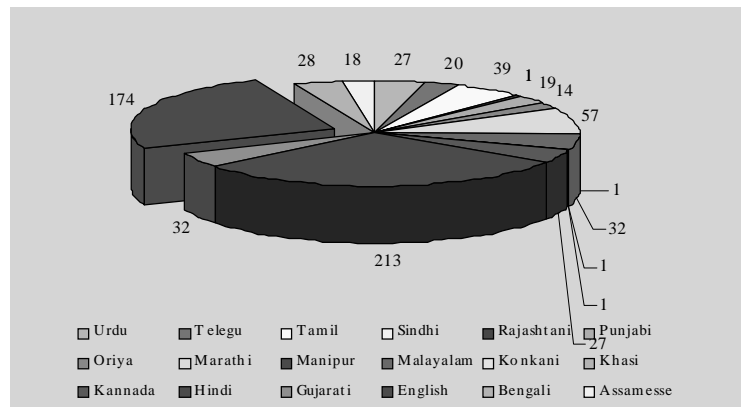
Analysis of the print industry in India

Periodicity wise break-up:



Source: INS Press Handbook 2003-04

Language wise break up of INS publications total:



Source: INS Press Handbook 2003-04



The Indian Newspaper industry can be primarily segmented across two categories viz English Newspapers and Regional / Vernacular Newspapers. The English medium dominates the industry in terms of advertisement revenues. The circulation of leading English newspapers in the India is as follows:

Publication#	2003		2002		2001	
	JD-03	JJ-03	JD-02	JJ-02	JD-01	JJ-01
The Times of India	1,449,828	1,283,806	2,195,520	1,251,799	2,114,842	1,901,440
The Hindu	981,565	933,548	925,257	885,096	904,654	869,191
Hindustan Times	1,152,575	1,107,704	1,210,345	1,032,005	969,588	878,320
Deccan Chronicle	342,053	296,430	277,960	260,022	251,449	236,537
The Telegraph	325,091	305,922	307,938	288,791	288,391	272,973
The New Indian Express	197,374	201,640	222,080	NR	251,895	NR
Economic Times@	481,290	441,907	412,379	435,292	432,292	453,976
Deccan Herald	154,560	147,312	149,650	147,538	159,524	167,774
Mid-Day*	136,018	130,726	129,207	124,688	128,597	137,679
Tribune	NA	220,548	233,237	229,046	231,739	219,053
The Statesman	166,292	168,714	162,850	154,144	NA	174,047

Source: ABC Certificates audit period 1st July to 31st December 2003; 1st January to 30th June 2003; 1st July to 31st December 2002; 1st January to 30th June 2002; 1st July to 31st December 2001; 1st January to 30th June 2001

NC: Not certified - Circulation figures not qualified for Certification; NR: Deemed not received; NA: Figures not accepted for certification;

*Mid-day is an afternoon newspaper; @ Economic times is a financial newspaper

Based on data available in ABC handbook following was considered for the purpose of complying the above table - *Times of India* ● JD 03 – Ahmedabad; Bangalore & also printed at Hubli & Manipal; Greater Mumbai; Hyderabad, Kolkata & also printed at Bhubaneswar; Lucknow; Pune; (New Delhi & also printed at Chandigarh & Lucknow – Not received, Patna – Under consideration) ● JJ 03 – Ahmedabad; Bangalore & also printed at Hubli & Manipal; Greater Mumbai; Kolkata & also printed at Bhubaneswar; Lucknow; Pune (Hyderabad – Not a member, New Delhi & also printed at Chandigarh & Lucknow – Not certified, Patna – Not certified) ● JD 02 – Ahmedabad; Bangalore & also printed at Hubli & Manipal; Greater Mumbai; Kolkata & also printed at Bhubaneswar; Lucknow; Pune; New Delhi & also printed at Bhubaneswar, Chandigarh, Kolkata & Patna (Patna – Not certified) ● JJ 02 – Ahmedabad; Bangalore & also printed at Hubli & Manipal; Greater Mumbai; Kolkata; Lucknow; Patna, Pune (New Delhi Edn printed at Bhubaneswar, Chandigarh, Kolkata & Patna – Deemed not received) ● JD 01; JJ 01 - Ahmedabad; Bangalore & also printed at Hubli & Manipal; Greater Mumbai; Kolkata; Lucknow; Pune; Patna; New Delhi & also printed at Bhubaneswar, Chandigarh, Kolkata & Patna *The Hindu* ● JD 03; JJ 03; JD 02; JJ 02; JD 01 – Chennai & also printed at Bangalore, Coimbatore, Hyderabad, Kochi, Madurai, Mangalore, New Delhi, Thiruvananthapuram, Vijayawada & Visakhapatnam ● JJ 01 – Chennai & also printed at Bangalore, Coimbatore, Hyderabad, Kochi, Madurai, New Delhi, Thiruvananthapuram, Vijayawada & Visakhapatnam *Hindustan Times* ● JD 03 – New Delhi & also printed at Bhopal, Chandigarh & Jaipur; Patna; Kolkata & also printed at Guwahati, Ranchi & Siliguri; Lucknow ● JJ 03 – New Delhi & also printed at Bhopal, Chandigarh & Jaipur, Kolkata, Patna, Raipur & Ranchi; Kolkata & also printed at Guwahati, Ranchi & Siliguri; Lucknow (Patna – Not certified) ● JD 02 New Delhi & also printed at Bhopal, Chandigarh & Jaipur, Kolkata, Patna, Raipur & Ranchi; Kolkata & also printed at Guwahati, Ranchi & Siliguri; Lucknow (Patna – Not certified) ● JJ 02; JD 01 New Delhi & also printed at Bhopal, Chandigarh & Jaipur, Kolkata, Patna, Raipur & Ranchi, Kolkata edn also printed at Bhagalpur, Lucknow & Patna edns ● JJ 01 New Delhi edn & also printed at Bhopal, Chandigarh, Jaipur, Kolkata, Mazaffarpur, Raipur & Ranchi, Lucknow & Patna edns *Deccan Chronicle* ● JD 03; JJ 03 – Anantapur, Hyderabad, Karimnagar, Nellore, Rajahmundry, Vijayawada & Visakhapatnam ● JD 02; JJ 02; JD 01; JJ 01 – Anantapur, Hyderabad, Karimnagar, Rajahmundry, Vijayawada & Visakhapatnam *The Telegraph* ● JD 03; JJ 03; JD 02; JJ 02; JD 01 – Kolkata & also printed at Baharampur, Guwahati, Jamshedpur & Siliguri ● JJ 01 Kolkata & also printed at Guwahati & Jamshedpur *The New Indian Express* ● JD 03; JJ 03; JD 02 – Bangalore edn & also printed at Mangalore & Hyderabad, Bhubaneswar edition & also printed at Visakhapatnam, Chennai edn & also printed at Bangalore, Kozhikode edn & also printed at Mangalore, Belgaum edn, Coimbatore edn, Kochi edn, Madurai edn, Shimoga edn & Trivandrum edn. ● JJ 02 (Bangalore & also printed at Mangalore, Belgaum, Bhubneswar, Chennai, Coimbatore, Hyderabad, Kochi, Kozhikode, Madurai, Shimoga, Vijayawada, Triu'puram, V'patnam edns – Deemed not received) ● JD 01 - Bangalore edn & also printed at Mangalore, Belgaum, Bhubaneswar, Chennai, Coimbatore, Hyderabad, Kochi, Kozikode, Madurai, Shimoga, Vijayawada, Thiruvananthapuram & Vishakapatnam edns ● JJ 01 (Bangalore & also printed at Mangalore, Belgaum, Bhubneswar, Chennai, Coimbatore, Hyderabad, Kochi, Kozhikode, Madurai, Shimoga, Vijayawada, Thiruvananthapuram, Vishakapatnam edns – Deemed not received) *The Economic Times* ● JD 03 – Ahmedabad; Bangalore; Chennai & also printed at Kochi; Greater Mumbai; Hyderabad; Kolkata & also printed at Patna; New Delhi & also printed at Chandigarh; Pune ● JJ 03 – Ahmedabad; Bangalore; Chennai & also printed at Kochi; Greater Mumbai & also printed at Pune; Hyderabad; Kolkata & also printed at Patna; New Delhi & also printed at Chandigarh ● JJ 01 Ahmedabad; Bangalore; Chennai, Greater Mumbai; Hyderabad; Kolkata; New Delhi *Deccan Herald* ● JD 03; JJ 03; JD 02; JJ 02; JD 01; JJ 01; – Bangalore & also printed at Davangere, Hubli-Dharwad & also printed at Gulbarga & Mangalore *Mid-day* ● JD 03; JJ 03; JD 02; JJ 02; JD 01; JJ 01 – Greater Mumbai *Tribune* ● JD 03; JJ 03; JD 02; JJ 02; JD 01; JJ 01 – Chandigarh & also printed at Bhatinda, Noida *The Statesman* ● JD 03 - Kolkata & also printed at Bhubaneswar & Siliguri (Chandigarh & also printed at Bhatinda, Noida – Not accepted); ● JJ 03; JD 02; JJ 02 – Kolkata & also printed at Bhubaneswar & Siliguri; New Delhi ● JJ 01 – Kolkata edn & also printed at Siliguri & New Delhi edns (Kolkata & also printed at Siliguri – Not accepted, New Delhi – Not accepted).



The ABC audit essentially includes three stages involving checking of newsprint consumption, checking the distribution and checking the financial reconciliation. The checking of newsprint consumption includes checking the opening stock of newsprint, purchases, print order, newsprint issue sheets, machinery room returns, closing stock of newsprint from registers and invoices, which are reconciled with newsprint consumption. The checking of distribution involves checking cash sales records, subscribers register with postage book, subscribers register with hand delivery book, agent sales register with railway/air/postage book, agents sales register with returns register and sales register with duplicate bill copies. The checking of financial reconciliation involves checking cash sales register or cash sales records, sales account in General ledger, subscribers register, sales account in General ledger, agent sales register with agents ledger, agents sales register with sales account and agents account in General ledger, cash book with agents ledger, cash book with agents accounts in General ledger, agents ledger with credit note books, totals of credit note books with agents accounts and sales account in General ledger, journal with agent's ledger and General ledger, cash book with bank pass book. (Source: ABC website)

There are two readership surveys conducted in India viz. National Readership Survey (NRS) and Indian Readership survey (IRS). The NRS is commissioned jointly by the Audit Bureau of Circulation, Advertising Agencies Association of India representing advertisers, and the Indian Newspaper Society, representing media owners. The survey measure readership - circulation times eyeballs - a more reliable benchmark for advertisers than simple circulation numbers. The NRS is controlled by three bodies representing the Audit Bureau of Circulation, the newspaper companies, advertising agencies and advertisers. It is conducted by AC Nielsen, IMRB, TNS-Mode, and ORG-Marg.

Summary of NRS for the last two years is as follows:

Readership in thousand

Publication	2003#		2002*
	Rank	Readership	Readership
Times of India	1	7,419	5,706
Hindustan Times	2	3,236	2,782
The Hindu	3	3,087	2,637
Telegraph	4	1,344	1,142
Deccan Chronicle	5	1,164	1,022
The New Indian Express	6	1,127	1,404
Economic Times	7	1,016	926
Deccan Herald	8	942	1,036
Mid-day	9	860	855
Indian Express	10	685	1,105

Source: NRS Database

Criteria applied – # Latest Database (NRS 2003 All India), All India (Adults), English publications; * NRS 2002 Revised Ver 2.00, All India (Adults)

The summary of IRS for the last two years is as follows:

Readership in thousand

Publication	Rank	2003#	2002*
Times of India	1	7,235	6,085
Hindustan Times	2	2,947	2,349
The Hindu	3	2,710	2,846
Deccan Chronicle	4	1,053	1,059
Telegraph	5	1,023	850
Economic Times	6	1,012	868
Indian Express	7	841	949
New Indian Express	8	782	998
Midday (Eng)	9	769	723
Deccan Herald	10	750	618

Source: IRS Database

Criteria applied: # IRS 2003 R1; * IRS 2002 Round 2.



The summary analysis of CPT for English Newspaper Dailies in Andhra Pradesh and some of the other leading English Newspaper Dailies in their respective regional markets are as follows:

Publication	City	Readership in thousand@	Advertisement Rates*		CPT on Readership		Effective date*
			B/W	Color	B/W	Color	
Deccan Chronicle	Hyderabad	783	290	480	0.37	0.61	August 1, 2004
The Hindu	Hyderabad	234	100	125	0.43	0.53	August 1, 2004
Times of India	Hyderabad	139	100	120	0.72	0.86	June 1, 2004
The Hindu	Chennai	898	600	865	0.67	0.96	August 1, 2004
Hindustan Times	Delhi	1,324	840	875	0.63	0.66	May 15, 2004
Times of India	Delhi	1,432	910	955	0.64	0.67	June 1, 2004
Times of India	Mumbai	1,604	1,010	1,560	0.63	0.97	June 1, 2004
Times of India	Bangalore	817	550	620	0.67	0.76	June 1, 2004
Deccan Herald	Bangalore	485	298	513	0.61	1.06	January 1, 2004
Statesman	Kolkata	419	316	526	0.75	1.26	January 15, 2004
Telegraph	Kolkata	887	593	1,185	0.67	1.34	May 1, 2004

Source: Company

@ NRS 2003; * advertisement rates as per the latest available rate cards

Sizing the Indian Newspaper Industry

The PricewaterhouseCoopers survey has estimated the Newspaper Market in Asia/Pacific at US\$ 41.4 billion in 2003 and it is estimated that the market will grow at a CAGR of 2.7% p.a for next five years to reach US\$47.3 billion in 2008. Similarly the size of the Indian newspaper market is estimated at US\$1.7 billion in 2003 and it is estimated that the market will grow at a CAGR of 6.9% p.a for next five years to reach US\$ 2.4 billion in 2008.

The growth in readership has been faster than the growth literacy during the last few years. The literacy levels in India increased from 57.9% in 1999 to 65.4% in 2002, whereas the readership base has increased from 163 million to 180 million during the same period. The major contributors to growth in readership are from the English, Hindi, Marathi and Kannada segments.

Summary of Media penetration as per the NRS 2003 – All India:

Media Reach	Readership in thousand	
	Readership/ Viewership	% of population
Press (Any Publication-AIR)	186,933	24.5
TV (At least once a week)	407,845	53.4
Radio (At least once a week)	164,022	21.5

NRS 2003 All India (Adults)

Summary of Media penetration as per the NRS 2003 – Andhra Pradesh

	Readership in thousand			
	Urban		Rural	
	Readership/ Viewership	% of population	Readership/ Viewership	% of population
Press (Any Publication-AIR)	6,318	45.1	6,934	18.7
TV (At least once a week)	12,153	86.7	21,351	57.7

NRS - 2002 All India (Adults)

An analysis of the specific metropolitan consumer living in metros and belonging to the socio-economic classes A and B suggest that the reach of press is universal. Therefore in terms of reach in the metros print compares fairly with Terrestrial Television and a distinct advantage in relation to Radio and Internet.



The demographic profile of the Indian population is changing and not only is India younger than it has been in a long while, but also one of the world's youngest nations currently. The per capita daily newspaper circulation in India is estimated to be around 30 per 1000 population, which is one of the lowest in the world. (Source: Company estimates)

Features of the Indian Newspaper Industry

Certain aspects of Indian print industry

- There has been a decline in magazine circulation and readership;
- Vernacular newspapers outperform the English newspapers in circulation, though the overall advertising revenue of English newspapers is higher;
- Each state, typically, has its own vernacular and English newspapers. Most of these newspapers have been in operation for several decades and have very strong regional presence;
- Competitive pressures in the industry and tendency of the publishers to maintain or reduce cover prices has resulted in a check over the circulation revenues; Advertising garners a larger share of revenues.
- Newsprint is a freely traded commodity internationally and has shown considerable volatility in prices in the recent past. As most of the newsprint in India is imported, the prices in India are import parity linked.
- Most of the large budget advertisers channel their advertisement through English newspapers. The vernacular newspapers are not preferred by such advertisers because of the limited purchasing power of the typical vernacular newspaper reader.

Qualitative assessment of Newspaper vs. Television for viewer/reader perspective:

- Viewer's have the habit of switching channels in Television, whereas this does not happen in newspaper;
- There are multiple channel choices for viewers in Television, whereas only leading newspaper(s) are read by the reader;
- Newspapers advertisements have the ability to communicate lengthy, complex or detailed information and descriptions;
- The reader has the opportunity to refer back to the advertisement in case of print;
- Newspaper reaches the entire family, whereas in Television the advertiser has to be sure of the decision maker's presence and the choice of his Television programme to reach him;
- There is a tendency to read newspapers in the morning and hence the likelihood of registering the advertisement is higher;
- The impact of the print advertisement is assessed to be higher than other media platforms; and
- While the traditional FMCG brands continue to use Television as a medium to reach out to their largely female target audience, the print medium is used to reach male-oriented and upmarket brands like motorcycles, automobiles, cellular services and white goods.

Key Features of the Newspaper Advertising Market

Key features of advertising market

- Newspapers have to constantly maintain a balance between advertisement and editorial contents. Most established newspapers have 50:50 space allocations between advertisements and editorial;
- Advertisement Revenues can be bifurcated into several categories like display, classified, appointments, cinema
 - Display and Appointments are the major sources of revenues;
 - Classified denotes the readership/popularity of the newspaper. The advertisement rates for classified are typically lower than Display and Appointments;
 - Cinema generate high readership however they generate negligible revenues;
 - Supplements aim mainly to add local flavour to the main daily and is targeted to reach diverse readers and advertisers
- Apart from the category of advertisements, the advertisement rates also depends the positioning and the colour composition.
 - Normally first page and last page carry premiums, similarly premiums are charged for right hand pages, etc
 - Colour advertisement command a premium over the Black and White advertisements
- The advertising rates for a newspapers are generally denominated in Column Centimetres (CCs) or Square Centimetres. A typical broadsheet has eight (8) columns and is fifty two (52) centimetres in length;
- Media buyers analyse the CPT in terms of circulation and readership in addition to assessing the readers background;



- The newspaper publishing industry in India demonstrates the trend whereby with period beginning with the start of festive period in August and going on until March (being the financial year end for most Indian companies) the quantum of advertisements are higher. The first few months of the financial year end is normally weak as most companies are in the process of evaluating the media strategy and allocating resources towards various media platforms.

Key changes in the print industry

- Increase in marketing action to gain market share
- Attract new advertising segments, undiscovered advertisement potentials
- Better understanding of advertisers and their needs
- Change the image to attract younger readers

Some of the drivers for increasing newspaper readership includes

- *Dynamic environment with significant news flow* - India is witnessing significant and rapid changes in its economy, politics and external relations. This is resulting in a significant flow of news that appeals to a wide and diverse base of readers.
- *Accuracy of News* – The accuracy of news has long term effect from the point of view building loyal and retaining loyal readership base. Our Company has stringent controls in place to verify and confirm the accuracy of information. Factors such as importance of an event, focus on the message, language command assist in the effective communication of the story.
- *Localised News* – The readers are primarily looking for an appropriate mix of national news and regional news. The effective coverage of local regional events provides a feeling of importance and closeness to the reader.
- *Distribution Capability* – Distribution capability plays a critical role in ensuring that the newspaper reaches readers on time. The design process of a newspaper supply chain is based on push mechanism, where everyone is vying for the same pie. The competitive environment pushes players to increase their market share, which is rule of the game.
- *Significance of supplements* – The supplements are add-ons given with the main newspaper. Supplements play an important role in driving the readership. Our Company has different supplements for each day of the week. Our Company also gives additional supplements during major sports and social events.
- *Focused male readership* - Newspapers have a relatively high readership share among the target male audience. News channels offer a good platform for brands attempting to establish an image of credibility and seriousness.

Illustrative Newspaper Distribution Process

- The newspaper sales involve distributing highly perishable products under severe time constraints.
- The printed newspapers have to be dispatched to various distributors across the region. Transportation is normally through private contract carriers within local area, public transport in case of longer distances and through couriers in other cases.
- The newspaper distributor has the rights to distribute the newspaper in his area. The revenue of the newspaper distributor is based on a commission on the sale of every newspaper. The circulation is normally through salesmen appointed and salaried by the distributors, who in turn pass it on to hawkers.
- Hawkers, vendors and book stall owners are the last link of the supply chain before newspaper reaches readers. The hawkers' remuneration is also normally based on the commission system and is generally the highest in the entire supply chain.
- Responsiveness and efficiency play an important role in newspaper distribution channel. Responsiveness includes supply chain's ability to respond to wide a range of quantity demanded (due to demand fluctuations) and meet short lead times. On the other hand efficiency is the cost of making and delivering the newspaper to the readers.

Industry Outlook

As per the PricewaterhouseCoopers Global Media and Entertainment Outlook 2004 – 2008, the size of the Indian newspaper market is estimated at US\$1.7 billion in 2003 and it is estimated that the market will grow at a CAGR of 6.9% p.a for next five years to reach US\$2.4 billion in 2008

Increased consumerism and continued entry of global brands is likely to grow the advertisement pie further. The future challenges for the industry involve generating a continuous growth in revenues, while keeping most of the costs under control. The Indian advertising industry has demonstrated steady growth, due to rising levels of education and prosperity. The biggest contribution, in recent times has been from sectors like cars, telephones/mobiles, insurance, mutual funds etc as can be seen below. This is due to the fact that the Indian government has opened up a lot of sectors to privatization, leading to increased competition, thus ensuring a high growth.

There has been significant international interest in the Indian print industry. We understand that AMP Henderson has acquired minority stake in Hindustan Times, whereas Pearson Group (Financial Times) has acquired certain stake in Business Standard.



OUR BUSINESS

OVERVIEW

Deccan Chronicle, the flagship newspaper of our Company is the leading English daily in Hyderabad and Andhra Pradesh. We publish seven editions of the Deccan Chronicle in Andhra Pradesh from our printing presses located at Hyderabad/Secunderabad, Vijayawada, Rajahmundry, Vishakapatnam, Anantapur, Karimnagar and Nellore. Besides Deccan Chronicle, our Company also publishes Andhra Bhoomi in Telugu (daily, weekly and monthly).

Deccan Chronicle also has the highest circulation and readership among English dailies in Hyderabad and Andhra Pradesh. As per ABC the average net paid sales of Deccan Chronicle was 342,053 during the period July-December 2003. As per NRS 2003, Deccan Chronicle commanded a readership of 1,164(000). IRS 2003 has ranked Deccan Chronicle fourth in terms of readership in the All India English Category. As per the ABC certificate for the period JJ 04 Deccan Chronicle's average net paid sales was 380,093 representing as 11.12% (annualized growth of 22.24%) whereas the average net paid sales of Andhra Bhoomi was 51,697 representing as 46.87% (annualized growth of 93.7%).

ABC data reveals that Deccan Chronicle's circulation has increased at a CAGR of 26% during the period FY 1999 to FY 2003 whereas the NRS 2003 data reveals that Deccan Chronicle's readership has increased by 10% during FY 2003 as compared to FY 2002. In recent years, a number of broad-paged national English newspapers have started publishing editions from Hyderabad and other parts of Andhra Pradesh; Deccan Chronicle despite the competition has been able to maintain its leadership position in Hyderabad and Andhra Pradesh.

Over the years, we have sought to maintain a good balance between the of news we report and the advertisements we publish; and within advertising we have sought to maintain a proper balance between the various categories of advertisement such as display, appointments, classified and cinema. The advertisement to circulation income ratio for the Company was 85:15 for the period ended September 30, 2004.

We have modified the form and content focus of our newspaper with time keeping pace with the changing taste patterns and the preferences of our readers. We publish several supplements like Hyderabad Chronicle, Lifestyle, Vizag Chronicle, Teen Chronicle, School Chronicle, DC Estate which are targeted at specific readership segments.

We were initially formed as a partnership firm in 1938 by the name of Deccan Chronicle (the "Firm"), which first published the English weekly Deccan Chronicle in 1938 and daily Deccan Chronicle in 1947. For almost four decades, the Firm published the Hyderabad edition of the Deccan Chronicle, until we acquired the business of the Firm in 2003. See "Financial Information" on page 125 of this Prospectus for the summary of assets and liabilities acquired by our Company.

Continuing with our expansion and modernization program, during the current year we have set-up a modern printing facility at Kondapur (Hyderabad) which increases our ability to print color pages from four (4) per copy to sixteen (16) pages per copy. We are also in the process of launching the Deccan Chronicle in Chennai (Tamil Nadu).

Due to resemblance in the names Deccan Chronicle is perceived/assumed to be linked with Deccan Herald, which publishes and distributes newspaper in Karnataka. We clarify that there are no promoter or business association between Deccan Chronicle and Deccan Herald.

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

Leadership position in the Indian newspaper publishing industry

Deccan Chronicle is the largest circulated and read newspaper in Hyderabad and in the State of Andhra Pradesh. Deccan Chronicle is also the fourth largest circulated (ABC certificates for June-December 2003) and read (IRS 2003) English newspaper daily in India. We have seven editions in state of Andhra Pradesh, which represent the largest number of editions by an English daily in Andhra Pradesh. We have successfully withstood competition in Andhra Pradesh from most of the leading English newspapers in India. Our leadership position enables us to leverage our existing in-house skills, relationship with advertisers and provides potential to offer a product bouquet to attract additional advertisement revenue at marginal cost.

Editorial Excellence, Experienced Analytical and Creative Team

We have a large team of professionals with vast experience in analysing the news gathered through a network of reporters, journalists and news service agencies and a strong creative team which designs the layout and provides aesthetic value to our newspaper. It is essential that the professionals employed by us understand the changing tastes and preferences of our audience. We believe that our professionals do understand our audience, and have contributed towards amassing a large readership base for the Deccan Chronicle.



Modernisation

Our Company has set-up a modern printing facility at Kondapur in Hyderabad which provides our Company the ability to print sixteen (16) colour pages in a newspaper of twenty (20) pages as against the existing printing facility that prints four (4) colour pages. The ability to print colour advertisements for our advertisers will contribute further to our revenues as the rates for colour advertisements are at a premium over the black and white advertisement rates.

Established Business

Our Company was formed as a public limited company in January 2003 by acquiring the business of the Firm. . The Firm started the newspaper publishing business in the year 1938 and the newspaper “Deccan Chronicle” has been in existence since then. See ‘Our History and Certain Corporate Matters’ on page 49 of this Prospectus for further details. . Our brands “Deccan Chronicle” and “Andhra Bhoomi” have a strong brand image and enjoy a strong brand recall, which is substantiated from the fact that Deccan Chronicle is the leading English newspaper in the state of Andhra Pradesh. Further, our leadership position provides us the flexibility to charge premium advertisement rates.

Strong Management Team and motivated work force

Our Company is managed by a team of professional managers exclusively focussed on different aspects of newspaper publishing including editorial content, advertising, distribution and finance. Our management team includes experienced managers in the Indian newspaper publishing industry. Our promoters and management have a substantial experience in publishing a newspaper and its ancillary activities. Our Company’s human resource policy revolves around a commitment to create an organisation that nurtures talents and motivate its work force. We have a very low attrition ratio which has provided us continuity and stability. The continuity of our work force provides stability to our business.

Focussed Newspaper Publishing Company

We have adopted a focused approach for our businesses and are committed on the English Newspaper publishing business which we believe is our core strength. Currently we do not have any plans to enter into the broadcasting or the online business. We believe that given the demographic features of India, the Indian news industry is not prepared to move towards an online model and the English dailies will continue to grow. Our business strategy of high growth coupled with optimal financial planning provides us the ability to perform during all the phases of business cycle. We have established a presence in the more preferred English segment of readers. The vernacular newspapers are not preferred by such advertisers because of the limited purchasing power of the typical vernacular newspapers reader. Most of the large budget advertisers channel their advertisement through English newspapers. Our this approach enables us to focus on our core competency.

Superior operational performance

As per ABC the circulation of our newspaper “Deccan Chronicle” has increased at a CAGR of twenty six (26) per cent during the period 1999 to 2003. As per NRS 2003 Deccan Chronicle’s readership has increased by approximately ten (10) per cent during 2003 as compared to 2002. Our Company has maintained stringent control over our operating costs. These factors result in better profitability for our Company. Our strengths lie in key areas such as speedy and accurate news collection, effective communication of the story, newspapers distribution and advertisement marketing, strong distribution network, which we believe are critical factors for success in the Indian newspaper industry. Our superior information technology system assists us in achieving higher operational efficiencies. Our entire process of news gathering and analysis, scheduling of advertisement releases, co-ordination between the editorial and advertisement department, customer billing and executive reporting system for senior management is captured on-line.



OUR STRATEGY

Our corporate vision is “to be one of the leading English newspapers publishing companies”. The following are our strategies to achieve this vision:

Expand our installed Colour printing capacity

We have recently started a new print facility in Hyderabad where by colour printing capacity has increased from four (4) pages to sixteen (16) pages. The colour advertisements command a premium over Black & White advertisements and we propose to migrate a portion of our Black & White advertisers into colour.

Enter into newer territories which offer growth potential

We are launching our flagship newspaper “Deccan Chronicle” in Chennai (Tamil Nadu). Our Tamil Nadu entry is motivated by the current state of the market, geographic proximity to Andhra Pradesh and the possibility of achieving the economies of scale.

Increase the circulation and readership

We are committed on increasing our circulation and readership with a strong focus on catering to the preferences of our readers. We believe in constantly evaluating the objectives of our advertisers and continue to operate as one of the lowest cost per thousand (“CPT”) reader’s English newspaper.

Capture an increasing share of advertising revenue potential

In addition to the strategy of migrating from black and white advertisements to colour advertisements, we propose to increase our advertisement rates in line with the industry and other players in light of our CPT. We are also striving to increase the share of national advertisers. Our Tamil Nadu entry will provide is the flexibility to provide a bouquet of product to advertisers.

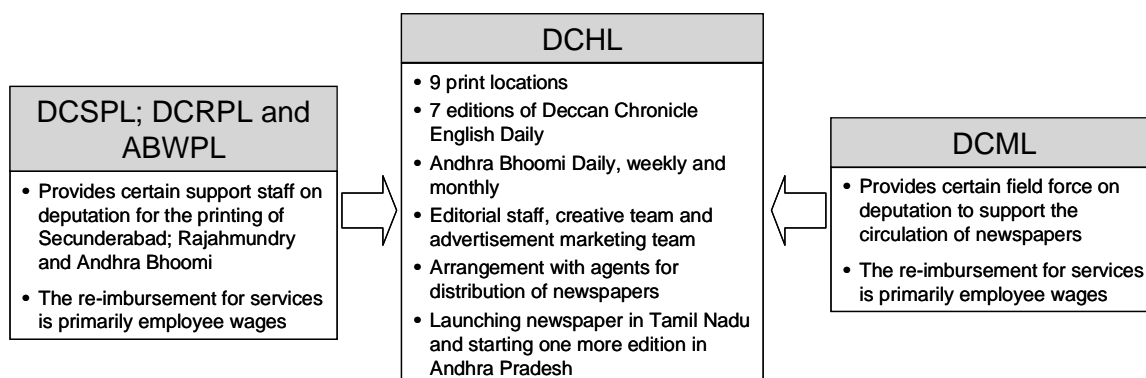
Increase the number of editions in Andhra Pradesh

We are in the process of setting up a printing facility in Cuddapah in Andhra Pradesh and start the Cuddapah edition. The Cuddapah town is currently serviced by other editions. The operationalisation of Cuddapah facility will enable us to map the entire state of Andhra Pradesh.

Operations

Some of the other Companies in our promoter group include DCSPL, DCRPL, ABWPL and DCML. DCSPL, DCRPL, ABWPL and DCML were formed to provide certain personnel on deputation to our Company. An overview of DCHL and certain related entities is as follows:

Overview of Newspaper publishing business



DCSPL, DCRPL and ABWPL are not engaged in any other activity and the revenues of these Companies for the financial year ended March 31, 2004 were in the range of Rs.7,504(000) to Rs 13,200(000), whereas the profits ranged from Rs106(000) to Rs409(000). The summary financials of these Companies is provided in “Our Promoters” on page 58 of this Prospectus.



Newspaper printing facilities and target markets

We have seven editions of Deccan Chronicle in Andhra Pradesh printed from Hyderabad/Secunderabad, Vijayawada, Rajmundry, Vishakhapatnam, Anantapur, Karimnagar and Nellore. During the current year we have set-up a modern print facility at Kondapur (Hyderabad) which increases our ability to print color pages from four (4) per copy to sixteen (16) pages per copy. We also have a book printing and a heat-set printing facility for printing our specialized supplements at Alwal.

Overview of our printing locations



Summary of our printing facility is as follows:

Printing facility	Address	Print capacity*	Regions addressed
Secunderabad	34, Sarojini Devi Road, Secunderabad	120,000	Hyderabad, Secunderabad, Ranga Reddy, Medak
Kondapur	Survey No. 186(P), Serrilingampally, Kondapur, RR District	165,000	Mahbubnagar, Nalgonda
Vijayawada	Industrial Estate, Autonagar, Patamata, Vijayawada	60,000	Krishna, Guntur, Khammam
Rajahmundry	Vemagiri, Dhawaleswaram, Rajahmundry	60,000	East Godavari, West Godavari
Visakhapatnam	Pithapuram Colony, Visakhapatnam	50,000	Visakhapatnam, Vizianagaram, Srikakulam
Anantapur	Thapovan Colony, Bangalore By-Pass Road, Anantapur	75,000	Anantapur, Kurnool, Cuddapah
Karimnagar	Survey No. 1341, Vavilapally Colony, Jagityala Road, Karimnagar	60,000	Karimnagar, Warangal, Nizamabad, Adilabad
Nellore	Survey No 527, Burranpur Village, Chemudugunta Panchayat, Nellore	60,000	Nellore, Prakasam, Chittoor










Source: Company; * number of copies per hour



Current Product Profile of our Company

Deccan Chronicle English daily is the flag ship product of our Company. The following supplements are annexed to Deccan Chronicle

DECCAN Chronicle

Supplements	Description
The Hyderabad Chronicle Monday/Wednesday/Friday	Tri-weekly city specific supplement designed to cover celebrities and the events in the city. It has pages dedicated specifically for city events, readers' opinions and religion. It is considered to be an effective communication vehicle for the retail and national advertisers to reach their specific local audience.
  Tuesday	Focuses on children, their aims, ambitions and opinions. It includes tips towards better learning, and highlights special achievements of youngsters and also features a forum of expressions for the poets and young writers where write ups are called on a particular topic. Teen Chronicle, focusing on teenagers, gives an insight into various careers they can choose and highlights young achievers. Teen Chronicle focuses on the career opportunities available and provides guidance through the courses.
 Thursday	Contains stories and interviews of Bollywood, Hollywood and Tollywood personalities including news associated with production and forthcoming releases in the film industry. The supplement also includes certain events on production sets and a 'Close in Close up' where in the readers send in their witty one-liners for the published photograph.
 Friday	Devoted to real estate update and helps readers keep tab on the latest information, trends, products and ideas that drive the building & and construction industry forward. It features subjects like interior decoration, architecture, vaasthu, and building materials, electricals, housing finance investment guide. DC Estate profiles upcoming architects, builders, and interior designers and also updates with information as regards property prices in the twin cities.
 Friday	Designed for the upper crust, it dabbles with a variety of topics that range from the latest trends in lifestyles to contemporary issues concerning the new-age men and women. It also includes features on gardening, cookery and beauty tips
 Wine & Dine Saturday	A weekly magazine covering the latest updates from the tinsel world be it Television, Movies or Music. Interviews of the leading stars and upcoming TV Actors and Actresses are the highlight of the TV Guide. Showcasing the forthcoming new serials, soaps & and live shows on the Television. Information like the Television viewer-ship ratings of different channels is included. TV Guide gives a platform to the advertiser as the advertisement gets more OTS (Opportunity To See).
	All the latest on where to shop and what to buy. What's fashionable and trendy, and what's passé. It also features the happening events readers may be interested in, which is a great boon to those who have a Saturday night to plan. An ideal recipe for good food and great weekends
  Sunday Event specific	Distinctive style where general, topical matters are analysed in depth. It includes Horoscope, Tarot, a look at newsmakers and review of books, city top ten best seller's crossword and cartoons. Also included, are interviews with people who have made an impact on the society, film reviews and columns on health Event specific supplements added

Andhra Bhoomi (daily) is a Telugu daily newspaper. Our Company also provides supplements like Priyadarsini a ladies special page appearing on all days except Friday being a woman's feature; Sadhana a handy booklet issued free every Saturday with lots of information on job prospects, career guidance, an update on current affairs and excellent study material for competitive exams; Sunday Magazine a family magazine with a wide variety of entertainment; Sisindri - The Kid's Carnival provides informative reading material for entertainment as well as education of school kids, Andhra Bhoomi has also started the "Sisindri Club";



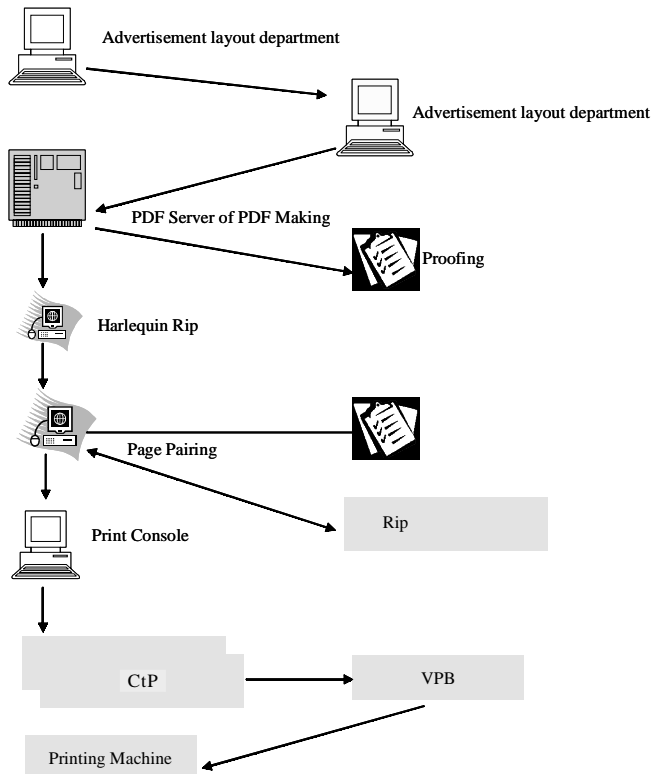
Andhra Bhoomi (weekly) is a Telugu weekly, which caters to the youth, children, women and men. It contains various serials on subjects like romance, mythological, teenage love story, crime, and all of these are run as serials. Apart from these serials there are four short stories, of which one is for adults.

Andhra Bhoomi (monthly) is a Telugu monthly. The layout of the monthly is also very reader friendly and has extensive photographs and is about 35 pages in all.

Illustrative Newspaper Printing Process

The newspaper printing process involves the following steps:

- The editorial staff along with the network of reporter's, stringers, journalists analyse the data compiled from the domestic and international news agencies and the newswires and create the news story.
- The advertisement team in liasion with the marketing department procures advertisements .
- The editorial department in co-ordination with the advertising department creates newspaper pages and converts them into postscript files.
- The files are sent to PDF server for converting postscript files to portable document format. The pages are proofed and sent to printing facilities using facsimile transmission technology.
- The PDF files are converted into compatible files format using the conversion software. These files are then aligned with the plates using 'Computer to Plate' technology.
- These plates are then punched and bent according to the specifications of the printing machines. The punched and bent plates are mounted on the printing machines for the printing.
- The newspaper printed are stacked, wrapped, and loaded into delivery vehicles using automated stackers, packers, wrapping and bundling equipments.





Our Circulation and Readership Data

The following is the summary of "Deccan Chronicle" net paid sales as certified by ABC during the last five years in Andhra Pradesh:

Period	Copies per day
Jan -June 1999	136,350
July - Dec 1999	139,057
Jan-June 2000	142,824
July-Dec 2000	196,971
Jan-June 2001	236,537
July - Dec 2001	251,449
Jan-June 2002	260,022
July - Dec 2002	277,960
Jan-June 2003	296,430
July - Dec 2003	342,053
Jan-June 2004	380,093

Source: ABC certificates

We have achieved a circulation (average net paid sales) of 380,093 copies of Deccan Chronicle for the period January – June 2004, where as 51,697 copies of Andhra Bhoomi (daily) for the period January – June 2004.

The summary of net paid sales of "Deccan Chronicle" and some of the other English dailies as certified by ABC during the last three years in Andhra Pradesh is as follows:

Publication	JD-03	JJ-03	JD-02	JJ-02	JD-01	JJ-01
Hyderabad						
Deccan Chronicle*	231,692	214,007	211,265	206,748	204,785	202,928
Hindu@	117,875	108,173	104,527	99,218	132,639	136,694
Times of India	80,014	NA	NA	NA	NA	NA
Rest of AP						
Deccan Chronicle	110,361	82,423	66,695	53,274	46,664	33,609
Hindu\$	108,977	104,048	101,656	98,244	61,709	55,704
Times of India	-	NA	NA	NA	NA	NA
Total						
Deccan Chronicle#	342,053	296,430	277,960	260,022	251,449	236,537
Hindu	226,852	212,221	206,183	197,462	194,348	192,398
Times of India**	80,014	NA	NA	NA	NA	NA

Source: ABC Certificates audit period 1st July to 31st December 2003; 1st January to 30th June 2003; 1st July to 31st December 2002; 1st January to 30th June 2002; 1st July to 31st December 2001; 1st January to 30th June 2001

NA: Not available

* Average net paid sales printed at Hyderabad (frequency daily)

All editions average net paid sales (frequency daily)

@ Average net paid sales printed at Hyderabad (frequency daily)

\$ Average net paid sales printed at Vijayawada and Visakhapatnam (frequency daily)

** Average net paid sales printed at Hyderabad (frequency daily except Sunday)

The summary of NRS for the period 1999 to 2003 for the city of Hyderabad/Secunderabad is as follows:

Readership in thousand

Publication	1999	2000	2001	2002	2003
Deccan Chronicle	743	780	821	717	783
Hindu	145	144	177	173	234
Times of India	27	29	67	96	139

Source: NRS database

Criteria: All India (All Adults), City: Hyderabad/Secunderabad



The summary of NRS for the period 1999 to 2003 for the state of Andhra Pradesh is as follows:

Readership in thousand

Publication	1999	2000	2001	2002	2003
Deccan Chronicle	864	954	1,131	1,022	1,125
Hindu	455	447	555	544	660
Times of India	44	45	78	113	180

Source: NRS database

Criteria: All India (All Adults), State: Andhra Pradesh

The industry share of a particular newspaper can be evaluated based on the circulation and readership of that newspaper. The circulation of a newspaper depicts the average number of copies sold during a particular period. The methodology adopted by ABC is briefly explained on page 33 of the Prospectus. National Readership Survey which is conducted on annual basis depicts the average number of people who read a particular newspaper as well the readership profile. There is a correlation between the circulation and readership of a newspaper, however the same is not linear in nature. In addition to the pull factor, the circulation of a newspaper demonstrates the efficiency of the newspapers distribution system and the push factor applied by the newspaper publisher, whereas the readership of a newspaper mainly demonstrates the number of people who read the newspaper.

As most of our competitors are not listed on the stock exchanges in India we do not have their recent financial data. Moreover most of our competitors are present in more than one segment with vast geographic presence and hence are not strictly comparable.

The reach of the newspaper can also be analyzed for a target segment based on sex, age group, socio-economic class or any other parameter.

Summary of NRS 2003 for the state of Andhra Pradesh

Readership in thousand

Criteria	Deccan Chronicle	The Hindu	Times of India
Sex			
Male	501	141	93
Female	283	93	46
Age Group (Years)			
12-14	78	29	15
15-19	140	44	13
20-34	332	81	73
35+	233	79	39
Socio-Economic Class			
AB	822	305	170
Others	166	26	14

Source: NRS 2003 Database

As per the ABC, the average net paid sales of Andhra Bhoomi for the period JJ 04 was 51,699 copies, whereas the average net paid sales of the two competitors Andhra Jyothi and Eenadu for the same period was 86,323 and 10,02,164 copies.

Our Editorial Strength

We are focused on newspaper publishing business and derive a professional lineage from our Promoters and management who are experienced to anticipate industry trends and capitalise on new business opportunities that may emerge. Our editorial team works towards a focused objective of presenting news with right blend of aggression and maturity, keeping in mind the power of print. Our editorial team has vast experience in providing quality content and expertise in journalism and makes its best efforts to uniquely position Deccan Chronicle that we believe is a critical driver for our business.

Our team is well structured with pre-defined responsibilities. The central news team is headed by Chief Editor and is supported by a team of Sub-Editors and Reporters who are responsible for various news segments such as national news, business news, sports news, health, lifestyle and metropolitan news. They are supported by a well-trained and motivated team of journalists, sub-editors and others. We have appointed full time reporters at all the district headquarters, important towns in the State of Andhra Pradesh, Hyderabad, Chennai



and at Delhi. We also have a network of over one thousand three hundred fifty (1,350) stringers and correspondents (part time) who work on an honorarium basis covering the entire state of Andhra Pradesh. They contribute the events occurring in their area on daily basis. Our Company has provided telephones, computers, scanners and modems at few centres to facilitate procurement of news. We also publish the articles, editorial items, stories, free-lance journalist's items written by experts in various fields. The payment is made for each article on the basis of importance and quality as assessed by the Chief Editor.

We have agreements/arrangement with various news wire agencies for providing news on national news, international news, stock exchange information, cross word, puzzles, cartoons, sports news, maps and graphs, market quotes. The news and photographs sent by such agencies by telex, internet, courier and postal services are edited and published in our newspapers . Some of the news wire agencies with whom we have arrangements include United News of India for English news service; Press Trust of India for AFT text service via internet and photo subscription; IANS India for general news service; ANI Media Private Limited for Reuters service and down loading of pictures and sports news; Kashmir News Service for news service for Andhra Bhoomi; News & Views Syndicate for Market Quotation of Hyderabad market; Economic Research Group for BSE, NSE, HSE Stock quotation progress and page layout; Asia Features for news service cartoon Jumble, Archie, Wizard Of ID, double crossword, Calvin & Hobbes, Graffiti quiz; Asia Features for Believe it or Not, Tarzan; AFI Features for Cartoon; SAAB pictures for news service photo; Core crossword & more for Crosswords and Puzzles; Carto Graphic news service for Maps & Graphs; Snaps India for news service photo; News & Service syndicate for news service for Andhra Bhoomi; New York Times for world news. We have also entered into an agreement with Asian Age Holdings Limited for providing news, features, photos, etc. whereby we are required to pay to them a minimum of 1% and a maximum of 1.5% of our total advertisement turnover of the year on a monthly basis.

The volume of information received by us is very high when compared with the information used. The priority of using the information depends on the judgement of editorial staff.

The editorial team develops the news agenda, in advance, based on the news outlook for the day and inputs from various bureaus and news wires. The news agenda is reviewed at the beginning of the day and delivered to the Chief Editor. The assignment desk monitors the development of news stories and keeps itself abreast of various developments that have news potential. Inputs are continuously taken from reporters during the day. The team strives to build the story and provide our readers with the news after checking on its authenticity. The editorial team endeavors to ensure that news stories are balanced. One of the senior editors decides the placement of news.

We believe that our leadership position in the news publishing industry enables us to enjoy trust and confidence of the various authorities and newsmakers who also give us leads and access to events enabling us to get first hand and authentic information.

To minimize duplication and costs, the assignment and news gathering division operates as a common resource to deliver the needs of all the publications and editions; however we have a dedicated small team of sub-editors and journalists for each of the locations based at the respective print centres.

Distribution and Circulation

The circulation of newspapers is done through the network of circulation agents. We supply newspaper to the agents as per the supply register. The circulation agents provide orders either in writing or on phone every day for the next day.

We have a strong distribution network of around two thousand (2000) circulation agents. In the city of Hyderabad alone, there are thirty five (35) agents, making it one of the effective publications. Newspaper distribution boys are normally self-employed hawkers. We do not have any employer-employee relationship with distribution boys at any point of time. As per the industry regulations/practice circulation agents are offered a distribution commission of thirty three (33) percent.

Marketing

Space selling is performed through the network of advertising agencies. The basic document received by our Company for the publication of an advertisement in the newspaper is the release order issued by the agency/client. The release order contains all the information in relation to the advertisement including the size of the advertisement, placement, rate to be charged, date of publication, type, category of advertisement, etc. The release orders received are captured on the system for generating the release order chart which is forwarded to the scheduling department for scheduling of the advertisements. The details are then forwarded to the billing department, which after verifying the details raise the bills. The advertisement collections are received in cash as well as in cheques, demand drafts.

We have long relationship with most of the leading advertising agencies in India. We have relationships with over one thousand two hundred fifty (1,250) advertisers and the management feels that it shall be able to sustain and carry the advertisers with them. For the financial year ended March 31, 2004 the top 10% advertising clients accounted for approximately Nine (9) per cent of our total advertising revenues and the clients included Tata, Maruti Udyog, Bajaj, Hyundai, Hero Honda, Hutch, Bharti Mobile, Samsung, Sahara, Pantaloon among others.



Our advertisers are split into two categories namely the accredited and the non-accredited agencies. In the case of the large accredited agencies, our credit risk is minimized as the governing body of the accredited agencies being the INS acts as a body of last resort to claim any dues owing to the newspaper in the event of default from the said agency. INS as a first step would disaccredit the agency and hot list the same from releasing future advertisements and also use the security deposit of the advertiser to compensate the publication. In the case of the non-accredited advertisers, the company follows a policy of cash and carry or a security deposit backed credit period not exceeding the amount deposited unless replenished. The above minimizes the credit default. We allow an average credit period of ninety (90) days to its advertisement agencies. There has been no incidence of major bad debts in the past. Government agencies which advertise with us however take a longer time in making payments.

As per the industry regulations/practice our advertisement rates are subject to agency commission of fifteen (15) per cent to advertisement agents.

The advertisements are accepted as per the rate card except in the following cases:

- Volume incentives may be allowed to certain agencies/clients, based on the assured commitment of volume of business.
- Special rates may be considered in case clients who agree to publish in all editions
- Special rates may be considered for certain upcountry advertisers
- Special rates may be considered in case of full/half page releases

The display, appointments and DAVP advertisements constituted approximately 87% of the total advertisement income for the financial year ended March 31, 2004 which was approximately 84% for the period ended March 31, 2003. Analysis of advertisement revenues for these categories for the financial year ended March 31, 2004:

Sold around 1,103(000) CCs for the Year ended March 31, 2004;

- Around 12.2% of the CC's sold was colour space but the same accounted for 20.4% of the revenues in value terms;
- Display category was approximately 77% of CCs sold in space terms and approximately 86% in value terms
- Average colour premium over black and white rates was around 85%

A summary of publication wise revenues for the year ended March 31, 2004 is provided below:

		Rs in thousand
Sr. No.	Publication	Advertisement
1	Deccan Chronicle (Daily)	939,663
2	Andhra Bhoomi (Daily)	49,655
3	Andhra Bhoomi (Weekly)	838
4	Andhra Bhoomi (Monthly)	827
		990,983

A summary of publication wise revenues for the period ended September 30, 2004 is provided below:

		Rs in thousand
Sr. No.	Publication	Advertisement
1	Deccan Chronicle (Daily)	607,179
2	Andhra Bhoomi (Daily)	19,615
3	Andhra Bhoomi (Weekly)	192
4	Andhra Bhoomi (Monthly)	340
		627,325

All the accounts of our Company are maintained in the computerized environment and we have designed and developed our own accounting software as per our specific requirements on Oracle database. Our company has a monthly management information system and the operating performance of our Company is closely monitored by the senior management.



Tamil Nadu Entry

Brief background of English Newspaper publishing market in Tamil Nadu

- As per NRS 2003 there are primarily two newspapers in the non-financial English broadsheet category in Tamil Nadu which are the Hindu, with an all Tamil Nadu adult readership of 1,510(000), and The New Indian Express, with an all Tamil Nadu adult readership of 222(000).
- The readership of Hindu and The New Indian Express in the same category for Chennai was 898(000) and 98(000) respectively for 2002.
- The following is the summary of average net paid sales as per ABC English newspapers in Chennai and Tamil Nadu:

Particulars	JD 2003	JJ 2003
Chennai#		
Hindu	197,947	190,073
The New Indian Express	18,648	19,685
Rest of Tamil Nadu@		
Hindu	237,787	228,045
The New Indian Express	28,162	27,542
Tamil Nadu		
Hindu	435,734	418,118
The New Indian Express	46,810	47,227

Source: ABC Certificates

Average circulation in the town of publication

@ Average circulation in the state in which the town of publication is situated

The rationale for our proposed entry into Tamil Nadu includes:

- *State of the Market:* There is practically only one English newspaper in Tamil Nadu. We believe that the typical fallouts of the one player/monopoly markets are premium pricing by the supplier, slow growth in market, customers looking for a change, etc;
- *Niche Segment:* Our newspaper have supplements / sections which are targeted towards specific sections of the society;
- *Economies of Scale:* The entry of our Company in Tamil Nadu will assist in achieving the benefits of cost savings in news gathering, analysis and editorial staff and raw material procurement;



Expansion Projects undertaken by the Company

Summary of capital expenditure projects undertaken by the Company

Rs. in thousand

Particulars	March 31, 2004	September 30, 2004
Kondapur (Andhra Pradesh)		
Land	7,324	23,214
Buildings	29,466	43,003
Plant & Machinery	402,842	431,549
Furniture & Fixtures	4,182	4,315
Computers	21,049	21,049
	464,862	523,130
Cuddapah (Andhra Pradesh)		
Land	118	118
Chennai (Tamil Nadu)		
Land	34,865	34,865
Buildings	22,804	36,579
Furniture & Fixtures	-	7,500
Computers	-	4,339
	57,669	83,283
Trichy (Tamil Nadu)		
Plant & Machinery	20,000	30,087
	20,000	30,087

Source: Company

The abovementioned capital expenditure project has been financed out of internal accrual and debt raised by our Company.

Kondapur printing facility

The construction of the Kondapur printing facility is complete and the same is completely operational.

Land for Chennai printing facility

We have purchased a land along with existing old factory building for the purpose of commencing its Chennai edition. The total area of the land is 4840 sq. yards. The building is a cement framed structure and structurally designed for Ground plus two floors having considered for heavy machinery loads coming on the floor of the building. The first floor is meant for editorial staff whereas the second floor will house administrative staff. The civil construction as well as electrical installation work has been completed and we have either received or placed orders for the plant and machinery and office equipments. The interior finishing work is underway and would be completed in another thirty (30) to forty (40) days. We are currently in the process of evaluating the candidature of personnel for the Chennai edition. The current Issue is partially being used for financing the plant and machinery at the Chennai printing facility.

Cuddapah printing facility

We have purchased a land admeasuring 76.5 cents (3,672 sq. yards) in Cuddapah for the purpose of construction of press and office buildings.

Building for Trichy printing facility

We have placed orders for purchase for a Gemini Web Offset Press. The Gemini Web Offset Press comes with a 546mm cut off size and has rated capacity of 45,000 impressions per hour consisting of 4Nos. Blanket to blanket Gemini-Hi printing towers complete with narrow gap toolless plate lock-up reel, reel rod blanket lock up and brush dampeners, 2 No. blanket to blanket mono printing units with solid steel plate and blanket cylinder, 6 No. flying splicers, 6 No. motorized full page compensators, 6 sets of infra-red web break detectors consisting of 1 No. plate lender and punch, 1 No. centralized water circulation system for entire press, 1 No. remote ink control system for 4-Hi printing towers and 1 set of press drive and controller. The machine carries a warranty against defects in material and workmanship for a period of twelve months commencing from the date of dispatch of the machine.

Insurance

Our facilities situated at Ananthapur, Karimnagar, Alwal, Vishakapatnam, Secunderabad, Kondapur, Vijayawada, Rajahmundry and Nellore have been insured under standard fire and special perils policies against losses conditioned by fire, lightning, storms, bursting of water tanks or other apparatus, explosions, riots, strikes and malicious damage.



OUR HISTORY AND CERTAIN CORPORATE MATTERS

Our History

We were initially formed as a partnership firm in 1938 by the name of Deccan Chronicle, which first published the English weekly Deccan Chronicle in 1938 and the daily Deccan Chronicle in 1947. For almost four decades the Firm published the Hyderabad edition of the Deccan Chronicle. Based on the available information with our Promoters, the first partners of the firm included K.R. Rajgopal, B.R. Chary, M.N. Jaisooriya.

In January of 1977, the partnership was taken over by Late Sri T. Chandrasekhar Reddy from A. P. Nagratnam, K. R. Pattabhiram, K. R. Vishnu, K. R. Vittal Rao, K. R. Nandagopal, K. R. Govindraj. Within 5 months of the acquisition, the Firm launched the Andhra Bhoomi Weekly magazine and within a year also launched the Andhra Bhoomi monthly magazine, both, in Telugu and published from Hyderabad. T. Venkatram Reddy (the current Chairman), the elder son of Late Sri T. Chandrasekhar Reddy, got associated with the business in 1979, whereas T. Vinayak Ravi Reddy (the current Managing Director), the younger son of the Late Sri T. Chandrasekhar Reddy, got associated with the business in 1988.

In 1982, DCPL was incorporated, for the purpose of publishing the Vishakapatnam, Anantapur and Karimnagar editions of the Deccan Chronicle. Over the next two decades the Firm along with DCPL launched the Vijayawada, Rajahmundry and Nellore editions of the Deccan Chronicle. It also upgraded its technology in terms of printing quality and colour printing.

In 1997, Nandi Publishers Private Limited was incorporated under the Companies Act, 1956 and having its registered office in Andhra Pradesh wherein it housed heat-offset printing facility for printing specialised supplements. In relation to our other Group Companies which are in the print related business, please refer to "Our Promoters" on page 58 of this Prospectus.

In an effort to corporatise its operations, the Firm was restructured to form a public limited company. The restructuring was undertaken by the incorporation of a new entity Deccan Chronicle Holdings Limited, and the transfer of all the assets and the liabilities of the Firm as a going concern with effect from January 1, 2003 to our Company. This restructuring was effected through an agreement dated December 27, 2002 between our Company and the Firm, whereby Equity Shares in our Company were issued to T. Venkatram Reddy and T. Vinayak Ravi Reddy, as partners of the Firm, in lieu of the transfer of all assets, liabilities, rights and obligations.

Subsequently, in an effort to consolidate the seven (7) editions of Deccan Chronicle, we also acquired all assets and liabilities (except for land and plant and machinery) from Deccan Chronicle Private Limited under a business transfer agreement dated December 30, 2002. Deccan Chronicle Private Limited has since then been providing employees on deputation to our Company. Recently, the High Court of Hyderabad has by an order dated September 20, 2004 approved the scheme of amalgamation of Deccan Chronicle Private Limited and Nandi Publishers Private Limited, with our Company with effect from April 1, 2003, under the provisions of section 391-394 of the Companies Act, 1956. Also, please refer to "Financial Information" on page 125 of this Prospectus.

Our Company is majority owned by T. Venkatram Reddy and T. Vinayak Ravi Reddy, brothers and sons of the Late Sri T. Chandrasekhar Reddy, who hold 99.99% of the paid up equity capital of the Company. T. Venkatram Reddy is the Chairman and is responsible for the overall management of the Company and T. Vinayak Ravi Reddy is the Managing Director and is responsible for supervision, planning and procurement of capital goods, printing, circulation and advertising.

Main Objects of the Company

Our main objects as contained in our Memorandum of Association are:

1. To carry on business of printers and publishers of newspapers, magazines, periodicals, journals, books and pamphlets and other library works in different languages and to carry on all or any of the business of printers, publishers, stationers, lithographers, type foundry, stereotypers, electrotypers, off set printing, photographic, printers, photolithographers, chrome-lithographers, engravers, die-sinkers, book-binders, card printers, calendar printers, translators, paper and ink and or other stationery goods manufacturers, book sellers, advertising agents, Engineers and dealers in or manufacturers of or importers and exporters of any other articles goods finished or unfinished or other things of a character or kind similar or analogous to the forgoing of any of their connected directly or indirectly with them.
2. To collect, supply and disseminate, inform or open information bureaus, to employ correspondents, authors, writers, reporters and other and to pay for news, information, caricatures, articles, copy rights, rights of publication, and translation, and other right in respect of any literary, scientific, artistic or other matter and to publish the same or to dispose of the same, to act as agents or contractors to investigate or enquire into any matter or occurrence, to sell intelligence, information or tender advice on payment or otherwise in matters financial, legal, scientific, commercial, sociological or religious.
3. To establish and conduct competitions in respect of cross words, anagrams suitable for insertion in any of the publication of the company to hold and promote competition of any description authorized by law, which may be calculated to enhance or increase



the business of the company and to record, broadcast in the electronic media, namely Television, Radio and other medias and to advertise or promote the sale of any publication of the company or of any other person and to offer or give prizes, awards, rewards, compensations and premia in connection with such competitions or otherwise and to give scholarships, privileges, advantages, rights, bonuses or rewards of any kind whatsoever for the purpose of the company and on such terms as the company may deem fit.

4. To purchase, or otherwise acquire either wholly or in part and to print publication, edit newspapers, magazines, pamphlets, journals, dailies, reviews, pictorial, annuals, supplements, sports and cultural magazines, biographies, autographies, books, treatises, pictures, circulars, encyclopedias to create software and other literate or works and publications and to carry on business as advertising agents, bill posers and to deal in picture, photographs, autographs, paintings, pictorial postcards, calendars, diaries, stationery, artistic goods, software artistic materials and to act as picture games makers, photographers, artists, sculptors, painters, decorators and circulating library keepers and to enter into collaboration with parties outside India subject to the Indian Laws, current from time to time for imparting know-how for setting up of newspapers, printing and publishing business and establish and operate such business on contract basis or on lumpsum payment or royalty basis and to carry on the business of dealing in shares, securities and other investments.
5. To take over the business including the assets and liabilities of Deccan Chronicle, a partnership firm carrying on the business of publication of Deccan Chronicle, Andhra Bhoomi and other publications as a going concern.

The present business of the company is as per the main objects of our company

Initial Subscribers to the Memorandum

Name	No. of Equity Shares
T. Venkatram Reddy	24,000
T. Vinayak Ravi Reddy	24,000
T. Manjula Reddy	1,000
T. Urmila Reddy	100
T. Shanthi Priyadarshini Reddy	1,000
P. K. Iyer	100
Deccan Chronicle Private Limited	100
	50,300

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of shareholder approval	Changes
August 28, 2004	Increase of authorized share capital from Rs. 5,00,00,000 divided into 50,00,000 Equity Shares of Rs. 10 each to Rs. 50,00,00,000 divided into 5,00,00,000 Equity Shares of Rs. 10 each.

The details of the capital raised by our Company are given in the section entitled "Capital Structure" on page 19 of this Prospectus.



History and Major Events

Year	Event
1938	We were established as a partnership firm
1938	Deccan Chronicle (weekly) launched
1947	Deccan Chronicle (daily) launched
1977	The firm was taken over by Late Sri. T. Chandrasekhar Reddy
1977	Andhra Bhoomi weekly magazine launched
1978	Andhra Bhoomi monthly magazine launched
1979	T. Venkattram Reddy got associated with our Company
1980	The Company changed over from metal composing and letterpress printing to photo type composing and web offset printing. It became the first publication to adopt web offset printing in the State of Andhra Pradesh
1985	Launch of the Vishakapatnam edition of Deccan Chronicle and Andhra Bhoomi
1988	T.Vinayak Ravi Reddy got associated with our Company
1989	Launch of the Vijayawada edition of Deccan Chronicle and Andhra Bhoomi
1996	Launch of the Rajahmundry editions of Deccan Chronicle and Andhra Bhoomi
1998	Commissioning of the Alwal heat-offset press for the purpose of colour printing
1999	Launch of the Anantapur edition of Deccan Chronicle and Andhra Bhoomi
2001	Launch of the Karimnagar edition of Deccan Chronicle and Andhra Bhoomi
2003	Launch of the Nellore edition of Deccan Chronicle and Andhra Bhoomi
2003	Restructuring of partnership firm to form a public limited company by merging Deccan Chronicle into Deccan Chronicle Holdings Limited
2003	Acquisition of the entire business of Deccan Chronicle Private Limited by our Company
2003 and 2004	Non-convertible debentures issued
2004	Amalgamation of Deccan Chronicle Private Limited and Nandi Publishers Private Limited, into our Company



OUR MANAGEMENT

Board of Directors

Our Chairman, T. Venkatram Reddy is responsible for the overall management and our Managing Director, T. Vinayak Ravi Reddy is responsible for the supervision, planning and procurement of capital goods, circulation, advertising and printing. We currently have seven Directors.

The following table sets forth details regarding our Board of Directors as at the date of this Prospectus:

Name, Address, Designation, Occupation and Term	Age (Years)	Qualifications	Other Directorships
T. Venkatram Reddy S/o. late Sri. T. Chandrasekhar Reddy Plot No. 54 H. No. 8-2-703/A-6/C Road No. 12, Banjara Hills Hyderabad – 500034, Andhra Pradesh Chairman Business Term: Five years	45	B.Com., DPT	Midram Publication Private Limited Asian Age Holdings Limited Media Asia Private Limited
T. Vinayak Ravi Reddy S/o. late Sri. T. Chandrasekhar Reddy Plot No. 53 H. No. 8-2-703/A-6/D Road No. 12, Banjara Hills, Hyderabad – 500034 Andhra Pradesh Managing Director Business Term: Five years	43	B.Com., M.B.A (USA)	NIL
P. K. Iyer S/o. Sri. P. V. Parasuraman 2, LIC Colony Dr. Radhakrishnan Nagar Chennai – 600041, Tamil Nadu Executive Director Business Term: Five years	38	B. Sc. (Economics) PGDBM	NIL
T. S. Ashwin S/o. Sri. T. Suresh 19, Lakshmi Street Kilpauk, Chennai – 600010 Tamil Nadu Non-Executive Director Independent Director Business Term: Until the next Annual General Meeting	37	B.Com.	Annapurna Builders Private Limited
T. Urmila Reddy W/o. late Sri. T. Chandrasekhar Reddy 6-3-898 Somajiguda Hyderabad – 500082 Andhra Pradesh Non-Executive Director Business Term: Until the next Annual General Meeting	66	B.A.	NIL



Name, Address, Designation, Occupation and Term	Age (Years)	Qualifications	Other Directorships
M. Sukumar Reddy S/o. late Sri. M. Gopala Krishna Reddy 8-2-696/697 Road No. 12, Banjara Hills Hyderabad – 500034, Andhra Pradesh Non-Executive Director Independent Director Business Term: Until the next Annual General Meeting	47	Graduate	NIL
P. Siddhartha S/o. Sri. Vaman Rao 42, Journalists Colony Road No. 3, Banjara Hills Hyderabad – 500034, Andhra Pradesh Non-Executive Director Independent Director Service Term: Until the next Annual General Meeting	47	Graduate	NIL

Brief Biography of our Directors

T. Venkatram Reddy, aged 45 years, has vast experience in newspaper management and currently as the Chairman of the Company, is responsible for the overall management of the Company. He was a Member of the Parliament from the year 1993-95. During his tenure as a Member of the Parliament, he was a member of the “Parliamentary Standing Committee on Finance”, “Papers Laid on the Table Committee”, “Committee on Tourism and Civil Aviation and the “Committee on Patents and Trade Marks.” He currently holds the membership of the ABC (member of the Executive Council), INS, the Editors Guild of India, the IFRA India (Member of the Executive Committee), the AP Newspaper Association (the President) and pro-actively participates in their activities besides also running for executive and office-bearer positions. He has been associated with the Company since 1979. He is a graduate in commerce and holds a diploma in printing technology.

T. Vinayak Ravi Reddy, aged 43 years, is the Managing Director of the Company. He is in charge of the supervision, planning, procurement of capital goods, printing, circulation and advertising of the newspaper. He has been associated with the Company since 1988. He is a graduate in commerce and also holds a masters degree in Business Management.

P. K. Iyer, aged 38 years, has considerable experience in the administration and management of companies. He has been associated with the Company for the last 3 years. Prior to this he was the founder member Microland Limited besides being the promoter chairman of his last technology venture being Inndsoft. His current responsibilities include the overall responsibility of various finance functions like financial management, treasury operations and taxation. He has obtained a Bachelors degree in Economics and holds a Post Graduate Diploma in Business Management.

T. S. Ashwin, aged 37 years, has considerable entrepreneurial experience and is in the retail business. He is an industrialist and holds a degree in commerce.

T Urmila Reddy, aged 66 years, has vast experience in newspaper management. She holds a degree in Arts and has been associated with the Company since 1978.

M. Sukumar Reddy, aged 47 years, has vast experience in the real estate and construction business. He is an independent director on the Board. He is an industrialist and holds a degree in commerce.

P. Siddhartha, aged 47 years, has considerable experience in the travel industry. He is an independent director on the Board. He is an industrialist and holds a degree in commerce.

Compensation of Our Directors

For details of compensation of our Chairman, our Managing Director and our Executive Director (Finance) please see “Statutory and Other Information” on page 108 of this Prospectus.



Term of Office

In accordance with the Companies Act and our Articles of Association, all our Directors except our Chairman, Managing Director and Executive Director are required to retire by rotation. For details of the terms of appointment of the above Directors, please see “Statutory and Other Information” on page 108 of this Prospectus.

Changes in our Board of Directors during the last three years

Changes to our Board of Directors since incorporation are as follows:

	Name	Date of appointment	Date of cessation	Reason for cessation
1.	T. Manjula Reddy	December 30, 2002	April 30, 2003	Resigned
2.	T. Shanthi Priyadarshini Reddy	December 30, 2002	April 30, 2003	Resigned
3.	M. J. Akbar	December 30, 2002	October 17, 2003	Resigned
4.	T. Venkatram Reddy	December 30, 2002*	-	Appointed
5.	T. Vinayak Ravi Reddy	December 30, 2002*	-	Appointed
6.	P. K. Iyer	December 30, 2002*	-	Appointed
7.	T. Urmila Reddy	December 30, 2002	-	Appointed
8.	M. Sukumar Reddy	November 29, 2003	-	Appointed
9.	T. S Ashwin	December 30, 2002	-	Appointed
10.	P. Siddhartha	November 29, 2003	-	Appointed
11.	E. Venkat Ram Reddy	November 29, 2003	May 1, 2004	Resigned

* Their appointment and terms of remuneration were confirmed by the shareholders of our Company in the AGM held on September 30, 2003.

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We intend to comply with such provisions, including with respect to the appointment of independent Directors to our Board and the constitution of the Investor Grievances Committee. We undertake to adopt the Corporate Governance Code in accordance with Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to listing.

Audit Sub-Committee

The terms of the Audit Sub-Committee complies with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges and analyse and suggest the necessary financial policies of the Company. The chairman of the committee would be present at every annual general meeting of the Company and would answer all queries raised by the shareholders. The committee consists of only non-executive Directors, with all of them except T.Urmila Reddy being independent Directors. The committee currently comprises of T.S. Ashwin, Chairman, T. Urmila Reddy, M. Sukumar Reddy and P. Siddhartha. The Company Secretary acts as the Secretary to the Committee.

Remuneration Committee

The terms of the committee are to decide the remuneration to the whole-time directors of the Company and recommend the same to the Board for its implementation. The Committee currently comprises of T. Urmila Reddy, (Chairman), M. Sukumar Reddy, T.S. Ashwin and P. Siddhartha, with all members being Non-Executive Director and independent directors.

Share / Debenture Transfer Committee

The terms of the Committee are to approve the transfer of shares or debentures or bonds of the Company, to issue share certificates or debentures or bonds on allotment thereof, their split or consolidation or renewal and the issuance of duplicate certificates under the Company’s seal. The committee comprises T. Vinayak Ravi Reddy, Managing Director - Executive (Chairman), P. K. Iyer, Executive Director, T. S. Ashwin Non-Executive Director and T. Urmila Reddy Non-Executive Director with two non-executive and independent directors.



Key Managerial Personnel

The details of our key managerial personnel are as follows:

Name@	Age (Years)	Designation	Date of Joining *	Qualifications	Prior Experience	Remuneration for the year 2003-2004 (Rs. in thousand)
A. T. Jayanthi	48	Editor	July 25, 1996	M.A.	EVE's Weekly Asian Age, Mumbai.	483
O. Thomas	58	Chief Executive Officer	July 13, 1965	B.A.		
Dr. V. Lakshmanacharya	64	Company Secretary cum General Manager Legal	July 2, 2003	M.Com, LL.M, ACS, Ph.d	Annapurna Foils Limited	360
K. Gangu Naidu	44	General Manager (Finance)	July 1, 1989	C.A.		330
K. C. Rangaswamy	65	General Manager (Marketing)	January 1, 2000	B.A., B.L.	Regional Manager, Hindu, Delhi - 34 years	383
M. Surya Bhaskar Raju	50	General Manager (Electrical)	June 9, 1988	L.E.E.	Erection and Maintenance Engineer, Kolleru Paper Mills - 4 ½ years Raasi Ceramics - 1 year	302
Venkateshwar Rao	41	General Manager (Systems)	January 1, 1989	M.Sc. (Electronics)		299
M. N. V. Ramesh	38	General Manager (Mechanical)	January 4, 1995	D.P.T.	Installation and Maintenance Engineer, Mahavir & Co. - 5 years	329

* date of joining the Firm or DCPL or NPPL. DCPL and NPPL, by an order of the Andhra Pradesh High Court dated September 20, 2004, have been amalgamated with our Company. For further details see "Our History and Certain Corporate Matters" on page 49 of this Prospectus.

@All these employees are in whole-time employment of our Company.

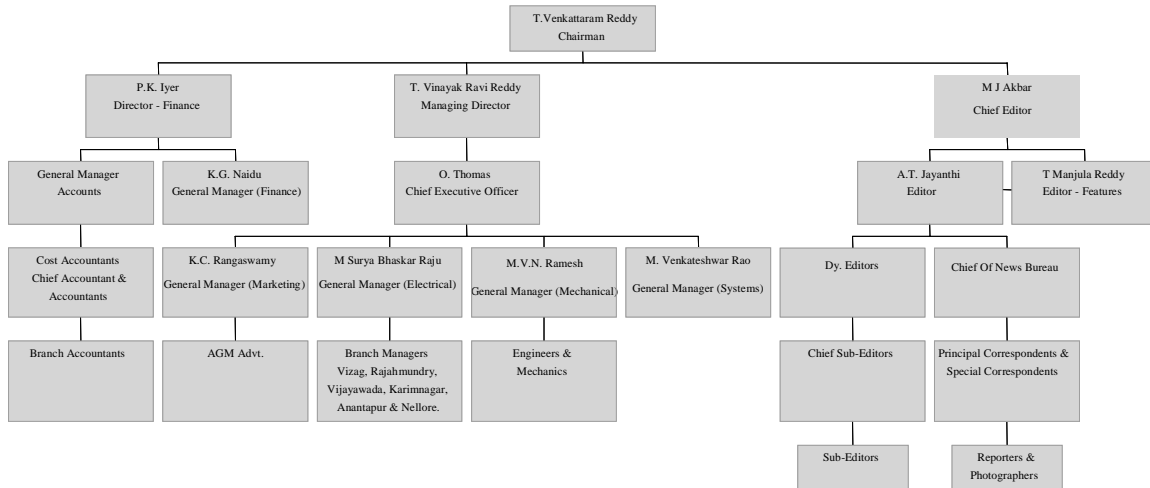
M.J.Akbar, our Chief Editor, though not an employee of our Company performs certain key activities critical to our operations in his role as Chief Editor.

Name	Age (Years)	Designation	Date of Joining *	Qualifications	Prior Experience	Fees paid for professional services (Rs. in thousand)
M. J. Akbar	59	Chief Editor	July 30, 1996	M.A.	Reporter - Times of India Editor - Sunday Magazine Editor - Telegraph Editor -Asian Age	12,00

All the abovementioned key managerial personnel are permanent employees of our Company, except M.J.Akbar, our Chief Editor.



Organisation Structure



Our Company employed nine hundred fifty five (955) employees including temporary and contract labour as on March 31, 2004. These nine hundred fifty five (955) employees include ninety (92) employees of ABWPL, sixty four (64) employees of DCRPL and sixty (60) employees of DCSPL the services of which are employed by DCHL.

As of March 31, 2004 we had four hundred and fifty one (451) employees at Secunderabad, ninety two (92) employees at Vijayawada, ninety four (94) employees at Vishakapatnam, sixty two (62) employees at Karimnagar and Nellore each, sixty four (64) employees at Rajahmundry and seventy (70) employees at Anantapur. As at March 31, 2004, four hundred and twenty four (424) employees were involved in production, one hundred and ninety (190) in administration, forty four (44) in distribution, one hundred and twenty seven (127) in Andhra Bhoomi (Daily), seventy three (73) in Deccan Chronicle, nine (9) in Andhra Bhoomi (Weekly) and eighty eight (88) on a temporary/contractual basis.

We have entered into agreements with ABWPL, DCRPL, DCSPL and DCML for deputation of personnel to our Company. The agreements with ABWPL, DCRPL and DCSPL are valid for a period of three years commencing April 1, 2003, whereas the agreement with DCML is valid for a period of three years commencing April 1, 2004. Under the agreements, the deputation of employees from these companies is demand-based which is determined by us. The payments under the agreements are required to be made directly to the company concerned before the tenth day of the succeeding month after deducting the statutory dues payable.

We provide an open atmosphere with a continuous learning curve that recognizes and rewards meritorious performance. We nurture and mentor new journalists who are trained and we embody the value systems established over a period of time. Our Company's human resource policy revolves around commitment to create organisation that nurtures talents and enterprise its people.

The wages and other allowances of newspaper employees are governed by the wage board. The wage structure is governed by the wage boards and revisable only according to the gross turnover of the Company. For details in relation to the legal regime applicable to wages payable to our employees please see "Regulations and Policies" on page 78 of this Prospectus. At present employees employed in Deccan Chronicle, Hyderabad are paid as per the wage structure fixed for Class I, employees employed in Andhra Bhoomi Daily/Weekly/Monthly are paid as per the wage structure fixed for Class III, employees employed in other units are paid as per the wage structure fixed for Class IV.

Interest of Promoters, Directors and Key Managerial Personnel

Except as stated in "Related Party Transactions" on page 131-132 of this Prospectus, and to the extent of shareholding in our Company, the Promoters do not have any other interest in our business. All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under our Articles of Association. The whole time Directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for



and allotted to them, out of the present Issue in terms of this Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreement or arrangement since incorporation in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Our Articles provide that our Directors and officers shall be indemnified by our Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgement in his favour or is acquitted in such proceeding. We currently do not have any directors' and officers' insurance policy.

Changes in our Key Managerial Personnel since incorporation

There have been no changes in our key managerial personnel since incorporation.

Shareholding of our Directors and Key Managerial Personnel in our Company

None of our Directors and key managerial personnel hold Equity Shares in our Company other than as stated in Note 10 to "Capital Structure- Notes to Capital Structure" on page 23 of this Prospectus.



OUR PROMOTERS

The Promoters of the Company are T. Venkatram Reddy and T. Vinayak Ravi Reddy.



T. Venkatram Reddy, aged 45 years, has vast experience in newspaper management and currently as the Chairman of the Company, is responsible for the overall management of the Company. He was a Member of the Parliament from the year 1993-95. During his tenure, he was a member of the “Parliamentary Standing Committee on Finance”, “Papers Laid on the Table Committee”, “Committee on Tourism and Civil Aviation and the “Committee on Patents and Trade Marks.” He currently holds the membership of the ABC (member of the Executive Council), INS, the Editors Guild of India, the IFRA India (Member of the Executive Committee), the AP Newspaper Association (the President) and pro-actively participates in their activities besides also running for executive and office-bearer positions. He has been associated with the Company since 1979. He is a graduate in commerce and holds a diploma in printing technology.

His drivers licence number is IDPAP01011012003. He does not currently possess a voters ID.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoter have been submitted to the BSE and the NSE at the time of filing this Prospectus with them.



T. Vinayak Ravi Reddy, aged 43 years, is the Managing Director of the Company. He is in charge of the supervision, planning, procurement of capital goods, printing, circulation and advertising of the newspaper. He has been associated with the Company since 1988. He is a graduate in commerce and also holds a masters degree in Business Management.

His drivers licence number is DLCAP010355082001. His voter ID number is AP/31/210/349080.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoter have been submitted to the BSE and the NSE at the time of filing this Prospectus with them.

Promoter Group

Relatives

In terms of Clause 6.4.2 (k) Explanation II (b) of the DIP Guidelines, the following persons form part of our Promoter Group.

1. T. Urmila Reddy (Mother of T.Venkatram Reddy and T.Vinayak Ravi Reddy)
2. T. Manjula Reddy (Wife of T.Venkatram Reddy)
3. T. Shanthi Priyadarshini Reddy (Wife of T. Vinayak Ravi Reddy)
4. Gayatri Reddy (Daughter of T.Venkatram Reddy)

Companies promoted by the Promoter Group

Deccan Chronicle Secunderabad Private Limited

Deccan Chronicle Secunderabad Private Limited was incorporated on August 29, 1994. Deccan Chronicle Secunderabad Private Limited is engaged in the business of printing and publishing newspapers and other literary works in different languages and to employ correspondents, authors, writers, reporters towards this purpose. Deccan Chronicle Secunderabad Private Limited is currently providing employees on deputation basis to our Company. Its area of operations is mainly confined to Hyderabad and Secunderabad.

The shareholders of Deccan Chronicle Secunderabad Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Manjula Reddy	50.10
2.	T. Vinayak Ravi Reddy	49.70
3.	T. Urmila Reddy	0.10
4.	T. Shanthi Priyadarshini Reddy	0.10

The board of directors of Deccan Chronicle Secunderabad Private Limited comprises T. Manjula Reddy and T. Shanthi Priyadarshini Reddy.



The financial highlights of Deccan Chronicle Secunderabad Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	12,000	12,045	13,200
Profit after tax	248	377	409
Equity Capital	100	100	100
Reserves & Surplus (excluding Revaluation Reserve)	2,035	2,412	2,822
Earnings Per Share (Rupees)	24.79	37.73	40.91
Net Asset Value Per Share (Rupees)	213.50	251.24	292.17

Deccan Chronicle Rajahmundry Private Limited

Deccan Chronicle Rajahmundry Private Limited was incorporated on September 20, 1994. Deccan Chronicle Rajahmundry Private Limited is engaged in the business of printing and publishing newspapers and other literary works in different languages and to employ correspondents, authors, writers, and reporters towards this purpose. Deccan Chronicle Rajahmundry Private Limited is currently providing employees on deputation basis to Deccan Chronicle Holdings Limited. Its area of operations is mainly confined to Rajahmundry.

The shareholders of Deccan Chronicle Rajahmundry Private Limited are:

Sl No.	Shareholders	Percentage of holding
1.	T. Manjula Reddy	50.10
2.	T. Vinayak Ravi Reddy	49.80
3.	T. Shanthi Priyadarshini Reddy	0.10

The board of directors of Deccan Chronicle Rajahmundry Private Limited comprises T. Manjula Reddy and T. Shanthi Priyadarshini Reddy.

The financial highlights of Deccan Chronicle Rajahmundry Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	7,500	8,808	7,504
Profit after tax	130	102	106
Equity Capital	100	100	100
Reserves & Surplus (excluding Revaluation Reserve)	882	984	1,090
Earnings Per Share (Rupees)	13.03	10.16	10.60
Net Asset Value Per Share (Rupees)	98.23	108.39	118.99

Deccan Chronicle Marketeers Private Limited

Deccan Chronicle Marketeers Private Limited was incorporated on December 15, 1987 as Deepu Polymers Private Limited. The name was changed to Deccan Chronicle Marketeers Private Limited on May 19, 1999. Deccan Chronicle Marketeers Private Limited is engaged in the business of publishing, printing, organising, managing, and also to act as the agent, stockist, news feeder, correspondent, supplier to deal in all types of newspapers, periodicals, magazines and other allied publications. Deccan Chronicle Marketeers Private Limited is currently providing employees on deputation basis to Deccan Chronicle Holdings Limited.

The shareholders of Deccan Chronicle Marketeers Private Limited are:

Sl No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	98.68
2.	T. Urmila Reddy	1.32

The board of directors of Deccan Chronicle Marketeers Private Limited comprises T. Manjula Reddy and T. Shanthi Priyadarshini Reddy.



The financial highlights of Deccan Chronicle Marketeers Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	6,148	2,952	4,320
Profit after tax	396	(854)	129
Equity Capital	2,500	2,500	2,500
Reserves & Surplus (excluding Revaluation Reserve)	198	(656)	(528)
Earnings per Share (Rupees)	15.85	(34.16)	5.18
Net Asset Value Per Share (Rupees)	107.93	73.77	78.90

DC Investments & Finance Private Limited

DC Investments & Finance Private Limited was incorporated on October 1, 1985 as Annapurna Growth Funds Limited. It changed its name to DC Investments & Finance Private Limited on June 16, 1999. DC Investments & Finance Private Limited was incorporated for carrying on the business of finance, investment and trading, finance lease operations of all kinds and to undertake the business of portfolio investments and merchant bankers. The company is currently not performing any commercial operations.

The shareholders of Deccan Chronicle Investments & Finance Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	78.22
2.	T. Urmila Reddy	1.66
3.	T. Shanthi Priyadarshini Reddy	1.25
4.	Deccan Chronicle Private Limited	1.32
5.	Nagarjuna Travels and Hotels Limited	3.96
6.	T. Manjula Reddy	2.39
7.	T. Vinayak Ravi Reddy	11.12

The board of directors of DC Investments & Finance Private Limited comprises E. Venkatram Reddy, T. Shanthi Priyadarshini Reddy and T. Manjula Reddy.

The financial highlights of DC Investments & Finance Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	-	-	-
Profit after tax	(310)	-	-
Equity Capital	7,568	7,568	7,568
Reserves & Surplus (excluding Revaluation Reserve)	102,922	102,611	102,611
Earnings per Share (Rupees)	(0.41)	-	-
Net Asset Value Per Share (Rupees)	135.99	135.58	135.58

DC Power Limited

DC Power Limited was incorporated on December 19, 1996. DC Power Limited was incorporated for carrying on the business of generation and distribution of power and activities incidental or ancillary to the generation and distribution of power. The company is currently not performing any commercial operations.



The shareholders of DC Power Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	4.39
2.	T. Urmila Reddy	0.0008
3.	T. Shanthi Priyadarshini Reddy	0.0008
4.	Nagarjuna Travels and Hotels Limited	0.84
5.	T. Manjula Reddy	0.0008
6.	T. Vinayak Ravi Reddy	0.0008
7.	Deccan Chronicle Marketeers Private Limited	0.67
8.	M. Sukumar Reddy	0.0008
9.	DC Investments and Finance Private Limited	94.09
10.	E. Venkatram Reddy	0.0008

The board of directors of DC Power Limited comprises T. Manjula Reddy, T. Shanthi Priyadarshini Reddy and Sunand Sharma.

The financial highlights of DC Power Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	-	-	-
Profit after tax	-	-	-
Equity Capital	11,946	11,946	11,946
Reserves & Surplus (excluding Revaluation Reserve)	-	-	-
Earnings per Share (Rupees)	-	-	-
Net Asset Value Per Share (Rupees)	10	10	10

Andhra Bhoomi Publications Warangal Private Limited

Andhra Bhoomi Publications Warangal Private Limited was incorporated on October 6, 1994. Andhra Bhoomi Publications Warangal Private Limited is engaged in the business of printing and publishing newspapers and other literary works in different languages and to employ correspondents, authors, writers and reporters towards this purpose. Andhra Bhoomi Publications Warangal Private Limited is currently providing certain staff on deputation to Deccan Chronicle Holdings Limited. Its area of operations are mainly confined to Vijayawada and Guntur.

The shareholders of Andhra Bhoomi Publications Warangal Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Manjula Reddy	99.90
2.	T. Shanthi Priyadarshini Reddy	0.10

The board of directors of Andhra Bhoomi Publications Warangal Private Limited comprises T. Manjula Reddy and T. Shanthi Priyadarshini Reddy.

The financial highlights of Andhra Bhoomi Publications Warangal Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	-	8,384	9,096
Profit after tax	-	140	121
Equity Capital	-	100	100
Reserves & Surplus (excluding Revaluation Reserve)	-	140	261
Earnings per Share (Rupees)	-	13.98	12.13
Net Asset Value Per Share (Rupees)	-	23.98	36.10



India Travel Bureau Private Limited

India Travel Bureau Private Limited was incorporated on December 11, 1984. It carries on the business of travel agents, tourist guides, warehousemen, hotels etc and to purchase and operate vehicles for the afore-mentioned purpose.

The shareholders of India Travel Bureau Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	51
2.	T. Urmila Reddy	49

The board of directors of India Travel Bureau Private Limited comprises T. Manjula Reddy, T. Shanthi Priyadarshini Reddy and E. Venkatram Reddy.

The financial highlights of India Travel Bureau Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	3,951	3,232	4,133
Profit after tax	(1,171)	198	215
Equity Capital	920	920	920
Reserves & Surplus (excluding Revaluation Reserve)	(3,030)	(2,910)	(2,698)
Earnings per Share (Rupees)	(12.73)	2.15	2.34
Net Asset Value Per Share (Rupees)	-	-	-

Midram Publication Private Limited

Midram Publication Private Limited was incorporated on January 28, 1998 as Asian Age (North) Private Limited. It changed its name to Midram Publication Private Limited on June 9, 2004. Midram Publication Private Limited was incorporated for carrying on the business of development of media for newspapers and magazines, audio and video visuals and to engage in allied activities and to export the same to Asian countries. Midram Publication Private Limited has in FY 2005 begun the publishing of the International Herald Tribune, an English daily. See "Outstanding Litigation" on page 82 of this Prospectus for further details.

The shareholders of Midram Publication Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	50
2.	M. J. Akbar	50

The board of directors of Midram Publication Private Limited comprises T. Venkatram Reddy and M.J. Akbar.

Since Midram Publication Private Limited has begun commercial operations during the FY 2005, financial information for the previous years is unavailable.

Media Asia Private Limited

Media Asia Private Limited was incorporated on June 28, 1993. Media Asia Private Limited was incorporated for carrying on the business of development of media for newspapers and magazines, audio and video visuals and to engage in allied activities and to export the same to Asian countries. Media Asia Private Limited is currently not performing any commercial operations.

The shareholders of Media Asia Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	27
2.	M. J. Akbar	35
3.	Meera Kalmadi	4
4.	BPL Group	10
5.	Mc Dowell & Co. Ltd	24



The board of directors of Media Asia Private Limited comprises T. Venkatram Reddy, M.J. Akbar, Meera Kalmadi, M.K. Narayanan, Satyajit Mitra and Ajay Kalsi.

The financial highlights of Media Asia Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	3,795	3,780	785
Profit after tax	1,599	2,552	(334)
Equity Capital	8,680	8,680	8,680
Reserves & Surplus (excluding Revaluation Reserve)	(59,190)	(57,430)	(58,761)
Earnings per Share (Rupees)	1.58	2.52	(32.91)
Net Asset Value Per Share (Rupees)	-	-	-

Annapurna Builders Private Limited

Annapurna Builders Private Limited was incorporated on December 14, 1989. Annapurna Builders Private Limited was incorporated for carrying on the business of construction activity. Annapurna Builders Private Limited is currently not performing any commercial operations.

The shareholders of Annapurna Builders Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	99.90
2.	T. Vinayak Ravi Reddy	0.10

The board of directors of Annapurna Builders Private Limited comprises T. Manjula Reddy, T. Shanthi Priyadarshini Reddy and T.S. Ashwin.

The financial highlights of Annapurna Builders Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	-	-	-
Profit after tax	-	-	-
Equity Capital	100	100	100
Reserves & Surplus (excluding Revaluation Reserve)	-	-	-
Earnings per Share (Rupees)	-	-	-
Net Asset Value Per Share (Rupees)	10	10	10

Open Doors Limited

Open Doors Limited was incorporated on June 19, 2000. Open Doors Limited was incorporated for carrying on the business of providing services in relation to computers in the information technology sector. The company is currently not performing any commercial operations.

The shareholders of Open Doors Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	49.5
2.	T. Vinayak Ravi Reddy	49.5
3.	T. Manjula Reddy	0.2
4.	T. Shanthi Priyadarshini Reddy	0.2
5.	E. Venkatram Reddy	0.2
6.	T. Urmila Reddy	0.2
7.	V. Lakshmanacharya	0.2



The board of directors of Open Doors Limited comprises are E. Venkatram Reddy, T. Manjula Reddy and T. Shanthi Priyadarshini Reddy. The financial highlights of Open Doors Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	2,136	2,419	150
Profit after tax	(825)	(343)	(13)
Equity Capital	507	507	507
Reserves & Surplus (excluding Revaluation Reserve)	(707)	(1,050)	(1,063)
Earnings per Share (Rupees)	(16.27)	(6.76)	(0.26)
Net Asset Value Per Share (Rupees)	-	-	-

Centrix Technologies Private Limited

Centrix Technologies Private Limited was incorporated on August 31, 2001. Centrix Technologies Private Limited was incorporated for carrying on the business of providing services in computer hardware and software solutions. Its objects were amended on March 11, 2004 to include the provision of services to the pharmaceutical and the healthcare sector companies.

The shareholders of Centrix Technologies Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	50
2.	Vivek Pathak	50

The board of directors of Centrix Technologies Private Limited comprises T. Manjula Reddy and Vivek Pathak.

The financial highlights of Centrix Technologies Private Limited as per the latest available audited financial statements is as under-

Rs. in thousand

Particulars	Period ended March 31, 2002	Year Ended March 31, 2003	Year Ended March 31, 2004
Sales & Other Income	-	1,930	6,171
Profit after tax	-	(365)	187
Equity Capital	100	100	100
Reserves & Surplus (excluding Revaluation Reserve)	-	(365)	(178)
Earnings per Share (Rupees)	-	(36.50)	187.04
Net Asset Value Per Share (Rupees)	10	-	-

Gayatri Cold Storage Private Limited

Gayatri Cold Storage Private Limited was incorporated on March 19, 1968. Gayatri Cold Storage Private Limited was incorporated for carrying on the business of establishing a modern cold storage and deep freezing plant for food products and drugs and to manufacture ice and aerated beverages. The company is currently not performing any commercial operations.

The shareholders of Gayatri Cold Storage Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	64
2.	T. Urmila Reddy	26
3.	T. Vinayak Ravi Reddy	10

The board of directors of Gayatri Cold Storage Private Limited comprises T. Manjula Reddy and T. Shanthi Priyadarshini Reddy.

The financial highlights of Gayatri Cold Storage Private Limited as per the latest available audited financial statements for the last three financial years are as under-



Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	-	-	-
Profit after tax	(2)	(2)	(2)
Equity Capital	500	500	500
Reserves & Surplus (excluding Revaluation Reserve)	(564)	(566)	(568)
Earnings per Share (Rupees)	(0.30)	(0.30)	(0.30)
Net Asset Value Per Share (Rupees)	-	-	-

Mori India Private Limited

Mori India Private Limited was incorporated on March 14, 1995. Mori India Private Limited was incorporated for carrying on the business of conducting surveys in matters of national/international importance and to publish the same. The company is currently not performing any commercial operations.

The shareholders of Mori India Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	50.04
2.	M. Javed Akbar	49.96

The board of directors of Mori India Private Limited comprises T. Manjula Reddy, Satyajit Mitra and M.J. Akbar.

The financial highlights of Mori India Private Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	1,816	255	93
Profit after tax	(729)	(307)	(468)
Equity Capital	100	100	100
Reserves & Surplus (excluding Revaluation Reserve)	1,237	930	400
Earnings per Share (Rupees)	(72.88)	(30.68)	(32.91)
Net Asset Value Per Share (Rupees)	133.67	102.99	50.00

Asian Age Holdings Limited

Asian Age Holdings Limited was incorporated on June 20, 2000. Asian Age Holdings Limited is carrying on the business as the holding company for the companies engaged in the business of publishing magazines, journals, newspapers or any other type of media in the field of information, mass communication and media services through its investments and to carry on the business of investment and financial consultants. Asian Age Holdings Limited also publishes the Asian Age, a newspaper that is published simultaneously from New Delhi, Mumbai, Calcutta, Bangalore and Ahmedabad.

The shareholders of Asian Age Holdings Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	M. J. Akbar	26%
2.	DCHL	26%
3.	Mc Dowells & Co Limited	19%
4.	Media West India Private Limited	15%
5.	UB Holdings Limited	13.9909%
6.	P. Subramani	0.0013%
7.	S. Ramanujam	0.0013%
8.	V. S. Venkatratnam	0.0013%
9.	T. R. Bhaskar	0.0013%
10.	K. Sethuraman	0.0013%
11.	Tyagarajan	0.0013%
12.	Madhu Swami	0.0013%



The board of directors of Asian Age Holdings Limited comprises T. Venkatram Reddy and M.J. Akbar, Dr. Vijay Mallya, S.R. Gupte and Subhash Chandra.

The financial highlights of Asian Age Holdings Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	87,462	191,261	159,635
Profit after tax	(180,574)	(14,690)	7,525
Equity Capital	100	771	771
Reserves & Surplus (excluding Revaluation Reserve)	(305,749)	(73,150)	(65,625)
Earnings per Share (Rupees)	(1,805.74)	(19.05)	97.59
Net Asset Value Per Share (Rupees)	-	-	-

DC Interactive Private Limited

DC Interactive Private Limited was incorporated on May 26, 2003. DC Interactive Private Limited was incorporated for carrying on the business of providing services in computer hardware and software solutions. The company is currently not performing any commercial operations.

The shareholders of DC Interactive Private Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Venkatram Reddy	50
2.	T. Vinayak Ravi Reddy	50

The board of directors of DC Interactive Private Limited comprises T. Manjula Reddy, T. Shanthi Priyadarshini Reddy and Vijay Marur.

The financial highlights of DC Interactive Private Limited as per the latest available audited financial statements are as under-

Particulars	Year Ended March 31 2004
Sales & Other Income	4,337
Profit after tax	(2,713)
Equity Capital	100
Reserves & Surplus (excluding Revaluation Reserve)	-
Earnings per Share (Rupees)	(271.25)
Net Asset Value Per Share (Rupees)	-

Nagarjuna Travels and Hotels Limited

Nagarjuna Travels and Hotels Limited was formerly incorporated on December 12, 1966 under the style Karan Enterprises Private Limited. It changed its name to Nagarjuna Travels and Hotels Limited on June 9, 2003. Nagarjuna Travels and Hotels Limited was incorporated to acquire land, building or premises for the purpose of developing, improving or letting out for the purpose of the business of hotel, restaurant etc and also to engage in the business of manufacture of wine, spirit and liquor.

The shareholders of Nagarjuna Travels and Hotels Limited are:

Sl. No.	Shareholders	Percentage of holding
1.	T. Urmila Reddy	94.24
2.	T. Venkatram Reddy	3.84
3.	T. Vinayak Ravi Reddy	0.38
4.	T. Manjula Reddy	0.38
5.	T. Shanthi Priyadarshini Reddy	0.38
6.	E. Venkatram Reddy	0.38
7.	P. K. Iyer	0.38



The board of directors of DC Nagarjuna Travels and Hotels Limited comprises T. Manjula Reddy, T. Shanthi Priyadarshini Reddy and E. Venkatram Reddy.

The financial highlights of Nagarjuna Travels and Hotels Limited as per the latest available audited financial statements for the last three financial years are as under-

Rs. in thousand

Particulars	Year Ended March 31		
	2002	2003	2004
Sales & Other Income	794	634	1,139
Profit after tax	(1,638)	(1,418)	(618)
Equity Capital	2,550	2,550	2,600
Reserves & Surplus (excluding Revaluation Reserve)	-	-	-
Earnings per Share (Rupees)	(64.25)	(55.61)	(23.78)
Net Asset Value Per Share (Rupees)	100	100	100.00



RELATED PARTY TRANSACTIONS

Our Company has various transactions with related parties, including the following:

- Our Group Companies; and
- Our Promoters, Directors and employees, including their relatives.

For more detailed information on our related party transactions, please refer to our audited financial statements under Indian GAAP on page 125 of this Prospectus.



SELECTED FINANCIAL INFORMATION (AS PER FINANCIAL STATEMENTS UNDER INDIAN GAAP)

The statutory financial statement of the Company prepared in accordance with Indian GAAP for the period ended September 30, 2004, year ended March 31, 2004 and period ended March 31, 2003 were audited by M/s. C.B. Mouli and Associates, Chartered Accountants

SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

Rs. in thousand

Particulars	Period Ended March 31, 2003*	Year Ended March 31, 2004	Period Ended September 30, 2004 #
INCOME			
Revenue	219,189	1,169,357	727,124
Other Income	2,171	54,415	9,946
Total Income	221,360	1,223,773	737,070
EXPENDITURE			
Employee Cost	20,407	111,475	71,083
Production Cost	117,550	639,199	377,989
Administrative & Other Costs	16,649	129,509	55,926
Total Expenditure	154,607	880,183	504,998
Profit – EBITDA	66,754	343,590	232,072
Interest & Financial Charges	5,249	28,508	32,086
Preliminary Expenses written off	80	7,520	1,946
Profit before Depreciation and Tax	61,425	307,562	198,040
Depreciation	4,845	31,643	28,327
Net Profit before Tax	56,580	275,919	169,713
Current Tax	15,975	66,532	21,589
Deferred Tax	4,149	34,380	20,356
Net Profit as per audited Statement of Account	36,456	175,008	127,768
Adjustment on account of changes in accounting policies	-	-	-
Impact of Prior Period Items	(278)	-	-
Total Adjustments	(278)	-	-
Adjusted Profit	36,178	175,008	127,768

* three months period

six months period


SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

Rs. in thousand

Particulars	As at March 31, 2003	As at March 31, 2004	As at September 30, 2004
Fixed Assets			
Gross Block	606,404	1,359,063	1,497,407
Less: Depreciation	4,845	74,933	103,007
Net Block	601,559	1,284,130	1,394,400
Less: Revaluation Reserve	-	-	-
Net Block after adjustment for Revaluation Reserve	601,559	1,284,130	1,394,400
Capital Work In Progress	23,548	105,380	78,727
Total	625,108	1,389,510	1,473,127
Investments	86,201	88,224	87,425
Current Assets, Loans and Advances			
Inventory	35,184	129,870	110,394
Cash and Bank Balances	71,284	468,263	265,848
Sundry Debtors	199,816	341,715	424,161
Loans and Advances	66,239	24,710	20,485
	372,523	964,558	820,888
Liabilities and Provisions			
Secured Loans	159,773	990,046	908,293
Unsecured Loans	30,344	32,303	32,705
Deferred Tax Liability	37,812	80,510	100,866
Current Liabilities & Provisions	118,592	271,603	159,583
	(346,522)	(1,374,462)	(1,201,447)
NET WORTH	737,310	1,067,830	1,179,993
Represented By			
Share Capital	43,932	48,433	320,525
Reserves & Surplus	693,699	1,031,086	882,333
Less: Revaluation Reserve	-	-	-
Reserves (Net of Revaluation Reserves)	693,699	1,031,086	882,333
Total	737,631	1,079,519	1,202,858
Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	(321)	(11,689)	(22,865)
NET WORTH	737,310	1,067,830	1,179,993



STATEMENT OF ACCOUNTING RATIOS

Key Ratios	Period Ended March 31, 2003	Year ended March 31,2004	Period ended September 30, 2004
Earnings per Share (Rs.)	9.23	39.77	3.99
Net Asset Value per Share (Rs.)	186.72	242.67	36.81
Return on Net Worth (%)	3.89	16.39	10.83
Weighted Average Number of Equity Shares during the period (in Nos.)	3,950,300	4,400,350*	32,052,450**

Note: Earnings Per Share and Return on Net worth for the period ended on March 31, 2003 and September 30, 2004 are not annualised. The ratios have been computed considering the 450,050 Equity Shares issued with respect to the scheme of amalgamation of DCPL and NPPL.

** The ratios have been computed considering the Bonus Issue made during the period ended 30th September 2004.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is based on our audited financial statements (as restated) for the period ended September 30, 2004, year ended March 31, 2004 and period ended March 31, 2003, including the notes thereto and the reports thereon, which appear on page 125 of this Prospectus.

These data have been reclassified in certain respects for purposes of presentation. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve-month period ended March 31 of that year.

Unless otherwise indicated, all readership related data in the following discussion are derived from the NRS whereas all circulation related data are derived from ABC. For more information, see "Forward-Looking Statements" on page viii of this Prospectus.

Background and Basis of Presentation

The current business of our Company was historically undertaken by the Firm, DCPL and NPPL. In order to corporatise the business and bring all the print related assets under one entity, our Company was incorporated in December 2002 and all the assets, liabilities and business of Firm transferred to our Company. We acquired the business of Deccan Chronicle Private Limited with effect from January 1, 2003. We have also, pursuant to a scheme of amalgamation, merged Deccan Chronicle Private Limited and Nandi Publishers Private Limited with our Company with effect from April 1, 2004.

For the purpose of this analysis, we have presented the circulation and readership data of Deccan Chronicle for last three years and the financial data is analysed since incorporation. Due to difference in period of the financial statements, the financial statements for the period ended September 30, 2004, year ended March 31, 2004 and period ended March 31, 2003 are not comparable.

Overview

Deccan Chronicle is the leading English daily in Hyderabad and the whole of Andhra Pradesh. Besides Deccan Chronicle, our Company also publishes Andhra Bhoomi in Telugu (daily, weekly and monthly editions). We have seven editions of Deccan Chronicle in Andhra Pradesh viz Hyderabad/Secunderabad, Vijayawada, Rajahmundry, Vishakapatnam, Anantapur, Karimnagar and Nellore printed from the seven respective locations.

Deccan Chronicle is the highest circulated and read newspaper in Hyderabad and whole of Andhra Pradesh. As per ABC certificate for the period JJ 04 Deccan Chronicle's average net paid sales was 380,093 representing as 11.12% (annualized growth of 22.24%) whereas the average net paid sales of Andhra Bhoomi was 51,697 representing as 46.87% (annualized growth of 93.7%). As per ABC the average net paid sales of Deccan Chronicle was 342,053 during the period July-December 2003. As per NRS 2003, Deccan Chronicle commanded readership of 1,164(000). IRS 2003 has ranked Deccan Chronicle fourth in terms of readership in the All India English Category.

ABC data reveals that Deccan Chronicle's circulation has increased at a CAGR of 26% during the period 1999 to 2003 whereas the NRS 2003 data reveals that Deccan Chronicle's readership has increased by 10% during 2003 vis-à-vis 2002. Deccan Chronicle has been able to maintain its leadership position in Hyderabad and Andhra Pradesh despite the entry and presence of most of the leading large pan India newspapers.

During the current year we have set-up a modern printing facility at Kondapur (Hyderabad) which increases our ability to print color pages from four (4) per copy to sixteen (16) pages per copy. We are also in the process of launching our flag ship newspaper Deccan Chronicle in Chennai (Tamil Nadu).

We believe that the various initiatives undertaken by us have played a key role in enhancing the standards of newspaper publishing industry in India. Our focus on bringing in the best practices into our newspaper publishing operations, and providing the readers with a unique reading experience, has helped us to become the market leaders in the English daily segment in Andhra Pradesh. We have a robust newspaper distribution model and do not accept any unsold newspaper. We have the largest share of readers in the Sec AB in the state of Andhra Pradesh and Hyderabad.

Our Competitive strengths include Leadership position in the Indian newspaper publishing industry, Editorial Excellence, Experienced Analytical and Creative Team, Strong Management Team and motivated work force, Focus on newspaper publishing business, large base of loyal readers and superior operational performance. We are a professionally managed, system driven organization. We believe our focus on quality of readership, understanding of the reader preference, reporting integrity supported by systems and processes and a committed work force are the key factors that have contributed to our success and will help us scale up as we embark on strategic growth plan.

We believe that delighting our readers is the key to being a successful newspaper, and hence have built our business model around our readers. We have modified the form and the content focus of our newspaper with time keeping pace with the taste and preference of the reader. Our offering to our readers is a unique reading experience, comprising a vast range of news international, national and local news covering political, social, business and sports events. We publish several supplements like Hyderabad Chronicle, Lifestyle, Vizag Chronicle, Teen Chronicle, School Chronicle, DC Estate, etc. which is targeted at specific readership segment and complements the main newspaper.



We believe that as we grow in size and scale and expand our reach further, economies of scale would be available to us. We also continue to focus on enhancing our operational efficiencies and human capital, which is critical in the newspaper publishing industry.

The increased demand for our newspaper, starting the Nellore edition, the upswing in the economy, the trend in newsprint prices, lower interest rate regime, foreign exchange fluctuations have affected our results of operations, financial condition and cash flow significantly since incorporation. These factors and a number of future developments may affect our results of operations, financial condition and cash flow in future periods.

We believe that the future developments that may affect our future results of operations, financial condition and cash flow include starting of the new color printing facility in Hyderabad (Kondapur), entry into Tamil Nadu (Chennai), our ability to successfully maintain and enhance our reach and market share of readership, growth in circulation, trends in advertisements, changes in advertiser and reader preferences, changes in interest rates, Foreign exchange rate fluctuations and changes in Government regulations governing the newspaper publishing industry.

Our growth strategy includes increasing circulation and readership along with increasing the color printing ability, entering newer territories which offer growth potential, utilizing economies of scale as we grow in size and expands our reach, enhancing our operational efficiencies and human capital to capture an increasing share of advertising revenue potential.

General Information

Liquidity and capital resources

Our primary liquidity needs have been to finance our working capital requirements and capital expenditures. To fund these requirements, we have relied on cash flows from operations and short-term and long-term borrowings. As at September 30, 2004, cash and bank balances amounted to Rs.265,848(000). We believe that our anticipated internal accruals along with the proceeds of this Issue, will be sufficient to meet our funds requirements as described in the “Objects of the Issue” on page 24 of this Prospectus.

Unusual or infrequent events or transactions

There have been no events, to the best of our knowledge, other than as described in this Prospectus, which may be called “unusual” or “infrequent”.

Significant economic/regulatory changes

There have been no significant changes in the law governing the newspaper publishing industry in recent past. The regulations governing the newspaper publishing industry are described in “Regulations” section of this Prospectus.

Future relationship between costs and income

We are continuously working to create efficient processes resulting in cost reduction and have a better control over newspaper printing and distribution. We expect to continue this effort of improving our technology initiatives and try and realize better margins in the future.

Total turnover of each major industry segment in which the Company operates

We are a focused newspaper publisher and derive income from selling advertisement space and circulation of newspapers. Please refer to the discussions in the paragraphs entitled “Business Performance” in this section.

New Products or business segments

We are launching our flagship newspaper Deccan Chronicle in Tamil Nadu (Chennai). We do not expect to launch any other new products or business segment, however based on changing reader preference and our commitment to provide quality content we may bring about certain modification in the structure, look/style/presentation of our newspaper.

Seasonality of business

The business of the Company is not seasonal. However there are be significant variation in our quarterly revenues and profits because of various factors like general economic conditions, news events like elections, major sports event, festivals.

Dependence on single or few suppliers / customers

Newsprint is the major raw material component used in printing newspaper. We source our requirement of newsprint from a diverse group of suppliers in the domestic and international market and thus our operations are risk averse from supplier side. Our newspaper is sold to a wide variety of readers and we do not foresee business risk arising from our customers.



Competitive conditions

We expect the competition to intensify from other media platforms. We may also face competition from other established players in Tamil Nadu (Chennai). For further details, please refer to the discussions of our competition in the sections titled “Risk Factors” and “Our Business” on pages x and 37, respectively, of this Prospectus.

Known trends or uncertainties

Other than as described in this Prospectus, to our knowledge, there are no known trends or uncertainties that have or are expected to have a material adverse impact on revenue or income of our Company from continuing operations.

Significant developments after September 30, 2004 that may affect our future results of operations

Except as stated elsewhere in this Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially and adversely affect or are likely to affect, the trading or profitability of our Company or the value of our assets or our ability to pay material liabilities within the next twelve months.

Quantitative and Qualitative Disclosures about Market risk

Our exposure to market risk is a function of our production and selling activities. We are exposed to market risk from changes in both foreign exchange rates and interest rates, though of not a significant nature.

Exchange rate risk

Appreciation or depreciation of the Indian rupee relative to the currency of our payables can increase or decrease our payment obligations, though insignificant in nature. All our revenues are denominated in local currency and we do not have face any exchange rate risk on the same. A portion of our newsprint consumption and certain news service charges may be denominated in foreign currency. We import some of our capital equipment and our employees travel overseas for business purposes, costs of which are denominated in foreign currencies. For the year ended March 31, 2004 our expenditure in foreign currency (on payment basis) included foreign travel of Rs. 4,830,020; raw material purchases of Rs. 202,415,689; News service charges of Rs. 1,303,871 and fixed asset purchase of Rs. 30,470,872, while for the period ended September 30, 2004 included foreign travel of Rs. 3,175,278; raw material purchases of Rs. 113,090,407; News service charges of Rs. 467,523 and fixed asset purchase of Rs. 8,902,217.

Interest rate risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. We bear interest rate risk with respect to our indebtedness as our secured term loan of Rs.908,293(000) as on September 30, 2004. Though all our loans are currently fixed, they are subject to review by both parties at the end of every financial year. Any rise in interest rates could have our lenders push higher rates of interest on the loans.

Effect of Inflation

We set the price for our newspaper and advertisement rates based on various factors, including inflation. In line with changing inflations, we alter our margins to absorb the inflationary impact. Inflation has not had a significant effect on the result of our operations to date and we do not expect that inflation rates in India will have a significant impact on our results of operations for the foreseeable future.

Business Performance

Income

For the period ended September 30, 2004, financial year 2004 and period ended March 31, 2003 our revenue primarily comprises of advertising revenue, circulation revenue and other income. Our advertisement revenues comprises of revenues from different editions of Deccan Chronicle and Andhra Bhoomi which can further be categories based on type of advertisement viz display, classified, appointments, etc. The following are the major sources of revenues:

Rs. in thousand

Particulars	Period ended March 31, 2003	Year ended March 31, 2004	Period ended September 30, 2004
Advertisement Revenue	178,127	990,983	627,325
Circulation Revenue	41,062	178,374	99,799
Other Income	2,171	54,415	9,946
	221,360	1,223,772	737,070



Advertisement Revenue

We recognise advertisement revenue for the period for which advertisement has been published and there is certainty of ultimate collection. Our advertising sales revenue are disclosed net of advertising sales commission, which is deducted by the agent while making the payments. We have relationship with around one thousand two hundred fifty (1,250) advertisers including most of the leading advertisement agencies. The top ten advertisement clients (corporate group), who advertised in our newspaper for the period ended September 30, 2004 constituted approximately 12% of our total advertisement revenues. We sold a total of 567,412 CCs of advertisement space (excluding cinema and classified category) in our flagship newspaper Deccan Chronicle during the period ended September 30, 2004. We price our advertisement space based on our rate card, which we review on six monthly basis. Our marketing and advertising sales team negotiates rates and offers packages to advertisers based on a range of factors, which include volume of advertising, tenure of the contract, frequency of advertising and effective utilization of advertisement space in our newspapers. Our rate card is structured to allow different rates for different pages, main newspaper and supplements, color and black and white and editions to be covered which provides the advertisers the flexibility to choose specifics as per its requirements.

The advertisement to circulation income ratio for the Company was 85:15 for the period ended September 30, 2004, year ended March 31, 2004 and period ended March 31, 2003.

Circulation Revenue

We recognize circulation revenues for the period based on actual newspaper sold to distributors. We supply newspapers to distributors based on indents placed by them in advance. The newspapers are supplied to distributors either against cash/demand draft or against deposits provided by the distributors. We do not accept any unsold copies.

There is no central regulatory authority/body which complies or monitors the advertisement and circulation income mix of newspapers. As per the PricewaterhouseCoopers "Global Media and Entertainment Outlook – 2004-2008" the average advertisement to circulation income ratio for the year 2003 was estimated at 55:45.

Expenditure

Production Cost. It includes, among others, raw material costs, handling charges, news service charges, repairs and maintenance, electricity and water charges. The summary of production cost is as follows:

Rs. in thousand

Particulars	Period ended March 31, 2003	Year ended March 31, 2004	Period ended September 30, 2004
Raw Materials	82,756	481,977	314,374
Handling Charges	4,274	21,240	9,586
News Service Charges	22,975	102,445	35,649
Repairs & Maintenance	4,127	17,575	8,008
Electricity & Water Charges	3,418	15,962	10,372
	117,550	639,199	377,989

We buy newsprint, printing ink, film, plates, chemicals, blankets etc., for printing the newspaper. The transportation of raw materials especially newsprint is done by road transport. The transport charges and handling charges are added as part and parcel of production cost. We hire services from various news agencies in India and abroad, like UNI, PTI, Asia Features, Cartographic news services, Reuters News etc., and pay monthly charges to them for using the news provided by them. We also use the services of various newsagents on part time basis by paying monthly honorarium.

We appoint various news agents/stringers/part-time correspondents in various parts of major towns and district headquarters to gather news. All this forms a part of the production cost. We incur expenses on the maintenance of printing machinery, plate exposing systems, image setters, computers and other infrastructure. This expenditure is grouped under repairs and maintenance and forms part of production cost. We also include the electricity charges and water charges under production costs.

Employee Cost. It includes salary payments, wages, contributions to employee benefit, staff welfare and provident funds, and various other benefits. Our employee base has remained stable during the period ended September 30, 2004. For further details please refer to "Our Business" on page 37 of this Prospectus. We do not provide Gratuity on accrual basis and the same is accounted on cash basis. In our opinion the amount involved is negligible and the same shall not have material impact on the Profit & Loss Account.



Administrative and other cost: Our administrative and other expenses consist primarily of local travelling and conveyance, communication expenses, rent, utilities, marketing and distribution expenses, advertisement expenses, telephone charges, administrative expenses, repairs and maintenance, legal and professional charges and other miscellaneous expenses.

Taxation / Deferred Tax: Income tax is accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprise both current and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the taxation authorities, using the applicable tax rates and tax laws. The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized.

Assets

Fixed Assets: Gross fixed assets of our Company have increased by approximately Rs. 750,000(000) during the year ended March 31, 2004 on account of (i) around Rs. 220,000(000) being the impact of the amalgamation of DCPL and NPPL; and (ii) around Rs. 460,000(000) incurred on the new printing facility set-up at Kondapur (Andhra Pradesh). A detailed break-up of assets added on account of the amalgamation of DCPL and NPPL with our Company has been provided on page 130-131 of the Prospectus and a detailed break-up of the Kondapur assets is provided on page 48 of the Prospectus.

Accumulated depreciation: The fixed assets acquired by our Company from Deccan Chronicle, the firm were accounted at net book value. We provide for depreciation as per the rates prescribed under Schedule XIV of the Companies Act, 1956. The significant accounting policies adopted by our Company are disclosed on page 129 of the Prospectus.

Miscellaneous Expenditure: The Miscellaneous Expenditure (to the extent not written off or adjusted) of Rs. 22,865(000) as on September 30, 2004 represents the preliminary expenditure and debentures issue expenses. The preliminary expenditure is being amortized over a period of five years commencing from 2002-03, whereas the debenture issue expenses incurred on issue of long term debentures are amortized for a period of five years commencing from the year 2003-04.

Liabilities

Secured Loans: The Company has during the financial year ended March 31, 2004 issued non-convertible debentures of Rs. 825,000(000) which has resulted in an increase in loan funds. The loans were primarily taken for the printing facility being set-up at Kondapur and Cuddapah.

Auditors Qualification

The auditors of our Company have stated in the audit report for the period ended September 30, 2004 that their report is subject to non-provision of Gratuity on accrual basis by the Company. As per the accounting policies pursued by our Company, we do not provide Gratuity on accrual basis and the same is accounted on cash basis. In our opinion the amount involved is negligible and the same shall not have material impact on the Profit & Loss Account.



DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders upon their discretion and will depend on a number of factors, including but not limited to, our earnings, capital requirements and overall financial condition. Dividends paid by our Company during the last two (2) years are presented below:

Class of shares	Face value	Period ended 31st March, 2003	Year ended 31st March, 2004
Final Dividend	Rs. 10	Rs. 19,75,150 (@ 5%)	Rs. 39,50,300 (@ 10%)

On September 4, 2004, a bonus issue of 2,76,52,100 Equity Shares was approved by our Company in the ratio of seven (7) Equity Shares for every one Equity Share held by the shareholders by way of capitalization of our profits and reserves.

The amounts paid as dividends and bonus in the past is not indicative of our dividend policy in the future.



REGULATIONS AND POLICIES

The Government of India has over the years formulated various regulations and policies for the development of the newspaper industry in India.

Foreign Investment Regulations

Foreign investment in the print media sector is regulated both by the Union Government through the Foreign Investment Promotion Board and the MIB.

The Industrial Policy specifies that FDI up to 26% is permitted with prior Government approval in publishing news papers and periodicals dealing in news and current affairs subject to verification of antecedents of the foreign investor, keeping editorial and management control in the hands of resident Indians and ensuring against dispersal of Indian equity.

MIB has also laid down regulations governing FDI in the Indian entities publishing newspapers/periodicals dealing with news and current affairs. Such FDI is allowed only towards the subscription of upto 26% of paid-up equity of such entity. Such permission is granted by the MIB, upon application, only where the equity held by the largest Indian shareholder is at least 51% of the total equity shares, excluding the equity held by Public Sector Banks and Public Financial Institutions, in such entity. Further, there is a requirement that 50% of the FDI has to be inducted by the issue of fresh equity shares. The permission of the MIB is incumbent, *inter alia*, upon:

- (i) At least 3/4th of the Directors on the board of directors of the Indian entity and all the key executives and editorial staff being resident Indians.
- (ii) Complete disclosures to be made by the applicant and the Indian entity at the time of making the application regarding any shareholders' agreements and/or loan agreements that are finalized or proposed to be entered into.
- (iii) The Articles and its Memorandum of Association of the Indian entity shall reflect compliance with the above provisions.

It is obligatory on the part of the Indian entity to take prior permission from the MIB before effecting any alteration in the foreign shareholding pattern and the shareholding of the largest Indian shareholder.

Newspaper Industry Regulations

Every person publishing, or intending to publish, a newspaper or a periodical, in India has to be registered under Press and Registration of Books Act, 1867. The authority under the Press and Registration of Books Act, 1867 is the Office of the RNI which performs the functions of issue of certificate of registration to newspapers, compilation and maintenance of a register of newspapers containing particulars about all the newspapers published in India and certain other functions as specified below. The chief objective of the RNI is to regulate the newspaper industry and ensure compliance with the provisions of the Press and Registration of Books Act, 1867.

Registration of Newspapers

The Registration of Newspapers (Central) Rules, 1956 stipulates certain conditions in relation to the newspapers registered under Press and Registration of Books Act, 1867. The authority under the Registration of Newspapers (Central) Rules, 1956 is the Press Registrar who seeks to ensure the governance of the working of the newspapers. Newspapers are obliged to furnish annual statements to the Press Registrar. Further, the publisher of a newspaper is also required to publish in every issue of his newspaper the retail-selling price of each copy and in case of any change, the same has to be intimated to the Press Registrar within 48 hours. Every copy of every newspaper is also required to print legibly on it the names of the printer, publisher, owner and editor and the place of its printing and publication.

Newsprint Allocation Regulation

Newsprint is an important raw material for printing of the newspaper. Till 1994-95, newsprint allocation was regulated by the Newsprint Control Order, 1962 and the Newsprint Import Policy was announced by the Government every year. Newspapers were issued Entitlement Certificates for import and purchase from the scheduled indigenous newsprint suppliers. The Newsprint Policy is modified every year depending upon the import policy of the Government. Newsprint has been placed under 'Open General Licence' with effect from May 1, 1995 whereby all types of newsprint have become eligible for import by all persons without any restriction. Under the latest newsprint policy/guidelines for the import of newsprint issued by the MIB, authentication of certificate of registration is done by the Registrar of Newspapers for India for import of newsprint, on submission of a formal application and necessary documentary evidence.

Import of Printing Machinery

RNI is the sponsoring authority for the import of printing machinery and allied materials at the concessional rate of custom duty available to the newspapers.

Regulation of the Press

The Press Council Act, 1978 establishes a Press Council for the purpose of preserving the freedom of the press and of maintaining and



improving the standards of newspapers and news agencies in India. Under the Press Council Act, 1978, the Council by the name of Press Council of India has been established with effect from March 1, 1979. The functions of the Council include prescribing a code of conduct for newspapers, news agencies and journalists, and to concern itself with the developments such as concentration of or other aspects of ownership of newspapers and news agencies that may affect the independence of the press. The Press Council Act empowers the Press Council to warn, admonish or censure the newspaper, the news agency, the editor or the journalist or disapprove the conduct of the editor or the journalist if it finds that a newspaper or a news agency has offended against the standards of journalistic ethics or public taste or that an editor or a working journalist has committed any professional misconduct.

Press Accreditation Regulations

The Central Press Accreditation Rules, 1985 deal with the grant of accreditation to the representatives of news media organizations with the Government of India. Certain eligibility criteria for grant of accreditation to various categories viz., news agencies, cameraman or journalists, etc. as well as the procedure for grant of accreditation, occasions when accreditation could be suspended or withdrawn and the mechanism for review of accreditation have been provided for under the Central Press Accreditation Rules, 1985. Accreditation is granted only to those media representatives who reside within a radius of 25 kilometers from Delhi/New Delhi.

Guidelines for Syndication Arrangement by Newspapers

All newspapers registered in India are authorised to make syndication arrangements for procuring material including photographs, cartoons, crossword puzzles, articles and features from foreign publications under the automatic approval route provided that the total material procured and printed in one issue of the Indian publication does not exceed 7.5% of the total printed area, due credit is provided to the content provider as a by-line in the Indian publication and compliance to certain other conditions.

Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955

The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 regulates the conditions of service of working journalists, non-journalists newspaper and news-agency employees. The Working Journalists and Other Newspaper Employees (Conditions of Service) and Miscellaneous Provisions Act, 1955 also deals with the fixing or revising rates of wages in respect of working journalists. In this regard, the Central Government is empowered to constitute a Wage Board who recommends wages for such working journalists, non-journalists newspaper and news-agency employees. The recommendations of the Wage Board are then forwarded to the States and the Central Government monitors implementation of the same.

Employee Regulations

The Factories Act, 1948 applies to all such premises where ten or more workers work and where a manufacturing process is carried on with the aid of power. The Factories Act, 1948 regulates the conditions of work for workmen in a factory.

The Employees' Provident and Miscellaneous and Provisions Fund Act, 1952 deals with the statutory contribution to be made by an employer towards the provident fund that is to be maintained for the benefit of the employees. In addition to the provident fund scheme, the Employees' Provident and Miscellaneous and Provisions Fund Act, 1952 stipulates that the Central Government may also frame an Employee's Pension Scheme and an Employee's Deposit-linked Insurance Scheme whereby the employer shall be liable to make certain contributions towards such Schemes.

The Employees State Insurance Act, 1948 mandates compulsory insurance of all employees (who earn less than Rs. 7,500) in establishments, as notified by the Government. Under the aforesaid Act, the employer as well as the employee have to make contributions towards the Employees State Insurance Fund. The contributions made are disbursed upon an application from the employee or his/her dependants as sickness benefits, maternity benefit and disablement benefits by the Employees State Insurance Corporation.



GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further material approvals are required from any Government authority to undertake or continue such activities.

We have received the following Government approvals that are material to our business:

1. Certificate of Incorporation No. 40110 of 2002-2003 dated December 16, 2002 bearing the Corporate Identity Number U22122AP2002PLC40110.
2. Certificate of commencement of business bearing number 01-40110 dated December 30, 2002 issued by the Registrar of Companies, Hyderabad.
3. License to Work a Factory No. 38892 bearing registration number 64531 dated June 28, 2004 under the Factories Rules for operating a factory at Sy.No.186, Kondapur, Sherilingampally, Ranga Reddy District.
4. Certificate of Importer Exporter Code bearing IEC No. 0903002817 dated June 11, 2003 issued for the premises at Hyderabad, Kompally, Vijaywada, Rajahmundry, Vishakapatnam, Anantapur, Karimnagar and Nellore.
5. Certificate of Enrolment bearing number PJT/02/1/HPG/SD/PT/ENR/2443/2002-03 dated January 30, 2003 under the AP State Tax on Professions, Trades, Callings and Employment Act, 1981.
6. Certificate of Registration bearing number TNGST No. 0904191/04-05 dated June 28, 2004 under the Tamil Nadu General Sales Tax Act, 1959.
7. Registration Certificate No. PJT/02/1/3920/2002-03 under the AP General Sales Tax Act for the premises at Hyderabad, Kompally, Vijaywada, Rajahmundry, Vizag, Anantapur, Karimnagar, Alwal and Nellore.
8. Certificate of Registration bearing number GST No. 79943/18.5.2004 dated June 28, 2004 under the Central Sales Tax (Registration and Turnover) Rules, 1957.
9. Letter bearing reference number AP/MEC/52-0110-83/2004 dated September 16, 2004 from the Employees State Insurance Corporation stating that Deccan Chronicle Holdings Limited is covered under the Employees State Insurance Act, 1948 since February 24, 1992 under code number 52-0110-83/2004.
10. Letter bearing reference number AP/RO/APFC (C&R)/2004 dated September 23, 2004 from the Employee Provident Fund Organisation stating that our Company is covered under the EPF and MP Act, 1952 with effect from August 1, 1956 under code number AP/176.

Licenses for Publishing Deccan Chronicle

11. Certificate of Registration bearing number 3081/57 dated August 25, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Secunderabad 500003.
12. Certificate of Registration bearing number 45061/90 dated August 25, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Vijayawada.
13. Certificate of Registration bearing number 65934/96 dated September 12, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Rajahmundry.
14. Certificate of Registration bearing number 44813/85 dated September 12, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Vishakapatnam.
15. Certificate of Registration bearing number APENG/2001/4766 dated September 12, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Karimnagar.
16. Certificate of Registration bearing number APENG/1999/401 dated September 12, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Anantapur.
17. Certificate of Registration bearing number APENG/2003/11048 dated October 24, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Nellore.

Licenses for Publishing Andhra Bhoomi (Daily)

18. Certificate of Registration bearing number 5595/60 dated August 25, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Secunderabad.
19. Certificate of Registration bearing number 44814/85 dated August 25, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Vijayawada.



20. Certificate of Registration bearing number 61664/94 dated September 9, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Rajahmundry.
21. Certificate of Registration bearing number 52743/90 dated September 19, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Vishakapatnam.
22. Certificate of Registration bearing number APTEL/2001/4767 dated September 9, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Karimnagar.
23. Certificate of Registration bearing number APTEL/1999/409 dated September 18, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Anantapur.
24. Certificate of Registration bearing number APTEL/2003/1149 dated October 24, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Nellore.

Licenses for Publishing Andhra Bhoomi (Weekly)

25. Certificate of Registration bearing number 32159/77 dated September 9, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Secunderabad.

Licenses for Publishing Andhra Bhoomi (Monthly)

26. Certificate of Registration bearing number 32317/80 dated September 9, 2003 under the Press and Registration of Books Act, 1867 issued for the premises at Secunderabad.

Licenses in the name of Deccan Chronicle, the Firm

27. License to Work a Factory No. 39416 bearing registration number 48031 dated January 7, 2000 under the Factories Rules for operating a factory at 36, Sarojini Devi Road, Secunderabad 500 003.

Licenses applied for by the Company but not yet received

28. Application number 729889 dated September 30, 1996 to the Registrar of Trademarks, Mumbai for the registration the trademark "Deccan Chronicle".



OUTSTANDING LITIGATION

Except as stated herein there is no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, the Promoters or the Directors and there are no defaults, non payment or overdues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters or its Directors.

Contingent Liabilities

Contingent liabilities not provided for as of September 30, 2004: On foreign letters of credit – Rs. 287.7 million.

Against our Company

1. Ramoji Rao along with three other persons filed a suit (O/S 119 of 1994) on March 18, 1994 in the Court of III Additional Judge, City Civil Court, Secunderabad against our Company alleging defamation and mental agony to him caused pursuant to the publication of certain articles published in the Deccan Chronicle alleging them of indulging in certain adverse market practices that affected the capital markets and the Hyderabad Stock Market. The Plaintiffs have prayed for a sum of Rs.10 million as compensation and interest at the rate of 18% on the said amount and a permanent injunction restraining us from publishing any further defamatory articles of the same nature. The case is in the cross-examination stage and the next hearing is scheduled to be held on December 6, 2004.
2. A criminal complaint (C.C. 1/1997) was filed by M. Malla Reddy, former Vice Chancellor, Osmania University on May 1, 1996 in the Court of Metropolitan Magistrate at Hyderabad against our Company claiming that through the publication of certain news-articles published in the Deccan Chronicle, grave allegations have been made on his character. The Court has been approached to take cognizance of the offence of defamation under Section 501 of the Indian Penal Code, 1860 and punish them accordingly. The next hearing in the said case is scheduled to be held on January 10, 2005.
3. A criminal complaint (CC 653/2003) was filed against Deccan Chronicle in the Court of the Judicial 1st Class Magistrate on March 4, 2003 by one G. Suryanarayana Reddy alleging that Deccan Chronicle has by the publication of unverified and false news maligned his reputation thereby rendering him as an anti-social element in the eyes of the public and had therefore defamed him. The complaint was filed praying the Court to take cognizance of the offence under section 500 of the Indian Penal Code, 1860. Against this, we have filed a petition in the Andhra Pradesh High Court (Crl P.No.6216 of 2003) on August 29, 2003 requesting the High Court to quash the proceedings as the news item was published after due verification and without any malafides. The High Court passed an order on September 26, 2003 by granting an interim stay on the proceedings in the Court of the Judicial 1st Class Magistrate. The next hearing in the said case is scheduled to be held on December 14, 2004.
4. One V. Ramachandraiah has filed a suit (OS No. 129/98) against us in the Court of the District Judge at Vishakapatnam on February 22, 1998 claiming that by publication of unverified news, Deccan Chronicle has alleged him of distributing money to voters at the Vishakapatnam constituency thereby causing incalculable damage to his reputation. The Plaintiff has prayed for a compensation of Rs. 3.3 million. The case has been reserved for judgement.
5. A criminal complaint (CC No.518/1998) has been filed by one Dr Y C Simhadri before the II Metropolitan Magistrate, Vishakapatnam claiming that by a publication of a news item, Deccan Chronicle has alleged that Dr Simhadri influenced Mr. Balayogi, the then Speaker to become Vice Chancellor. The Complainant has prayed for a compensation of Rs. 5 million. The case is at the stage of arguments. The next hearing in the case is posted to be held on December 8, 2004.

Against our Company by Employees

Certain employees namely, V.N.Shanmugham, G. Bharathbushan, S.B. Ranga Rao, Anjaiah, and J. Thomas have filed writ petitions (W.P.Nos 19416-19419/2002) in the High Court of Andhra Pradesh against us disputing the retirement benefits paid to them by the Company. The writ petitions have been filed against the order of the Deputy Labour Commissioner dismissing the application filed by them in relation to the retirement benefits paid to them by the Company. The aggregate liability in this case is approximately Rs. 1 million. The matter has been posted for final hearing.

By our Company

1. We have filed a case (O/S. No.96/2003) in June 2003 in the Court of the I Additional Chief Judge, City Civil Court, Secunderabad against Motivation Advertising Private Limited and its directors for the recovery of Rs. 74,34,586 owed to us by way of charges for the publication of advertisements in Deccan Chronicle and for the dishonour of a cheque towards part payment of the above amount. The amount involved in the present case is Rs.74,34,586 with interest of 24% per annum and the cost of suit. The next hearing in the said case is scheduled to be held on December 10, 2004.



2. We have filed a case (O.S. No. 1505/1999) on June 5, 1999 in the Court of the Additional Chief Judge, City Civil Court, Secunderabad against Mars Advertising Private Limited and its directors for the recovery of Rs.11,81,092 owed to us by way of charges for the publication of advertisements in Deccan Chronicle. The next hearing in the said case is scheduled to be held on January 14, 2005.
3. We have filed a criminal complaint (CC No. 719/2003) in the Court of XVII Metropolitan Magistrate at Hyderabad against M. Nageswara Rao, the sole proprietor of M/s Rajdhani Ads for the dishonour of a cheque issued to us as consideration towards the publication of advertisements in Deccan Chronicle. The amount involved in the said case is Rs.500,000 and with interest of 18% per annum and the costs of suit. The next hearing is scheduled to be held on December 7, 2004.
4. We have filed criminal complaints (CC Nos.1539 to 1541/2002) under the Negotiable Instruments Act, 1938 in the Court of XI Metropolitan Magistrate at Secunderabad against V.Bhagya Lakshmi, proprietor Sita Advertising and Marketing Private Limited, Secunderabad for the dishonour of cheques issued to us as consideration towards the publication of advertisements in Deccan Chronicle. The amount involved in the said cases is approximately Rs. 10,50,000. The next hearing is scheduled to be held on November 9, 2005.
5. We have filed a criminal complaint (CC No.1151/91) in the Court of the Metropolitan Magistrate at Secunderabad against the partners of M/s 4th Dimension for the dishonour of cheques issued to us as consideration towards the publication of advertisements in Deccan Chronicle. The amount involved in the said cases is approximately Rs.16,36,933. The next hearing in the said case is scheduled to be held on December 10, 2004.

Against our Directors

A suit (O.S. 1338/2003) has been filed by one Pilli Venkata Ramana Reddy on May 8, 2003 in the Court of Principal Senior Civil Judge, Vishakapatnam against T. Vinayak Ravi Reddy, one of our Directors seeking permanent injunction restraining our Director from raising permanent structures over certain property leased by him to one Padala Venkata Satyanarayana Reddy who in turn sub-leased the same to our Director. The plaintiff has also filed an application for a temporary injunction (IA 546/2003 in O/S 1338/2003) on May 7, 2003 against the director. Our Director has filed counters to both these proceedings and the matter stands posted to February 8, 2005 for hearing.

Against our Promoters

There is no outstanding or pending litigation against our Promoters other than as stated herein.

Against our Promoter Group

There are no outstanding or pending litigation against T. Urmila Reddy (mother of T.Venkatram Reddy and T.Vinayak Ravi Reddy), T. Manjula Reddy (wife of T. Venkatram Reddy), T. Shanthi Priyadarshini Reddy (wife of T.Vinayak Ravi Reddy) and Gayatri Reddy (daughter of T.Venkatram Reddy).



Against our Group Companies

There are no contingent liabilities that are not provided for (as per the latest available audited financial statements)

- Litigations against or by the companies
- Litigations against the directors of the companies
except as stated hereunder:

Name of the Company	Particulars
DC Power Limited	Contingent liabilities not provided for as of March 31, 2004 – Bank Guarantee of Rs. 26.7 million secured by pledge of 100% fixed deposit.
Media Asia Private Limited	The annexure to the auditor's report is qualified to the extent that: No provision has been made for bad and doubtful debts for an amount of Rs. 3,39,55,199; No provision has been made towards gratuity and leave encashment liability.
Nagarjuna Travels and Hotels Limited	Contingent liability: Bank guarantee given by Andhra Bank to M/s Sri Lankan Airlines Limited on account of Nagarjuna Travels and Hotels Limited being appointed as the General Sales Agent for the state of Andhra Pradesh to the extent of Rs. 1 million secured by fixed deposit.
Midram Publications Private Limited	<p>Midram Publications Private Limited ("Midram") was granted a license by the MIB for a period of two years to publish the International Herald Tribune, an English daily ("IHT"). Under the authority of the said license, Midram published the IHT in India. On June 4, 2004, Midram received a letter from the MIB requesting Midram to cease publication of the IHT on the ground that the existing regulations do not permit publication of foreign material in excess of 7.5% of the total printed area of a newspaper. Midram filed a reply stating that as per the existing framework the government has no right to regulate the publication of IHT.</p> <p>MIB by its letter dated June 11, 2004 requested Midram to provide the details as well as a copy of any agreement with IHT, Hong Kong. Midram replied by its letter dated June 18, 2004 stated that it was under no obligation to provide such agreement if any.</p> <p>Further, MIB by its letter dated June 1, 2004, requested Midram to cease publishing the IHT. In reply, Midram requested the MIB to refrain from pursuing Midram in this behalf as the GoI had no legitimate right to issue orders for ceasing printing and that the same would be illegal, arbitrary and unconstitutional.</p>

Asian Age Holdings Limited

1. M/s Mital International has filed a suit (S.S. No. 1960 of 2002) against Asian Age Holdings Limited before the Hon'ble High Court of Mumbai claiming a sum of Rs. 78,50,818/- along with interest. The plaintiff alleges that in terms of the Memorandum of Understanding dated January 25, 2001 between the parties for the purchase of land, Asian Age Holdings Limited was required to pay the entire sale consideration within a period of 30 days of obtaining the No-Objection Certificate ("NOC") from the appropriate authority or pay interest at the rate of 21% on the principal outstanding. Asian Age Holdings Limited having failed to pay the entire sale consideration within 30 days from the receipt of the NOC, the plaintiff has filed a suit claiming a sum of Rs. 78,50,818/- as the interest payable for the delay in payment. The case is pending to be listed.
2. M/s Essar Oil Limited, M/s. Essar Steel Limited and M/s. Essar Power Limited have filed a suit (O.S. No. 1329 of 2002) against Asian Age Holdings Limited, M.J. Akbar and T. Venkateswarulu before the Hon'ble High Court Delhi alleging that the defendants have indulged in yellow journalism by publishing certain malicious and defamatory articles with regard to the business of the plaintiff's thereby causing irreversible and irreparable financial loss as well as loss of reputation to the plaintiff's. The plaintiff's have prayed for a sum of Rs. 5 crores as compensation and for the grant of a permanent injunction restraining the defendants restraining from publishing any further defamatory articles of the same nature. The case has been posted for hearing on January 27, 2005.



MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.



OTHER REGULATORY DISCLOSURES

Stock Market Data for our Equity Shares

This being an initial public Issue of our Company, no stock market data is available for our Equity Shares.

Particulars Regarding Public Issues during the Last Five Years

We have not made any previous rights and public issues of Equity Shares except as stated in the section entitled “Capital Structure” on page 19 of this Prospectus.

Companies under the Same Management

There are no companies under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, other than the companies mentioned in the section entitled “Our Promoters” on page 58 of this Prospectus.

Mechanism for Redressal of Investor Grievances

Investor grievances will be settled expeditiously and satisfactorily by our Company. The agreement between our Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of allotment advice or refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

We have appointed Dr. V. Lakshmanacharya as the Compliance Officer for this Issue.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Details of borrowings in our Company

Please see the section entitled “Statement of Secured Loans” on page 132 of this Prospectus for details of borrowings in our Company as specified the report on our financial statements under Indian GAAP.



TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the CAN, allotment advice and any other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the extraordinary general meeting of the shareholders of our Company (including our Green Shoe Option) held on September 4, 2004. The Board of Directors has pursuant to a resolution dated September 4, 2004 authorized a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu with the existing Equity Shares of our Company, including in respect of the rights to receive dividends and other corporate benefits, if any, declared by our Company after the date of allotment. See "Main Provisions of the Articles of Association of Our Company" on page 113 of this Prospectus for the description of our Articles of Association.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued at a total price of Rs. 162 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Company's Memorandum and Articles. For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section entitled "Main Provisions of Articles of Association of the Company" on page 113 in this Prospectus.

Market Lot

As trading in the Equity Shares is compulsorily in dematerialised mode, the tradeable lot is one Equity Share. Allotment of Equity Shares will be done in electronic form, subject to a minimum allotment of 35 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Hyderabad, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to



make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Application by Non Residents/NRIs/FIIs

The Issue is not being made to any other jurisdictions other than India. Consequently, only resident Indians are allowed to participate in the Issue. Non-Residents/NRIs/ FIIs/ Foreign Venture Capital Funds registered with SEBI, multilateral and bilateral development financial institutions are not permitted to participate in the Issue.



ISSUE STRUCTURE

The present Issue is a fresh issue of 8,013,100 Equity Shares of Rs. 10 each by the Company for cash at a price of Rs.162 per Equity Share aggregating Rs.1,298.12 million and is being made through the 100% Book Building process. There will be a Green Shoe Option of 1,201,960 Equity Shares to be offered by the Company for cash at a price of Rs.162 per Equity Share aggregating Rs. 194.72 million. The Issue and the Green Shoe Option aggregate 9,215,060 Equity Shares of Rs. 10 each aggregating to Rs. 1,492.84 million, if Green Shoe Option is fully exercised.

Particulars	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Issue size less allocation to Non-Institutional Portion and Retail Portion subject to minimum of 4,807,860 Equity Shares ⁽¹⁾	Minimum of 1,201,965 Equity Shares ⁽¹⁾	Minimum of 2,003,275 Equity Shares ⁽¹⁾
Percentage of Issue size available for allocation	60% of the Issue size less allocation to Non-Institutional Portion and Retail Portion ⁽¹⁾	Minimum 15% of the Issue size less allocation to QIB and Retail Portion ⁽¹⁾	Minimum 25% of the Issue Size less allocation to QIBs and Non-Institutional Portion ⁽¹⁾
Basis of Allocation or Allotment if respective category is oversubscribed	Discretionary	Proportionate	Proportionate
Minimum Bid	Minimum Bid Such number of Equity Shares and in multiples of 35 Equity Shares thereafter, that the Bid Amount exceeds Rs. 50,000 and in multiples of 35 Equity Shares	Such number of Equity Shares and in multiples of 35 Equity Shares thereafter, that the Bid Amount exceeds Rs. 50,000 and in multiples of 35 Equity Shares	35 Equity Shares and thereafter in multiples of 35 Equity Shares
Maximum Bid	Not exceeding the size of the Issue subject to applicable limits.	Not exceeding the size of the Issue	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 50,000
Allotment Mode	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot	1 Equity Share	1 Equity Share	1 Equity Share
Bidding Lot	35 Equity Shares	35 Equity Shares	35 Equity Shares
Who can apply	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts.	Individuals (including HUFs) applying for an amount up to Rs. 50,000.
Terms of Payment	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate
Margin Amount	NIL	Full Bid Amount on Bidding	Full Bid Amount on Bidding

⁽¹⁾ Subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in the Non-Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories, at the discretion of the Company in consultation with the BRLM.



ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein 60% of the Issue shall be available for allocation on a discretionary basis to QIBs. Further not less than 25% shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received on or above the Issue Price within the Price Band.

Bidders are required to submit their Bids through the Syndicate Members. The Company in consultation with the BRLM and the CBRLM, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof from QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note ("CAN"), and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. State Industrial Development Corporations;
8. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares;
9. Scientific and/ or Industrial Research Organisations authorised to invest in Equity Shares;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
12. Pension Funds with minimum corpus of Rs.250 million and who are authorised under their constitution to hold and invest in equity shares.

Note: The BRLM, the CBRLM, Syndicate Members and any associate of the BRLM or the CBRLM and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary. Further, the BRLM and the CBRLM shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.



As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.
- No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. The Company, the BRLM and the CBRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 35 Equity Shares and in multiples of 35 Equity Shares thereafter up to a maximum of Rs. 50,000. In case the Bid is for more than Rs. 50,000, the same would be considered for allocation under the Non-Institutional Bidders category.
- (b) **For Other (Non-Institutional Bidders and QIBs) Bidders:** The Bid must be for a minimum of Rs. 50,001 and in multiples of 35 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 50,000 for being considered for allocation in the Non-Institutional Category. In case the Bid Amount reduces to Rs. 50,000 or less due to a revision in Bids, Bids by Non -Institutional Bidders who are eligible for allocation in the Retail Individual Bidder category would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to bid at "Cut off".

Bidding Process

- (a) We have filed the Red Herring Prospectus and the Prospectus with the RoC.
- (b) The members of the Syndicate will circulate copies of the Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Prospectus and/ or the Bid-cum-Application Form can obtain the same from the registered office or from the BRLM and the CBRLM or Syndicate Members.
- (d) Investors who are interested in subscribing for the Company's Equity Shares should approach the BRLM and the CBRLM or Syndicate Members or their authorised agent(s) to register their Bid.
- (e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Bidding

- (a) The Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band and publish the same in three widely circulated newspapers (one each in English, Hindi and Telugu). This advertisement shall contain the salient features of this Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the BRLM, and Syndicate Members. The members of the Syndicate shall start accepting Bids from the Bidders during the Issue Period.
- (b) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 92 of this Prospectus) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
- (c) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page 94 of this Prospectus.



- (c) The BRLM and the CBRLM and the Syndicate Members will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It will be the responsibility of the Bidder to collect the TRSs from the Syndicate Members.
- (d) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment” on page 93 of this Prospectus.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. 162 to Rs. 194 per Equity Share of Rs. 10 each, Rs 162 being the Floor Price and Rs. 194 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.
- (b) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- (c) Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.
- (d) The Company in consultation with the BRLM can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Prospectus.
- (e) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Telugu) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.50,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded.
- (h) In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain 35 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.
- (i) The Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

Escrow Mechanism

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of this Prospectus and an Escrow Agreement. The monies in the Escrow Account for the Issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrar to the Issue, the BRLM, the CBRLM and Syndicate Members to facilitate collections from the Bidders.



Terms of Payment and Payment into the Escrow Collection Account

Each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph "Payment Instructions" on page 98 of this Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash and Stockinvest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation to the Bidders.

Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable will be available with the members of the Syndicate is mentioned under the heading "Issue Structure" on page 89 of this Prospectus, and will be as per the Syndicate Agreement. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the members of the Syndicate by the BRLM and the CBRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Form is waived at the discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares not later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the Syndicate Members by the BRLM. **If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected.** However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 working days from the Bid/Issue Closing Date.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity to each city where the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date, the Company shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be downloaded on a half hourly basis, consolidated and displayed on-line at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the bidding period.
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor
 - Investor Category – Individual, Corporate, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number



- Whether payment is made upon submission of Bid-cum-Application Form
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, the member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed elsewhere in this Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, and BRLM and the CBRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Company's promoters, the Company's management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the equity shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an online basis. Data would be uploaded on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM and the CBRLM on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- (d) Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLM and the CBRLM based on the records of NSE or BSE shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM and the CBRLM will analyse the demand generated at various price levels and discuss pricing strategy with the Company.



- (b) The Company in consultation with the BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the Bidder determined broadly by the size, price and time of the Bid.
- (c) The allocation for QIBs of not more than 60% of the Issue Size would be discretionary. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 25% of the Issue Size respectively would be on proportionate basis, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Undersubscription, if any, in the Non-Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories, at the discretion of the Company in consultation with the BRLM.
- (e) The BRLM and the CBRLM, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) The Company reserves the right to withdraw from the Issue at any time after the Bid/Issue Opening Date but before allotment.
- (g) In terms of SEBI Guidelines, QIBs Bidders shall not be allowed to withdraw their bid after the Bid / Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

- (a) The Company, the BRLM, the CBRLM, the Green Shoe Lenders and the Syndicate Members have entered into an Underwriting Agreement dated December 6, 2004 on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, the Company has filed the Prospectus with RoC, which is termed as 'Prospectus'.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Issue Price, the following steps would be taken:

- (a) The BRLM and the CBRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLM or Syndicate Members would send the CAN to their respective Bidders (QIBs) who have not paid the Margin Money at the time of Bidding and who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account of the Issue at the time of bidding shall pay in full the amount payable into the Escrow Account of Issue by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account of the Issue at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account of the Issue. The despatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be transferred to such Bidder.

Designated Date and Allotment of Equity shares

- (a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would allot Equity Shares to the allottees within 2 days of the finalisation of the basis of allotment.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be offered only in the dematerialised form to the allottees.** Allottees will have the option to re-materialise the Equity Shares so transferred, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- (c) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.
- (d) The Company would ensure the allotment of Equity Shares within 15 days of Bid Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/ Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.



GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply;
- (b) Read all the instructions carefully and complete the Bid-cum-Application Form;
- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct and complete, as Equity Shares will only be allotted in the dematerialized form only;
- (d) Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (f) Ensure that you have been given a TRS for all your Bid options; and
- (g) Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS.

Dont's:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/ revise Bid price to less than Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash or through Stock Invest;
- (e) Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut off price (for QIBs and Non-Institutional Bidders);
- (g) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

Instructions for completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM and the CBRLM or Syndicate Members.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) **For Retail Individual Bidders:** must be for a minimum of 35 Equity Shares and in multiples of 35 thereafter subject to a maximum of Rs. 50,000.
- (d) **For Non-Institutional and QIB Bidders:** Bids must be for a minimum of Rs. 50,001 and in multiples of 35 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three).
- (f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk.



Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT-IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/ Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Equity Shares shall be transferred only in dematerialised form. All Bidders should mention their Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number in the Bid-cum-Application Form. In case the Bid-cum-Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bidder's Depository Account.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with the Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.



We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions that we/the BRLM may deem fit.

Payment Instructions

The Company, the BRLM and the CBRLM and the Syndicate Members shall enter into an Escrow Agreement for the opening of an Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

A. Payment into Escrow Account:

- The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
- In case no Margin Amount has been paid by the Bidders during the Bidding Period, on receipt of the CAN, an amount equal to Issue Price multiplied by the Equity Shares allocated to the Bidder or the balance amount in case the Margin Amount is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member(s) by the BRLM and the CBRLM.
- The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - In case of Bidders: **“Escrow Account - DCHL Public Issue”**
- Where a Bidder has been allocated lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- On or after the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreements into the Public Issue Account with the Bankers to the Issue.
- No later than 15 days from the Bid/ Issue Closing Date, the Escrow Banker shall refund all amounts payable to unsuccessful Bidder and also the excess amount paid by Bidding, if any, after adjusting for allocation to Bidders

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money orders/ Postal orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instruments in lieu of cheques or bank demand drafts for payment for payment of bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form (“First Bidder”). All communications will be addressed to the First Bidder and will be despatched to his or her address.



Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No separate bids for demat and physical is to be made. If such bids are made, the bids for physical shares will be treated as multiple applications and rejected accordingly.

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

PAN or GIR Number

Where the maximum Bid for Equity Shares by a Bidder is for the total value of Rs. 50,000 or more, i.e. the actual numbers of Equity Shares Bid for multiplied by the Bid Amount is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act or where the same has not been allotted, the General Index Register (GIR) Number and the Income-Tax Circle, Ward or District. In case neither the PAN nor the GIR number has been allotted, the Bidders must mention "Not allotted" in the appropriate place. Bid-cum-Application Forms without this information will be considered incomplete and are liable to be rejected.

Right to Reject Bids

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company, and the BRLM and the CBRLM have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given;
3. Bid by minor;
4. PAN or GIR Number not given if Bid is for Rs. 50,000 or more;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than the Floor Price;
7. Bids at a price more than Cap Price;
8. Bids at Cut-off price by Non-Institutional and QIB Bidders;
9. Bids for number of Equity Shares, which are not in multiples of 35;
10. Category not ticked;
11. Multiple bids as defined on page 99 of this Prospectus;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Signature of sole and / or joint bidders missing;
14. Bid-cum-Application Form does not have the stamp of the Member of the Syndicate;
15. Bid-cum-Application Form does not have Bidder's depository account details or incorrect details being mentioned;
16. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
17. Bid-cum-Application Form is not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/ Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus;
18. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations; See the details regarding the same at page 92 of this Prospectus;



19. Bids accompanied with Stockinvests;
20. Bids by OCBs;
- 21. Bids by U.S. residents or U.S. persons other than “Qualified Institutional Buyers” as defined in Rule 144A of the U.S. Securities Act of 1933;**
- 22. Bids by NRI’s, FIIs, bilateral and multilateral development financial institutions, foreign venture capital investors.**

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Depositories Act, the Equity Shares of the Company can be held in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

The Company is also extending this facility to all the investors in this Issue. Successful allottees in this Issue will be mandatorily allotted Equity Shares in dematerialised form.

In this context, two tripartite agreements have been signed:

- a) An agreement dated August 14, 2003 among NSDL, the Company and Karvy Consultants Limited
- b) An agreement dated November 3, 2004 among CDSL, the Company and Karvy Computershare Private Limited

All bidders can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) If incomplete or incorrect details are given under the heading ‘Request for Equity Shares in electronic form’ in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the details as mentioned in the Bid-cum-Application Form including Bid-cum-Application Form number, full name of the sole or First Bidder, address of the sole or First Bidder, contact details of the sole or First Bidder, depository and beneficiary account details, number of Equity Shares applied for, date, cheque/draft number and issuing bank details, details of syndicate member where the bid was submitted.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500 by registered post or speed post only and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Company.

Undertaking by the Company

The Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;



- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue proceeds

The Company certifies that all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act.

The Company shall not have recourse to the Issue Proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Procedure and Time Schedule for Allotment of Equity Shares

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company has a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if transfer is not effected, refund orders, are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Disposal of Applications and Applications Money

The Company shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the Beneficiary Account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for allotment and trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:

- transfer of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- despatch refund orders within 15 days of the Bid/Issue Closing Date would be ensured; and
- the Company shall pay interest at 15% per annum (for any delay beyond the 15-day time period as mentioned above), if transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15-day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank the Bankers to the Issue as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.



BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Company in consultation with the BRLM on the basis of the assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 16.2 times of the face value.

Qualitative factors

Factors external to the Company

According to Global Media and Entertainment Outlook 2004-2008 by PricewaterhouseCoopers, the newspaper publishing industry in India is projected to grow from US\$1.74 billion in 2003 to US\$2.40 billion in 2008, which represents a compound annual growth rate of 6.9%.

Factors internal to the Company

- We are a leading English newspaper publishing company in India and are market leaders in the State of Andhra Pradesh. Deccan Chronicle is the largest circulated and read English newspaper in Hyderabad and the State of Andhra Pradesh;
- We have successfully withstood competition in Andhra Pradesh from most of the leading English newspapers in India;
- We intend to leverage our competitive strengths to build on our leadership position in the Andhra Pradesh. We are entering the state of Tamil Nadu by launching our flagship newspaper 'Deccan Chronicle' in Chennai;
- We have strengths in key areas such as speedy and accurate news collection, effective news presentation, newspaper distribution and advertising sales, which we believe are critical success factors in the Indian newspaper industry;
- We have robust financials; and
- Our management team includes some of the most experienced managers in the Indian newspaper publishing industry. We have a loyal, high quality management and editorial team that includes several renowned persons.

For detailed discussion on the above factors, see "Business - Competitive Strengths" on page 37 of this Prospectus.

Quantitative Factors

Information presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which may form the basis for computing the price, are as follows;

1. Adjusted Earning Per share (EPS) of face value of Rs.10

Without Considering Bonus

Period	Adjusted PAT (Rs. in thousand)	No of Shares #	EPS (Rs.)	Weight
Year ended March 31, 2002	NP	NP	NP	1
Period ended March 31, 2003	36,178	3,950,300	37.1*	2
Year ended March 31, 2004	175,008	4,400,350**	39.8	3
Period ended September 30, 2004	127,768	4,400,350**	58.1*	4
Weighted Average			47.3	

NP: Not Practicable as the business was being carried out as a partnership firm

Outstanding shares of DCHL as of the last day of the respective fiscal years

** includes 450,050 Equity Shares issued with respect to the scheme of amalgamation of DCPL and NPPL with our Company

* Based on annualised adjusted PAT for 2003 and 2005



Considering Bonus

Period	Adjusted PAT (Rs. in thousand)	No of Shares #	EPS (Rs.)	Weight
Year ended March 31, 2002	NP	NP	NP	1
Period ended March 31, 2003	36,178	31,602,400	4.6*	2
Year ended March 31, 2004	175,008	32,052,450**	5.5	3
Period ended September 30, 2004	127,768	32,052,450	8.0	4
Weighted Average			6.4	

NP: Not Practicable as the business was being carried out as a partnership firm

Outstanding shares of DCHL as of the last day of the respective fiscal years and considering the bonus issue in the ratio of 7:1

** includes 450,050 Equity Shares issued with respect to the the scheme of amalgamation of DCPL and NPPL with our Company

* Based on annualised adjusted PAT for 2003 and 2005

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. 162.
 - a. Based on period ended September 30, 2004 EPS of Rs. 8.0 - 20.25

3. Return on Net Worth (RoNW) @

Period	Adjusted PAT (Rs. in thousand)	No of Worth (Rs. in thousand) #	RoNW (%)	Weight
Year ended March 31, 2002	NP	NP	NP	1
Period ended March 31, 2003	36,178	737,588	19.9*	2
Year ended March 31, 2004	175,008	1,067,830**	16.4	3
Period ended September 30, 2004	127,768	1,179,993	21.7*	4
Weighted Average			19.5	

NP: Not Practicable as the business was being carried out as a partnership firm

Net worth as on the last day of the respective fiscal years.

* Based on annualised adjusted PAT for 2003 and 2005

** includes the effect of the the scheme of amalgamation of DCPL and NPPL with our Company

@ The EPS and RoNW of our Company for the FY 2004 are not comparable with the previous period, as the same is for a period of three months

4. Minimum Return on Increased Net Worth required to maintain pre-Issue EPS 12.5%
5. Net Asset Value per share (NAV)

Particulars	NAV (Rs.)*
As at March 31, 2004 (pre-bonus) #	243
As at March 31, 2004 (post-bonus) #	33
As at September 30, 2004 (post-bonus) #	37
After Issue @	29

* Based on Adjusted Net worth

including 450,050 issued with respect to the the scheme of amalgamation of DCPL and NPPL with our Company

@ Based on the Issue Price of Rs. 162 determined on the basis of the demand from investors through the Book-Building Process

6. Comparison with Industry Peers

As there is no separate classification of newspaper publishing sector as industry, benchmark comparable Industry P/E is not available.



RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in the print media sector is regulated both by the Union Government through the FIPB and the MIB.

The Industrial Policy specifies that FDI up to 26% is permitted with prior Government approval in publishing news papers and periodicals dealing in news and current affairs subject to verification of antecedents of the foreign investor, keeping editorial and management control in the hands of resident Indians and ensuring against dispersal of Indian equity.

MIB has also laid down regulations governing FDI in the Indian entities publishing newspapers/periodicals dealing with news and current affairs. Such FDI is allowed only towards the subscription of upto 26% of paid-up equity of such entity. Such permission is granted by the MIB, upon application, only where the equity held by the largest Indian shareholder is at least 51% of the total equity shares, excluding the equity held by Public Sector Banks and Public Financial Institutions, in such entity. Further, there is a requirement that 50% of the FDI has to be inducted by the issue of fresh equity shares. The permission of the MIB is incumbent, *inter-alia*, upon:

- (i) At least 3/4th of the Directors on the board of directors of the Indian entity and all the key executives and editorial staff being resident Indians.
- (ii) Complete disclosures to be made by the applicant and the Indian entity at the time of making the application regarding any shareholders' agreements and/or loan agreements that are finalized or proposed to be entered into.
- (iii) The Articles and its Memorandum of Association of the Indian entity shall reflect compliance with the above provisions.

It is obligatory on the part of the Indian entity to take prior permission from the MIB before effecting any alteration in the foreign shareholding pattern and the shareholding of the largest Indian shareholder.

The Issue is not being made to any other jurisdictions other than India. Consequently, only resident Indians are allowed to participate in the Issue. Non-Residents/NRIs/ FIIs/ Foreign Venture Capital Funds registered with SEBI, multilateral and bilateral development financial institutions to participate in the Issue.

For details see "Issue Procedure – Who can Bid" on page 90 of this Prospectus.

Takeover Code

Under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, or the Takeover Code, upon the acquisition of more than 5.0% of the outstanding shares or voting rights of a listed public Indian company, a purchaser is required to notify the company, and the company and the purchaser are required to notify all the stock exchanges on which the shares of such company are listed. Upon the acquisition of 15.0% or more of such shares or voting rights or a change in control of the company, the purchaser is required to make an open offer to the other shareholders offering to purchase at least 20.0% of all the outstanding shares of the company at a minimum offer price as determined pursuant to the Takeover Code.

The above information is given solely for the benefit of the Bidders and neither the Company nor the BRLM nor the CBRLM are liable for any modifications that may happen after the date of this Prospectus.



TAX BENEFITS

We have been advised by C.B. Mouli & Associates, Chartered Accountants in their certificate dated September 24, 2004, that under the current tax laws, the following tax benefits *inter-alia*, will be available to us and the members of the Company. A member is advised to consider in his / her / its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

To The Share Holders of the Company – Under the Income-tax Act, 1961

(A) Resident Share Holders

- (1) Under Section 10(34) of the Act, dividends (whether interim or final) declared, distributed or paid by the company are exempt in the hands of the individual shareholders.

- (2) **Computation of Capital Gains**

Capital Assets may be categorized into Short Term Capital Assets and Long Term Capital Assets based on the period of holding. All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently capital gains arising on sale of shares held in a company or any other listed securities, or units of UTI or specified Mutual Fund units held for more than 12 months are considered as “long term capital gains”.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting a substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

- (a) Under Section 10(38) of the Act, long term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized Stock Exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force, such transaction is chargeable to Securities Transaction Tax shall be exempt from tax.
- (b) Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the company that are not exempt under Section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in certain notified bonds within a period of six months after the date of such transfer. However, if the said bonds are transferred or converted into money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- (c) Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the company that are not exempt under Section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in acquiring equity shares of an Indian Company forming part of an “eligible issue of share capital” within a period of six months after the date of such transfer. However if the said shares are transferred within a period of one year from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the shares are transferred. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:
 - (i) the issue is made by a public company formed and registered in India; and
 - (ii) the shares forming part of the issue are offered for subscription to the public.
- (d) Under Section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company, will be exempt from tax subject to other conditions specified therein, if the sale proceeds from such shares are used for the purpose of purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.



- (e) Under Section 111A of the Act, short term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).
- (f) Under Section 112 and other relevant provisions of the Act, long term capital gains arising on transfer of shares of the company not covered by Section 10(38) of the Act, shall be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation as provided in the second proviso to Section 48 or at 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.

However, as per the proviso to Section 112(1) of the Act, if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

(B) Mutual Funds

Under Section 10 (23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

(C) Venture Capital Companies / Funds

Under Section 10 (23FB) of the Act, all venture capital companies / funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income-tax on all their income, including income from sale of shares of the company.

Benefits to the Shareholders of the Company under The Wealth Tax Act, 1957.

Shares of the company held by the shareholders will not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and hence Wealth Tax will not be applicable.

Benefits to the Shareholders of the Company under The Gift Tax Act, 1958.

Gift of shares of the company made on or after October 1, 1998, would not be liable to Gift Tax provided the gift is made to related persons. Gift of shares of the company to unrelated persons exceeding Rs. 25,000/- would however be taxed as income in the hands of the recipient as per amendment made by the Finance Act, 2004.

Notes :

All the above benefits are as per the Current Tax Laws as amended by the Finance Act, 2004 and will be available only to the sole / first named holder in case the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this Note.

In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.



STATUTORY AND OTHER INFORMATION

Consents

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors to the Issue, Bankers to the Company and Bankers to the Issue; Book Running Lead Manager to the Issue, Co-Book Running Lead Managers, and Syndicate Members, Escrow Collection Bankers and Registrar to the Issue, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the Registrar of Companies, Andhra Pradesh located at Hyderabad, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

M/s. C. B. Mouli & Associates, Chartered Accountants, and our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

Expert Opinion

Except as stated elsewhere in this Prospectus, we have not obtained any expert opinions.

Changes in Auditors in the Last Three Years

There have been no changes of the auditors in the last three years except as detailed below

Name of Auditor	Date of Appointment	Date of Resignation	Reasons for Change
M/s. C. B. Mouli & Associates	September 30, 2003	-	-

M/s. C. B. Mouli & Associates are the first auditors of our Company.

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 2,003,275 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 2,003,275 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 35 Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non Institutional Bidders

- Bids received from Non institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,201,965 Equity Shares at or above the Issue Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 1,201,965 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of 35 Equity Shares. For the method of proportionate basis of allotment refer below.

The aggregate allotment to Retail Individual and Non Institutional Bidders shall not exceed 3,205,240 Equity Shares.



C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
- The Issue size less allotment to Non Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allotment would be decided by the Company in consultation with the BRLM and the CBRLM and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.
- The aggregate allotment to QIB Bidders shall not be less than 4,807,860 Equity Shares.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, the basis of allotment to Retail Individual and Non Institutional Bidders shall be finalized by us in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM, the CBRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate allotment is less than 35 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 35 Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e) If the proportionate allotment to a Bidder is a number that is more than 35 but is a fraction, the fraction would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses, stabilizing fees to the Stabilizing Agent and the Green Shoe Lender and listing fees. All expenses with respect to the Issue would be borne by the Company.

Fees Payable to the BRLM and the CBRLM

The total fees payable to the Book Running Lead Manager and the CBRLM will be as per the letters of appointment dated September 24, 2004 issued by our Company, a copy of which is available for inspection at our corporate office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the letter of appointment dated September 8, 2004, a copy of which is available for inspection at our corporate office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.



Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public of Equity Shares Issues

We have not made any previous rights and public issues of Equity Shares.

Outstanding Debentures or Bond Issues or Preference Shares

We have no outstanding debentures or bond issues other than the following:

Issue name-date of closure of Issue	Deemed date of allotment	Date of completion of despatch of debenture certificates	Description	Amount Allotted (Rs. in thousand)	Date of Redemption	Rating at the time of issue
6% Non Convertible Debentures- July 16, 2005	July 16, 2004	July 20, 2004	Non-convertible debentures	250,000	July 16, 2005	(PR+1) CARE
6.5% Non-Convertible Debentures – January 16, 2004	January 16, 2004	January 19, 2004	Non-convertible debentures	575,000	Over a period of three years after a moratorium of two years from the date of issue of this debentures. Last instalment payable on January 15, 2009	CARE AA

The list of persons to whom debentures have been allotted are as under:

Rs in thousand

Particulars	Amount
Short Term Debentures	
1 I.D.B.I. (each debenture face value Rs. 10 lakhs each)	250,000
Long Term Debentures	
1 United Bank of India (face value Rs. 10 lakhs each)	100,000
2 Central bank of India (face value Rs. 10 lakhs each)	50,000
3 Canara Bank (face value Rs. 10 lakhs each)	100,000
4 UCO Bank (face value Rs. 10 lakhs each)	25,000
5 ICICI Bank (face value Rs. 10 lakhs each)	100,000
6 UTI Bank (face value Rs. 10 lakhs each)	100,000
7 Bank of India (face value Rs. 10 lakhs each)	100,000
	575,000

Capitalization of Reserves or Profits

We have not capitalized our reserves or profits at any time, except as stated in the section entitled “Capital Structure” on page 19 of this Prospectus.



Issues otherwise than for Cash

Except as stated in the section entitled “Capital Structure” on page 19 of this Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Application in Issue

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only.

Purchase of Property

Except as stated in the section entitled “Objects of the Issue” on page 24 of this Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made earlier in this Prospectus.

Except as stated in the section entitled “Related Party Transactions” on page 131-132 of this Prospectus, we have not purchased any property in which any of our Promoters and Directors, have any direct or indirect interest in any payment made thereof.

Remuneration of our Chairman

T. Venkatram Reddy has been appointed as the Chairman of our Company with effect from September 30, 2003 for a period of five years. In term of the resolution passed by the Annual General Meeting, T. Venkatram Reddy is entitled to receive remuneration at the rate of 5% of the net profits of the Company by way of salary, commission and perquisites which our Company is entitled to pay in terms of Section 1 of Part II of Schedule XIII of the Companies Act. His remuneration for the year-ended March 31, 2004 was Rs. 1,22,69,802. The terms of his employment as approved by the shareholders of our Company by an EGM dated April 1, 2004 are as follows:

Salary

- Salary: Rs. 13,50,000 per month and other perquisites and allowances applicable under the Companies Act.
- Gratuity: Benefits in accordance with the rules and regulations in force in our Company from time to time but it shall not exceed half-month's salary for each completed year of service.
- Leave: Leave on full pay and allowance at the rate of eleven months of service with liberty to accumulate such leave for a period of six months.
- Encashment Leave: As per the existent rules of the Company.
- Loans: Housing loans or other loans in accordance with the practices/rules and regulations in force in the Company from time to time.
- Commission: The Chairman is eligible to 5% of the net profits earned by our Company that includes managerial remuneration subject to the approval of the Board.
- Other Benefits: As may be provided by the Company to senior officers from time to time
- Sitting Fees: No sitting fees are payable for attending any meetings.

Remuneration of our Managing Director

T. Vinayak Ravi Reddy has been appointed as the Managing Director of our Company with effect from September 30, 2003 for a period of five years. In term of the resolution passed by the Annual General Meeting, our Managing Director is entitled to receive remuneration at the rate of 5% of the net profits of the Company by way of salary, commission and perquisites that our Company is entitled to pay in terms of Section 1 of Part II of Schedule XIII of the Companies Act. His remuneration for the year-ended March 31, 2004 was Rs. 1,23,12,969. The terms of his employment as approved by the shareholders of our Company by an EGM dated April 1, 2004 are as follows:



Salary

- Salary: Rs. 13,50,000 per month and other perquisites and allowances applicable under the Companies Act.
- Gratuity: Benefits in accordance with the rules and regulations in force in our Company from time to time but it shall not exceed half-month's salary for each completed year of service.
- Leave: Leave on full pay and allowance at the rate of eleven months of service with liberty to accumulate such leave for a period of six months.
- Encashment Leave: As per the existent rules of the Company.
- Loans: Housing loans or other loans in accordance with the practices/rules and regulations in force in the Company from time to time.
- Commission: The Managing Director is eligible to 5% of the net profits earned by our Company that includes managerial remuneration subject to the approval of the Board.
- Other Benefits: As may be provided by the Company to senior officers from time to time
- Sitting Fees: No sitting fees are payable for attending any meetings.

Remuneration of our Executive Director

P.K.Iyer has been appointed as the Executive Director of our Company with effect from September 30, 2003 for a period of five years. In term of the resolution passed by the Annual General Meeting, he is entitled to receive remuneration by way of salary, commission and perquisites that our Company is entitled to pay in terms of Section 1 of Part II of Schedule XIII of the Companies Act. His remuneration for the year-ended March 31, 2004 was Rs. 6,00,000. The terms of his employment as approved by the shareholders of our Company by an EGM dated April 1, 2004 are as follows:

Salary

- Salary: Rs. 5,75,000 per month and other perquisites and allowances applicable under the Companies Act.

Revaluation of Assets

We have not revalued our fixed assets since incorporation.

Classes of Shares

Our authorized capital is Rs. 500 million divided into 50 million shares of Rs. 10 each.

Payment or Benefit to Promoters or Officers of our Company

Except as stated otherwise in this Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Promoters or officers except the normal remuneration for services rendered as Directors, officers or employees.

Default on loan payments

Our Promoters or our Company have not defaulted any loan payment.

Disassociation by the Promoters in the last three years

Except as stated below, our Promoters have not disassociated themselves from any company in the last three years:

Sr. No.	Company with which disassociated	Promoter	Reason for disassociation
1.	Gayatri Distributors Private Limited	T. Venkatram Reddy T. Vinayak Ravi Reddy	The business of the company was not a part of the business segment in which the Promoters wished to focus.
2.	Deccan Chronicle Private Limited	T. Venkatram Reddy T. Vinayak Ravi Reddy	The company has been merged into our Company with effect from April 1, 2003.
3.	Nandi Publishers Private Limited	T. Venkatram Reddy	The company has been merged into our Company with effect from April 1, 2003.



MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this Section have the meaning that has been given to such term in the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of our Company are as follows:

4.b. BOARD TO ALLOT SHARES

Subject to the provisions of the Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully to be fully paid shares provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the general meeting.

6. RESTRICTION ON ALLOTMENT

- a. The Directors shall in making the allotments duly observe the provisions of the Act.
- b. The amount payable on application each share shall not be less than 5% of the nominal value of the share
- c. Nothing therein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the company.

7. INCREASE OF CAPITAL

The company at its general meeting may from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe, and in particular such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the company and with a right of voting at general meeting of the company in conformity with sections 87 and 88 of the Act. Whenever the capital of the company has been increased under the provisions of this Article the Directors shall comply with the provisions of section 97 of the Act.

8. REDUCTION OF CAPITAL

The company may subject to the provisions of sections 78, 80, 100 to 105 (both inclusive) of the act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium account in any manner for the time being authorized by law and in particular, the capital may be paid off on the footing that it may be called up again or otherwise, this article is not to derogate from any power the company would have it if were omitted.

9. SUB-DIVISION AND CONSOLIDATION OF SHARES

Subject to the provisions of section 94 of the act, the company in general meeting may by an ordinary resolution from time to time sub-divide or consolidate its shares or any of them and the resolution whereby any shares is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference or special advantage as regards dividend capital or otherwise as compared with the others or other subject as aforesaid the company in general meeting may by an ordinary resolution also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

11. POWER TO ISSUE PREFERENCE SHARES

- a. Subject to the provisions of section 80 of the act the company shall have the power to issue by special resolution preference shares/convertible preference shares which at the option of the company are liable to be redeemed/converted and the redemption/conversion of preference share hereunder may be effected in accordance with the terms and conditions of their issue and failing that in such manner as the Directors may think fit.



- b. On the issue of preference shares under the provisions of article 11 (a) hereof the following provisions shall take effect
- i) No such shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;
 - ii) No such shares shall be redeemed unless they are fully paid
 - iii) The premium, if any payable on redemption shall have been provided for out of the profits of the company or out of the companies share premium account before the shares are redeemed.
 - iv) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall out of profits which could otherwise have been available for dividend be transferred to a reserve fund to be called the capital redemption reserve account a sum equal to the nominal amount of the shares redeemed and the provisions of the act relating to the reduction of the share capital of the company shall except as provided in section 80 of the ad, apply as if the capital redemptions reserve account were paid up share capital of the company.
- c. Subject to the provisions of section 100 to 105 (both inclusive Board) may accept from any member on such terms and conditions as shall be agreed a surrender of all or any of his shares or may buy back such shares as may be permitted.

12. RIGHTS ISSUE OF SHARES AND RENUNCIATION OR FURTHER ISSUE OF CAPITAL

Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then:

- (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
- (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

14. RIGHTS TO CONVERT LOANS INTO CAPITAL

Nothing in this Article shall apply to the increase of subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company.

- (a) To convert such debentures or loans into shares in the Company; or
- (b) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term;

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

19. EVERY MEMBER ENTITLED TO A CERTIFICATE

- a. Every member shall be entitled, without payment to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof, otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation



or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the numbers and distinctive numbers of the shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

b. JOINT OWNERSHIP OF SHARES

Any two or more joint allottees of a share shall be treated as a single member for the purpose of this article and the certificate of any share, which may be subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The company shall comply with the provisions of Section 113 of the Act.

If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the company, except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for payment of all instalments and calls due in respect of such share, and for all incidents thereof according to the Company's regulations.

c. DIRECTOR TO SIGN SHARE CERTIFICATES

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

d. ISSUE OF DUPLICATE CERTIFICATES

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

e. Blank share certificates can be printed and the printing shall be done only on the authority of the resolution of the Board. The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

23. COMPANY TO HAVE LIEN

The company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares/debentures, and no equitable interest in any shares/debentures shall be created except upon the footing and condition that this Article will have to have full effect; and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares. The Directors may at any time declare any shares/debentures wholly or in part to be exempted from the provisions of this clause.

36. BOARD TO HAVE RIGHT TO FORFEIT SHARES

If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued by the Company by reason of such non-payment.

41. MEMBER TO BE LIABLE EVEN AFTER FORFEITURE

Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest in respect of such shares at the time of the forfeiture, together with respect the interest thereon from time to time of the forfeiture, together with the interest thereon from time to time of the forfeiture until payment, at such rates as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.



53. DIRECTORS MAY REFUSE TO REGISTER TRANSFERS

Subject to the provisions of section 111 of the Act and section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has lien on the shares. Transfer of Shares/ Debentures in whatever lot shall not be refused.

54. TRANSFER OF PARTLY PAID SHARES

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

60. NO FEES TO BE CHARGED FOR TRANSFER

No fees shall be charged for registration of transfers of any shares or debentures. No fee shall also be charged for registration of probate, letters of administration or other small documents.

62. TRANSMISSION OF SHARES

Subject to the provisions of the act and these articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these articles, may, with the consent of the board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this article or of such title as the board thinks sufficient either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be, freed from any liability in respect of the shares.

65. RIGHT TO ISSUE SHARE WARRANTS

The company may by Special Resolution issue share warrants subject to and in accordance with the provisions of Section 114 and 115 of the Act, and accordingly the board may, in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a warrant".

70. RIGHT TO CONVERT SHARES INTO STOCK & VICE-VERSA

The Company in General Meeting may, by an Ordinary Resolution convert any fully paid-up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place. The company may, by an Ordinary Resolution convert any stock into fully paid up shares of any denomination.

72. ANNUAL GENERAL MEETINGS

The Company shall, in addition to any other meetings hold a General Meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

73. EXTRA-ORDINARY GENERAL MEETINGS

The Board may, whenever it thinks fit, convene an Extra-ordinary General Meeting at such date, time and at such place as it deems fit. Subject to such directions if any, given by the Board, the Managing Director or the Secretary may convene an Extra-ordinary General Meeting.

74. EXTRA-ORDINARY GENERAL MEETINGS ON REQUISITION

- (a) The Board, shall on the requisition of members convene an extraordinary general meeting of the company in the circumstances and in the manner provided under Section 169 of the Act.
- (b) Any valid requisition so made by a member must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.



- (c) Any meeting called under the foregoing articles by the requisitionists shall be called in the same manner as nearly as possible, as that in which meetings are to be called by the board.

77. SPECIAL AND ORDINARY BUSINESS

- a) All business shall be deemed special business transacted at an Extra-Ordinary Meeting and all the business transacted at an Annual General Meeting with the exception of declaration of dividend, the consideration of the accounts, balance sheet and the reports of the board and auditors, the election of directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the auditors.
- b) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall accompany the notice of the meeting.

78. QUORUM FOR GENERAL MEETING

Five members or such other number of members as the law for the time being in force prescribes, entitled to be and personally present shall be quorum for a general meeting and no business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the meeting.

80. CHAIRMAN OF GENERAL MEETINGS

The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the company.

81. ELECTION OF CHAIRMAN

If there is no such chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the members present shall choose another director as chairman, and if no director be present or if all the directors decline to take the chair, then the members present shall choose someone of their number to be the chairman.

83. VOTING AT MEETING

At any General Meeting, a resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that resolution has, on a show of hands, been carried unanimously or by a particular majority, or lost and an entry to that effect in the book of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against that resolution. On a poll, votes may be given either personally or by proxy. On a poll, votes may be given either personally or by proxy.

85. CASTING VOTE OF CHAIRMAN

In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member.

87. VOTING RIGHTS OF MEMBERS

- a) On a show of hands every member holding equity shares and present in person shall have one vote.
- b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his share of the paid-up equity share capital.
- c) On a poll, a member having more than one vote, or his proxy or other person entitled to vote for him need not use all his votes in the same way.

91. CORPORATE MEMBERS

Any corporation which is a member of the company may, by resolution of its Board of Directors or other governing body, authorise such person as it thinks fit as to act as its representative at any meeting of the company and the said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company.

93. TIME FOR OBJECTION OF VOTES

No objection shall be made to validity of any vote, except at any meeting or poll at which such vote shall be so tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes for such meeting or poll whatsoever.



97. DIRECTORS' POWER TO FILL UP CASUAL VACANCY

Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.

98. ADDITIONAL DIRECTORS

The Board of Directors shall have power at anytime, and from time to time, to appoint one or more persons as Additional Directors provided, that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An Additional Director so appointed shall hold office upto the date of the next Annual General Meeting, of the Company and shall be eligible for reelection by the Company at that Meeting.

99. ALTERNATE DIRECTORS

The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director from the State in which the meetings of the Board are ordinarily held for a period of not less than three months. An Alternate Director so appointed shall vacate office if and when the original director returns to the State in which the Meetings of the Board are ordinarily held. If the term of the office of the original director is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.

100. REMUNERATION TO DIRECTORS

Every Director (including the ex-officio Director) other than the Managing Director and the whole time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all travelling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company to and from any place.

106. CERTAIN DIRECTORS NOT TO RETIRE

The Managing Director or the nominee Director or the Directors appointed as a Debenture Director, Special Director or ex-officio Director or an additional Director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of directors of whom one third shall retire from office under this Article.

107. EX-OFFICIO DIRECTORS

The term ex-officio Directors wherever occurring in these Articles shall mean and include the Managing Director(s) Wholetime Director appointed under Article 137, a Director appointed under Article 115, a Director appointed in pursuance of Articles 134 and 135.

114. DISCLOSURE OF INTEREST BY DIRECTORS

Subject to the provisions of Sections 297, 299, 300, 302 and 314 of the Act, the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise, nor shall any such contract, or arrangement entered into be or on behalf of the Company with such Director or with any Company or partnership in which shall be a member or otherwise interested by avoided nor shall any Director so contracting or being such member or so interested by liable to account to the Company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

131. BORROWING

- a) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not without the sanction of the Company at a General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say re serves not set apart for any specific purpose subject to the provisions of Section 292 of the Act.
- b) The Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures perpetual or otherwise including debentures convertible into shares of this or any other Company or perpetual annuities and in security of any such money so borrowed, raised or received mortgage,



pledge or charge, the whole or any part of the property, assets or revenue of the company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the total amount upto which moneys may be borrowed by the Board of Directors.

- c) Subject to the provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow secure the repayment of any sum or sums of money for the purpose of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by opening current accounts or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.
- d) The Directors may by a resolution at a meeting of the Board dele gate the above power to borrow money otherwise than on debentures to a Committee of Directors or the Managing Director, if any, within the limits prescribed.

134. DEBENTURE DIRECTORS

Any Trust Deed for securing debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of debentures or debenture-stock of some person to be a Director of the Company and may empower such trustee or holders of debentures or debenture-stock from time to time to remove any director so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

135. NOMINEE DIRECTORS

- a) So long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), Shipping Credit and Investment Corporation of India Limited (SCICI), The Industrial Reconstruction Bank of India (IRBI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NICK), The Oriental Insurance Company Limited (Old), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UI), or a State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as "the Corporation") or Venture Capital Institutions, incorporated in or outside India, out of any loans/debentures assistance granted by them to the Company or so long as the Corporation holds or continues to hold Debentures/ shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole-time or non-whole-time, (which Director or Director/s is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.
- b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.
- c) The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds or continues to hold Debentures/shares in the Company as a result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.



- d) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.
- e) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, Commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or, as the case may be, to such Nominee Director/s.
- f) Provided that if any such Nominee Director/s is an officer of the Corporation, the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.
- g) Provided also that in the event of the Nominee Director/s being appointed as Whole-time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a Whole-time Director in the management of the affairs of the Company. Such Whole-time Director/s shall be entitled to receive such remuneration, fees, commission, and monies as may be approved by the Corporation.

138. INDEMNIFICATION OF DIRECTORS

Subject to Section 201 of Act, every Director who was or is at any time a party or is threatened to be made a party to, or is involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of his being a Director of the company shall be indemnified and held harmless by the company to the fullest extent permitted by applicable law, except to the extent that any loss or expense incurred by such Director is determined by a court of competent jurisdiction to have resulted from the Director's gross negligence or Willful misconduct. The right to indemnification conferred shall also include the payment by the company of expenses incurred in connection with any such action, suit or proceeding in advance of its final disposition to the fullest extent permitted by applicable law.

139. TERMS OF APPOINTMENT OF MANAGING DIRECTOR/WHOLE-TIME DIRECTOR

- a) The Board may from time to time with the sanction of the Central Government as may be required by Act, appoint one or more of their body to the office of the Managing Director or Managing Directors or Whole-time Directors.
- b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Wholetime Directors.
- c) In the event of any vacancy arising in the office of a Managing Director or Whole-time Director or the Directors resolve to increase the number of Managing Directors or Wholetime Directors, the vacancy shall be filled by the Board of Directors and the Managing Director or Wholetime Director so appointed shall hold the office for such period.
- d) If a Managing Director or Wholetime Director ceases to hold office as Director, he shall ipso facto and immediately cease to be a Managing Director/Whole-time Director.
- e) The Managing or Whole-time Director shall not be liable to retirement by rotation as long as he holds office as Managing or Whole-time Director.

140. POWERS AND DUTIES OF MANAGING DIRECTOR OR WHOLE- TIME DIRECTOR

Managing Director/Wholetime Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors as they may think fit and confer such power for such time and to be exercised for such objects, purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. The Managing Directors/Wholetime Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

146. RIGHT TO DIVIDEND

- a) The profits of the Company, subject to any special rights, relating thereto created or authorised to be created by these presents and subject to the provisions of the presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively on the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.



- b) Where capital is paid upon any shares in advance of calls, upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in the profits.
- c) The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.
- d) Any General Meeting declaring a dividend or bonus may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may if so arranged between the Company and the members be set off against the call.
- e) No dividend shall bear the interest against the Company.

147. DECLARATION OF DIVIDENDS

The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

148. INTERIM DIVIDENDS

The Board may from time to time pay to the members such interim dividends as appear to them to, be justified by the profits of the Company.

149. DIVIDENDS TO BE PAID OUT OF PROFITS

No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

151. RETENTION OF DIVIDENDS UNTIL COMPLETION OF TRANSFER UNDER ARTICLE 56

Subject to the provisions of the Act, the Board may retain the dividends payable upon shares in respect of which any person is, under Article 56 entitled to become a member, or which any person under the Article is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.

153. UNPAID OR UNCLAIMED DIVIDEND

Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholders entitled, to the payment of the dividend, the company shall within 7 days from the date of expiry of the said 42 days, open a special account in that behalf in any Scheduled Bank called "Unpaid Dividend of Deccan Chronicle Holdings Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any amount transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

155. CAPITALISATION OF PROFITS

- a) The Company in General Meeting may on recommendation of the Board, resolve:
 - (i) That it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the Credit of the profit and loss account or otherwise available for distribution; and
 - (ii) That such sum be accordingly set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
- b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards
 - (i) Paying up any amounts for the time being unpaid on shares held by such members respectively;
 - (ii) Paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
 - (iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
- c) The Board shall give effect to the resolutions passed by the Company in pursuance of this regulation.



156. POWER OF DIRECTORS FOR DECLARATION OF BONUS

- a) Whenever such a resolution as aforesaid shall have been passed, the Board shall
 - (i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares, if any; and
 - (ii) generally do all acts and things required to give effect thereto.
- b) The Board shall have full power to
 - (i) make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also
 - (ii) authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment of by the Company on their behalf, or the application thereto of their respective proportions of the profits resolved to be capitalised or the amounts or any parts of the amounts remaining unpaid on the shares.
- c) Any agreement made under such authority shall be effective and binding on all such members.

159. INSPECTION OF ACCOUNTS OR BOOKS BY MEMBERS

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the company except as conferred by law or authorised by the Board. Provided however notwithstanding anything to the contrary contained here in above members shall, so long as they are members of the company, have a right to inspect the accounts and books of the company through their authorised representatives.

167. HOW DOCUMENT IS TO BE SERVED ON MEMBERS

- a) A document (which expression for this purpose shall be deemed to include any summons, notice, requisition, process order, judgement or any other document in relation to or in the winding up of the Company) may be served on or sent to any member by the Company either personally or by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for the giving of notices to him.
- b) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to the persons named first in the Register and notice so given shall be sufficient notice to all the holders of such share.
- c) Where a document is sent by post the service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter contained the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member; and unless the contrary is proved, such service shall be deemed to have been effected;
 - i. In the case of a notice of a meeting, at the expiration of 48 hours of the letter containing the notice is posted;
 - ii. In any other case, at the time at which the letter would be delivered in the ordinary course of post.

168. MEMBERS TO NOTIFY ADDRESS IN INDIA

Each registered holder of shares shall from time to time notify in writing to the Company some place in India to be registered as his address and such registered place of address shall for all purposes be deemed his place of residence.

169. SERVICE ON MEMBERS HAVING NO REGISTERED ADDRESS

If a member has no registered address in India, and has not supplied to the Company an address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighbourhood of Registered office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.

176. APPLICATION OF ASSETS

Subject to the provisions of the Act as to preferential payments, the assets of the Company shall on its winding up, be applied in satisfaction of its liabilities *par passu* and, subject to such application, shall be distributed among the members according to their rights and interest in the Company.



177. DIVISION OF ASSETS OF THE COMPANY IN SPECIE AMONG MEMBERS

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution divide among the contributories in specie or kind, any part of the assets of the Company, and may with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators with the like sanction shall think fit, in case any shares to be divided as aforesaid involve a liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds, and the liquidators shall, if practicable, act accordingly.

178. DIRECTOR'S AND OTHER RIGHT TO INDEMNITY

- a) Subject to the provisions of the Act, the Managing Director, the Director, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability, and it shall be the duty of Directors out of the funds of the Company to pay all costs and losses and expenses (including travelling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.
- b) Subject as aforesaid the Managing Director, the Director, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.



MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies, Andhra Pradesh at Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at 36, Sarojini Devi Road, Secunderabad 500 003, from 10.00 am to 4.00 pm on working days from the date of this Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Letter of appointment dated September 24, 2004 to (i) ICICI Securities Limited from the Company appointing it as BRLM; and (ii) IDBI Capital Market Services Limited from the Company appointing it as CBRLM
2. Memorandum of Understanding amongst our Company, the BRLM and the CBRLM.
3. Agreement dated September 8, 2004 executed by our Company with the Registrar to the Issue.
4. Escrow Agreement dated November 23, 2004 between the Company, the BRLM, the CBRLM, Escrow Collection Banks and Registrar to the Issue.
5. Syndicate Agreement dated November 23, 2004 between the Company, the BRLM, the CBRLM and the Syndicate Members.
6. Underwriting Agreement dated December 6, 2004 between the Company, the BRLM, the CBRLM and the Syndicate Members.
7. Stabilization Agreement dated September 27, 2004 amongst the Company, the Green Shoe Lenders and the Stabilising Agent.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certificate of incorporation dated December 16, 2002.
3. Shareholders' resolutions in relation to this Issue and other related matters such as appointment of auditors, formation and revision of Audit, Remuneration and other committees.
4. Employment Contracts between our Company and our Chairman, our Managing Director and our Executive Director (Finance).
5. Report of the statutory auditors, M/s C.B. Mouli and Associates dated November 1, 2004 prepared as per Indian GAAP and mentioned in this Prospectus.
6. Copies of annual reports of our Company for the period ended March 31, 2003 and year ended March 31, 2004.
7. Consent of the Auditors being M/s C.B. Mouli and Associates for inclusion of their report on accounts in the form and context in which they appear in this Prospectus.
8. General Power of Attorney executed by the Director(s) of our Company in favour of person(s) for signing and making necessary changes to this Prospectus and other related documents.
9. Consents of Auditors, Bankers to the Company, BRLM, CBRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, legal counsel to the transaction, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
10. In-principle listing approval dated October 19, 2004 and October 8, 2004 from NSE and BSE respectively.
11. Tripartite Agreement between (i) NSDL, our Company and the Karvy Consultants Limited and to the Issue dated August 14, 2003; and (ii) CDSL, our Company and the Registrar to the Issue dated November 3, 2004 respectively.
12. Due diligence certificate dated September 27, 2004 to SEBI from the BRLM.
13. SEBI observation letter no. CFD/DIL/ISSUES/PR/23006/2004 dated October 8, 2004 and SEBI observation letter No. CFD/DIL/SR/24882/2004 dated November 2, 2004.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



FINANCIAL INFORMATION: DECCAN CHRONICLE HOLDINGS LIMITED

Auditors Report

Deccan Chronicle Holdings Limited

Financial Statements for the Period Ended 30th September, 2004, for Year Ended 31st March, 2004 and Period Ended 31st March, 2003

To,

The Board of Directors
Deccan Chronicle Holdings Limited
36, Sarojini Devi Road
Secunderabad - 3.

Re: Initial Public offering of Deccan Chronicle Holdings Limited

Dear Sirs,

We have examined the financial information of Deccan Chronicle Holding Limited, as attached to this report stamped and initialed by us for identification and as approved by the Board of Directors/Members of the Company, which has been prepared in accordance with Part II of Schedule II of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time ("the Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications subject to non-provision of gratuity which is not in conformity with Accounting Standard (AS-15) issued by ICAI, and in accordance with your instructions dated October 30, 2004 received from the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its proposed Initial Public Offering of Equity Shares (referred to as "the Issue").

A. Financial Information as per the audited financial statements

We have examined the attached restated Balance Sheets of the Company as at 30th September, 2004, 31st March, 2004 and 31st March, 2003 (Annexure II) and the attached restated statements of Profit and Loss Account for each of these periods ended on those dates (Annexure I) and the related financial statement schedules (Annexure IV), together referred to as 'summary statements'. These summary statements have been extracted from the financial statements for these periods audited by us/and have been adopted by the Board of Directors/members for the respective periods/year. Based on our examination of these summary statements we confirm that:

1. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies of the Company (as disclosed in Annexure III to this report) as adopted by the Company as at 30th September 2004.
2. There are no material adjustments relating to previous period, which need to be adjusted in summary statement in the period to which they relate.
3. There are no extra-ordinary items, which need to be disclosed separately in the summary statements.

Summary of significant transactions of Revenue, Purchase, Income and Expenditure of the Company with Promoters and Promoters Group and particulars of loans and advances to Promoters and Promoters Group disclosed in the Notes to Accounts are as certified by the Company and we confirm that the relationships and transactions between the Company and its related parties have been appropriately reported in accordance with 'AS-18 Related Party Disclosures' issued by the Institute of Chartered Accountants of India.

B. Other financial information

We have examined the following financial information relating to Deccan Chronicle Holding Limited proposed to be included in the Offer Document, as approved by you and annexed to this report.

- i) Summary of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth is enclosed as Annexure V.
- ii) Capitalisation Statement of the Company is enclosed as Annexure VI.
- iii) Tax Shelter Statement of the Company is enclosed as Annexure VII.
- iv) Statement of Cash Flow of Deccan Chronicle Holding Limited is enclosed as Annexure VIII.



In our opinion, the financial information of the Company, as attached to this report as mentioned in paragraphs (A) and (B) above, read with respective significant accounting policies after making groupings and adjustments, have been prepared in accordance with Part II of Schedules II of the Act and the Guidelines issued by SEBI.

This report is intended solely for use for your information and for inclusion in the Offer Document in connection with the Issue and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For C. B. Mouli & Associates
Chartered Accountants**

**(Mani Oommen)
Partner
Membership No. 200/24046**

Secunderabad,
November 1, 2004



SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

Rs. in thousand

Particulars	Period Ended March 31, 2003*	Year Ended March 31, 2004	Period Ended September 30, 2004#
INCOME			
Revenue	219,189	1,169,357	727,124
Other Income	2,171	54,415	9,946
Total Income	221,360	1,223,773	737,070
EXPENDITURE			
Employee Cost	20,407	111,475	71,083
Production Cost	117,550	639,199	377,989
Administrative & Other Costs	16,649	129,509	55,926
Total Expenditure	154,607	880,183	504,998
Profit – EBITDA	66,754	343,590	232,072
Interest & Financial Charges	5,249	28,508	32,086
Preliminary Expenses written off	80	7,520	1,946
Profit before Depreciation and Tax	61,425	307,562	198,040
Depreciation	4,845	31,643	28,327
Net Profit before Tax	56,580	275,919	169,713
Current Tax	15,975	66,532	21,589
Deferred Tax	4,149	34,380	20,356
Net Profit as per audited Statement of Account (A)	36,456	175,008	127,768
Adjustment on account of changes in accounting policies	-	-	-
Impact of Prior Period Items	(278)	-	-
Total Adjustments	(278)	-	-
Adjusted Profit	36,178	175,008	127,768

* three months period

six months period



Annexure II

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

Rs. in thousand

Particulars	As at March 31, 2003	As at March 31, 2004	As at September 30, 2004
Fixed Assets			
Gross Block	606,404	1,359,063	1,497,407
Less: Depreciation	4,845	74,933	103,007
Net Block	601,559	1,284,130	1,394,400
Less: Revaluation Reserve	-	-	-
Net Block after adjustment for Revaluation Reserve	601,559	1,284,130	1,394,400
Capital Work In Progress	23,548	105,380	78,727
Total	625,108	1,389,510	1,473,127
Investments	86,201	88,224	87,425
Current Assets, Loans and Advances			
Inventory	35,184	129,870	110,394
Cash and Bank Balances	71,284	468,263	265,848
Sundry Debtors	199,816	341,715	424,161
Loans and Advances	66,239	24,710	20,485
	372,523	964,558	820,888
Liabilities and Provisions			
Secured Loans	159,773	990,046	908,293
Unsecured Loans	30,344	32,303	32,705
Deferred Tax Liability	37,812	80,510	100,866
Current Liabilities & Provisions	118,592	271,603	159,583
	(346,522)	(1,374,462)	(1,201,447)
NET WORTH	737,310	1,067,830	1,179,993
Represented By			
Share Capital	43,932	48,433	320,525
Reserves & Surplus	693,699	1,031,086	882,333
Less: Revaluation Reserve	-	-	-
Reserves (Net of Revaluation Reserves)	693,699	1,031,086	882,333
Total	737,631	1,079,519	1,202,858
Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	(321)	(11,689)	(22,865)
NET WORTH	737,310	1,067,830	1,179,993



SIGNIFICANT ACCOUNTING POLICIES

- (a) **Basis of Accounting:** The financial statements have been prepared on historical cost convention and on an accrual basis in accordance with applicable accounting policies in India.
- (b) **Fixed Assets:** 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.
- (c) **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.
- (d) **Investments:** Investments are valued at acquisition cost.
- (e) **Depreciation:** Depreciation on the fixed assets has been provided on Straight Line Method from the date the assets have been put to use, at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956.
- (f) **Inventory:** Raw materials, stores, spares & consumables are valued at cost on FIFO basis. Cost includes applicable taxes, duties, transportation & handling costs. There is no work-in-process and stock of finished goods in newspaper industry.
- (g) **Retirement Benefits:** Gratuity is being accounted on payment basis.
- (h) (i) **Preliminary Expenditure:** Preliminary expenditure is being amortised over a period of five years commencing from 2002-03.
(ii) **Debenture Issue Expenses (Long Term):** Expenses incurred on issue of Long Term Debentures are amortised over a period of five years commencing from the year 2003-04.
- (i) **Foreign Currency Transactions:** Foreign exchange transactions are accounted at the rates prevailing on the date of transactions and the exchange fluctuations are accounted at the time of payment.



Annexure IV

FINANCIAL STATEMENT SCHEDULES

A. NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for:

Rs. in thousand

a. Claims against the company not acknowledged as debts:	Nil
b. Guarantees issued by Banks:	Nil
c. On foreign letters of credit:	287,700

2. The Company has not provided for Gratuity to employees on accrual basis, which is not in conformity with AS-15 issued by the ICAI and the amount has not been quantified. However, in the opinion of the Management the amount involved is negligible and has no material impact on the Profit & Loss Account.

3. Accounting Standard (AS) – 17, “Segment Reporting” issued by the ICAI is not applicable to the company since it is engaged in only one segment, i.e., printing and publishing of newspaper and periodicals. The company’s operations are geographically spread within India.

4. The Company has amalgamated Deccan Chronicle Private Limited and Nandi Publishers Private Limited with effect from 01st April 2003 vide Andhra Pradesh High Court Order Nos.86, 87 and 88 of 2004 Dated 20th September 2004. The details are as follows:

- Deccan Chronicle Private Limited (“Transferor Company” or “DCPL”) having it’s registered office at Pithapuram Colony, Visakhapatnam was amalgamated with Deccan Chronicle Holding Limited (transferee Company) with retrospective effect from 01st April 2003.
- Nandi Publishers Private Limited (“Transferor Company” or “NPPL”) having it’s registered office at 501, Pentagon Extension, Amrutha Valley, Road No: 12, Banjara Hills, Hyderabad – 500 034 is amalgamated with Deccan Chronicle Holding Limited (Transferee Company) with retrospective effect from 01st April 2003.
- This amalgamation is in the nature of a merger as per AS-14 and accordingly necessary entries have been recorded in the books of the accounts of the respective companies. 4,50,050 Equity Shares of Rs. 10 each have been allotted to the shareholders of transferor companies. All the assets, liabilities, rights and obligations of DCPL and NPPL have been transferred to the Company at the book values. The summary of assets and liabilities transferred are as follows:

Rs. in thousand

Particulars	DCPL	NPPL
Fixed Assets		
Gross Block	214,044	4,396
Less: Depreciation	47,006	-
Net Block	167,038	4,396
Capital Work In Progress	38,669	-
Total	205,707	4,396
Investments	800	-
Current Assets, Loans and Advances		
Inventory	-	160
Cash and Bank Balances	71	1,599
Sundry Debtors	15,072	512
Loans and Advances	1,076	162
Liabilities and Provisions		
Secured Loans	-	-
Unsecured Loans	-	-
Deferred Tax Liability	7,852	-
Current Liabilities & Provisions	45,072	6,281



5. All the assets and liabilities of Deccan Chronicle (the partnership firm) were transferred to the Company at book value with effect from January 1, 2003. The following is the summary of assets and liabilities transferred:

Rs. in thousand	
Particulars	Amount
Fixed Assets	
Gross Block	520,253
Less: Depreciation	-
Net Block	520,253
Capital Work In Progress	819
Total	521,072
Investments	86,201
Current Assets, Loans and Advances	
Inventory	42,066
Cash and Bank Balances	53,732
Sundry Debtors	233,122
Loans and Advances	13,948
Liabilities and Provisions	
Secured Loans	91,222
Unsecured Loans	24,455
Deferred Tax Liability	33,663
Current Liabilities & Provisions	97,877

6. (a) Details of Related Party Transactions as per AS-18 are as under:

Rs. in thousand						
Sr. No.	Name of the Party	Nature of Relation	Nature of Service	Period Ended March 31, 2003	Year Ended March 31, 2004	Period Ended September 30, 2004
1.	Deccan Chronicle Secunderabad Private Limited	Group Company	Management Contract for deputation of Employees	3,000	13,200	7,200
2.	Deccan Chronicle Rajahmundry Private Limited	Group Company	Management Contract for deputation of Employees	2,000	7,500	3,717
3.	Deccan Chronicle Marketeers Private Limited	Group Company	Commission paid t/w marketing & distribution of the newspaper of the Company	441	4,266	3,234
4.	India Travel Bureau Private Limited	Group Company	Amount paid t/w purchase of air tickets etc.	640	4,251	3,031
5.	Andhra Bhoomi Publications Warangal Private Limited	Group Company	Management Contract for deputation of Employees	1,528	9,090	4,560
6.	T. Venkatram Reddy HUF	Key Management Personnel	Rent paid for premises taken on Lease	120	756	402
7.	T. Venkatram Reddy	Key Management Personnel	Remuneration and Perquisites	2,319	12,270	8,100
8.	T. Vinayak Ravi Reddy	Key Management Personnel	Remuneration and Perquisites	2,319	12,313	8,100
9.	P. K. Iyer	Key Management Personnel	Remuneration and Perquisites	900	600	3,450
10.	M. J. Akbar	Key Management Personnel	Professional Charges	300	700	-



(b) The details of amounts payable/ (receivable) to related parties are as under:

Rs. in thousand

Sr. No.	Name of the Party	Amount Outstanding as at 31 st March 2004	Amount Outstanding as at 30 th September 2004
1.	Deccan Chronicle Secunderabad Private Limited	1,943	5,688
2.	Deccan Chronicle Rajahmundry Private Limited	930	1,252
3.	Deccan Chronicle Marketeers Private Limited	902	457
4.	India Travel Bureau Private Limited		
	Amount Receivable	2,581	2,431
5.	Andhra Bhoomi Publications Warangal Private Limited	2,918	295
6.	T. Venkatram Reddy	670	860
7.	T. Vinayak Ravi Reddy	670	896
8.	P. K. Iyer	30	381
9.	M. J. Akbar	95	-

B. OTHER SCHEDULES

1. Statement of Secured Loans

Rs. in thousand

Particulars	As on March 31, 2004	As on September 30, 2004	Remarks
Overdraft from Bank	165,046	62,475	Overdraft from Banks is secured by, fixed deposits of the company.
6.0% Non-Convertible Debentures (Short Term)	250,000	250,000	These are secured by pari passu charges on all Plant & Machinery, Land & Buildings of the Company and are repayable within a period of one year.
6.50% Non-Convertible Debentures (Long Term)	575,000	575,000	These are secured by pari passu charges on all Plant & Machinery, Land & Buildings of the Company and are repayable within a period of five years with three years moratorium period.
Overdraft from Canara Bank	—	20,819	Overdraft is secured by first charge on Land & Buildings at Visakhapatnam, Ananthapur & Karimnagar, book debts and stocks.

Note: No Secured Loans have been obtained and there are no amounts outstanding from the Promoters or Promoter Group

2. Statement of Unsecured Loans

Rs. in thousand

Particulars	As on March 31, 2004	As on September 30, 2004	Remarks
Agency Deposits	32,303*	32,705	Amounts collected from the circulation agent of the company as Security Deposit in respect of the supplies made to them. The same is repayable as and when the agency is cancelled after adjusting the amount receivable by the company towards supply of newspaper.

* From Promoter Group Company



3. Statement of Sundry Debtors

Rs. in thousand

Particulars	As on March 31, 2004	As on September 30, 2004
<i>Debts outstanding for a period exceeding six months</i>	Nil	Nil
Other Debts		
Unsecured and considered good		
From Promoter Group Company	27,942	-
From Others	313,773	424,161

Note: There is no amount of debts outstanding from the Promoters or Promoter group as on September 30, 2004.

4. Statement of Loans and Advances

Rs. in thousand

Particulars	As on March 31, 2004	As on September 30, 2004
A. Deposits	7,468	8,002
B. Advances recoverable in cash or kind or for value to be received		
Unsecured – Considered good	17,242	12,484

Note: There is no amount of Loans and Advances outstanding from the Promoters or Promoter Group

**Annexure V****STATEMENT OF ACCOUNTING RATIOS**

Key Ratios	Period Ended March 31, 2003	Year ended March 31,2004	Period ended September 30, 2004
Earnings per Share (Rs.)	9.23	39.77	3.99
Net Asset Value per Share (Rs.)	186.72	242.67	36.81
Return on Net Worth (%)	3.89	16.39	10.83
Weighted Average Number of Equity Shares during the period (in Nos.)	3,950,300	4,400,350*	32,052,450**

Formula:

1. Earnings per Share (Rs.) =
$$\frac{\text{Net Profit after tax and before extraordinary items}}{\text{Weighted Average Number of Equity Shares outstanding during the period}}$$
2. Net Asset Value per Share (Rs.) =
$$\frac{\text{Net Worth}}{\text{Weighted Average Number of Equity Shares outstanding during the period}}$$
3. Return on Networth (%) =
$$\frac{\text{Net Profit before extraordinary items but after adjusted tax}}{\text{Net Worth}}$$

Note: Earnings Per Share and Return on Net worth for the period ended on March 31, 2003 and September 30, 2004 are not annualised. The ratios have been computed considering the 450,050 Equity Shares issued with respect to the scheme of amalgamation of DCPL and NPPL.

** The ratios have been computed considering the Bonus Issue made during the period ended 30th September 2004.



Annexure VI

CAPITALISATION STATEMENT

Rs. in thousand

Particulars	Pre Issue as at March 31, 2004	Pre Issue as at September 30, 2004	As Adjusted for the issue
Long Term Debt	575,000	575,000	Refer Note 1
Short Term Debt	415,046	333,924	
Total	990,046	908,294	
Shareholders Funds			
Share Capital	48,433	320,525	
Reserves after adjustment of Misc. Expenses to the extent not written off	1,019,397	859,468	
Total Shareholders Funds	1,067,830	1,179,993	
Long Term Debt/Equity	0.93	0.77	

Note: 1 The post issue capitalization cannot be determined till the completion of the book building process.

Annexure VII

TAX SHELTER STATEMENT

Rs. in thousand

Particulars	Period ended 31st March 2003	Year Ended 31st March 2004
Tax at Notional Rate	20,793	98,986
Adjustments:		
Difference between Tax Depreciation and Book Depreciation	(13,800)	(94,510)
Other Adjustments	-	4,043
Net Adjustments	(13,800)	(90,467)
Tax Saving thereon	(5,071)	(32,455)
Total Taxation	15,722	66,532



Annexure VIII

STATEMENT OF CASH FLOW

Rs. in thousand

Particulars	For the Period ended March 31, 2003	For the year ended March 31, 2004	For the Period Ended September 30, 2004
Cash Flows from Operating Activities			
Net Profit before Taxation	56,580	275,920	169,713
Adjustments for:			
Depreciation	4,845	31,643	28,327
Interest Income	(428)	(12,538)	
Preliminary expenses Written off	80	7,520	1,946
Interest Paid	5,249	28,508	32,086
Loss on Sale of Fixed Assets	-	4,276	-
Operating Profit before Working Capital Changes	66,326	335,328	232,072
Change in Trade and Other Receivables	(18,985)	(100,371)	(78,221)
Change in Inventories	6,882	(94,686)	19,476
Change in Trade Payable	26,605	153,011	(112,020)
Income-taxes paid	(15,975)	(66,532)	(21,589)
Prior Period Expenditure	(278)	-	-
Net Cash Flow from Operating Activities	64,575	226,750	39,718
Cash Flow from Investing Activities			
Purchase of Fixed Assets	(113,110)	(805,542)	(111,944)
Sale of Fixed Assets	-	5,222	-
Investments Purchased/ Sold	-	(2,024)	799
Net Cash Flow used in Investing Activities	(113,110)	(802,344)	(111,145)
Cash Flows from Financing Activities			
Proceeds from Borrowings	68,551	990,046	20,818
Proceeds from Issuance of Capital	503	4,501	-
Repayment of Share Application Money	-	-	(4,429)
Increase in Reserves	-	166,723	-
Increase in Deferred Tax Liability	4,149	8,319	-
Miscellaneous Exp. Incurred during the year	(321)	(18,888)	(13,122)
Interest Received	428	12,538	-
Interest Paid	(5,249)	(28,508)	(32,086)
Repayment of Borrowings	-	(159,773)	(102,571)
Proceeds from Agencies Deposits	-	1,959	402
Dividend Paid	(1,975)	(4,345)	-
Net Cash Flow from Financing Activities	66,086	972,573	(130,988)
Net increase in cash and cash equivalents	17,552	396,979	(202,415)
Cash and Cash Equivalents (Opening Balance)	53,732	71,284	468,263
Cash and Cash Equivalents (Closing Balance)	71,284	468,263	265,848



FINANCIAL INFORMATION: DECCAN CHRONICLE

Auditors Report
Deccan Chronicle
Financial Statements for Period Ended
31st December 2002 and Three Years Ended 31st March 2002, 2001, 2000.

To,
The Board of Directors
Deccan Chronicle Holdings Limited
36, Sarojini Devi Road
Secunderabad-3.

Re: Initial Public Offering of Deccan Chronicle Holdings Limited

Dear Sirs,

We have examined the financial information of Deccan Chronicle Firm, as attached to this report stamped and initialed by us for identification and as approved by the partners of the Firm, which has been prepared in accordance with Sec44AB of Income Tax Act, 1961, and in accordance with your instructions dated October 30, 2004 received requesting us to carry out work in connections with the Offer Document being issued by the Deccan Chronicle Holdings Limited in connection with its proposed Initial Public Offering of Equity Shares (referred to as "the Issue").

A. Financial Information as per the audited financial statements

We have examined the attached restated Balance Sheets of the firm as at December 31, 2002, March 31, 2002, March 31, 2001 and March 31, 2000 (Annexure II) and the attached restated statements of Profit and Loss Account for each of these years/periods ended on those dates (Annexure I), together referred to as 'summary statements'. These summary statements have been extracted from the financial statements for these periods/years audited by us. Based on our examination of these summary statements we confirm that:

1. There are no material adjustments relating to previous period, which need to be adjusted in summary statement in the period to which they relate.
2. There are no qualifications in the auditors' report, which require adjustment to the summary statements.
3. There are no extra-ordinary items, which need to be disclosed separately in the summary statements.

B. Other financial information

We have examined the following financial information relating to Deccan Chronicle Firm proposed to be included in the Offer Document, as approved by you and annexed to this report.

- i) Statement of Cash Flow of Deccan Chronicle firm is enclosed as Annexure IV.

This report is intended solely for use for your information and for inclusion in the Offer Document in connection with the Issue and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For C. B. Mouli & Associates
Chartered Accountants

(Mani Oommen)
Partner

Place: Secunderabad
Date: 01st November 2004



Annexure I

SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

Rs. in thousand

Particulars	December 31, 2002	March 31,2002	March 31,2001	March 31,2000
INCOME				
Revenue	589,571	721,336	737,262	546,080
Other Income	6,923	13,510	6,863	7,706
Total Income	596,494	734,847	744,125	553,786
EXPENDITURE				
Employee Cost	46,280	54,259	67,221	53,717
Production Cost	451,310	545,596	538,529	358,516
Administrative & Other Costs	37,308	42,020	33,027	27,889
Total Expenditure	534,897	641,875	638,777	440,123
Profit / EBITDA	61,597	92,972	105,349	113,663
Interest & Financial Charges	11,253	21,195	16,629	5,872
Profit before Depreciation and Tax	50,344	71,777	88,720	107,791
Depreciation	16,449	23,364	21,402	11,917
Net Profit before Tax	33,894	48,413	67,318	95,874
Current Tax	949	8,805	9	21,875
Deferred Tax	6,820	-	-	-
Net Profit as per audited Statement of Account	26,125	39,608	67,309	73,999
Impact of Prior Period Items	(2,205)	(26,366)	-	-
Total Adjustments	(2,205)	(26,366)	-	-
Adjusted Profit	23,920	13,242	67,309	73,999
Carry Forward Profit from previous year	350,065	336,823	269,515	195,516
Profit transferred to Balance Sheet	373,985	350,065	336,823	269,515



Annexure II

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

Rs. in thousand

Particulars	December 31, 2002	March 31,2002	March 31,2001	March 31,2000
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	536,703	286,691	300,070	217,493
Less: Depreciation	16,449	23,364	21,402	11,917
Net Block	520,253	263,326	278,667	205,576
Capital Work In Progress	819	10,281	-	-
Total	521,072	273,608	278,667	205,576
Investments	86,201	58,695	69,982	111,529
Current Assets				
Inventory	42,066	33,508	91,447	8,194
Cash and Bank Balances	53,732	56,249	1,593	4,258
Sundry Debtors	339,966	217,532	233,686	111,528
Loans and Advances	13,948	59,585	19,365	61,198
Total (A)	449,713	366,873	346,092	185,178
Current Liabilities				
Sundry Creditors	79,116	64,200	122,629	62,636
Others	98,613	28,688	23,171	4,469
Provisions	26,993	41,672	23,941	19,061
Total (B)	204,722	134,560	169,742	86,166
Net Current Assets (A-B)	244,991	232,312	176,350	99,013
TOTAL	852,264	564,616	524,998	416,117
SOURCES OF FUNDS				
Capital	43,429	43,429	41,116	53,653
Share Premium	-	-	-	-
Reserves & Surplus	659,496	419,253	406,011	338,702
Total	702,925	462,682	447,127	392,356
Deferred Tax Liability / (Asset)	33,663	-	-	-
Loan Funds				
Secured Loans	91,221	101,934	77,871	23,761
Unsecured Loans	24,455	-	-	-
	115,676	101,934	77,871	23,761
TOTAL	852,264	564,616	524,998	416,117



SIGNIFICANT ACCOUNTING POLICIES

- (a) **Basis of Accounting** : The financial statements have been prepared on historical cost convention and on an accrual basis in accordance with applicable accounting standards. Income and expenditure are recognized on accrual basis.
- (b) **Fixed Assets** : 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 any directly attributable cost of bringing the asset to its working condition for its intended use.
- (c) **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.
- (d) **Investments** : Investments are valued at acquisition cost.
- (e) **Depreciation** : Depreciation on the fixed assets has been provided on Written Down Value Method from the date the assets have been put to use, at half the rates specified under the Income-tax act, 1961.
- (f) **Inventory** : Raw materials, stores, spares & consumables are valued at FIFO basis. Cost includes applicable taxes, duties, transportation & handling costs. There is no work-in-process and stock of finished goods in news paper industry.
- (g) **Retirement benefits** : Gratuity is being accounted on payment basis.
- (h) **Foreign currency transactions** : Foreign exchange transactions are accounted at the rates prevailing on the date of transactions and the exchange fluctuations are accounted at the time of payment.



Annexure IV

STATEMENT OF CASH FLOW

Rs. in thousand

Particulars	For the Period ended December 31, 2002	For the year ended March 31, 2002	For the year ended March 31, 2001	For the year ended March 31, 2000
Cash Flows from Operating Activities				
Net Profit before Taxation and extraordinary items	33,894	48,413	67,318	95,874
Adjustments for:				
Depreciation	16,449	23,364	21,402	11,917
Loss/(Profit) Sale of Fixed Assets, investments	-	(26,366)	-	-
Interest received on Deposits	-	-	-	-
Interest received	-	-	-	-
Interest Paid	11,253	21,195	16,629	5,872
Operating Profit before working capital Changes	61,596	66,607	105,349	113,662
Change in Sundry Debtors	(122,434)	16,154	(122,158)	77,451
Change in Other Current Assets	37,079	17,719	(41,420)	(46,857)
Change in Current Liabilities	70,162	(35,182)	83,576	8,677
Cash Generated from Operations	46,403	65,298	25,347	152,933
Income-taxes Paid	(949)	(8,805)	(9)	(21,875)
Net Cash from Operating Activities	45,454	56,493	25,338	131,058
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(273,377)	(8,024)	(94,494)	(44,573)
Increase/ Decrease in Capital Work in Progress	9,462	(10,281)	-	2,542
Changes in Investments	(27,506)	11,287	41,547	(111,529)
Net Cash from Investing Activities	(291,421)	(7,018)	(52,947)	(153,560)
Cash Flows from Financing Activities				
Proceeds from Increase of capital	-	2,313	(12,537)	(2,965)
Proceeds from long-term borrowings from banks & financial institutions	13,742	24,063	54,110	22,238
Repayment of long-term borrowings from banks	-	-	-	-
Interest paid	(11,253)	(21,195)	(16,629)	(5,872)
Changes in Reserves due to revaluation & others	240,961	-	-	-
Net Cash used in financing activities	243,450	5,181	24,944	13,401
Net increase in cash and cash equivalents	(2,517)	54,656	(2,665)	(9,101)
Cash and cash equivalents at the beginning of year	56,249	1,593	4,258	13,359
Cash and cash equivalents at the end of year	53,732	56,249	1,593	4,258



DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF DECCAN CHRONICLE HOLDINGS LIMITED

T. Venkatram Reddy	*
T. Vinayak Ravi Reddy	*
P. K. Iyer	Sd/-
T. S. Ashwin	*
T. Urmila Reddy	*
P. Siddhartha	*
M. Sukumar Reddy	*

* through their duly constituted Attorney, P.K.Iyer

SIGNED BY THE CHAIRMAN OF DECCAN CHRONICLE HOLDINGS LIMITED

T. Venkatram Reddy	*
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* through duly constituted Attorney, P.K.Iyer

SIGNED BY THE MANAGING DIRECTOR OF DECCAN CHRONICLE HOLDINGS LIMITED

T. Vinayak Ravi Reddy	*
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* through duly constituted Attorney, P.K.Iyer

SIGNED BY THE EXECUTIVE DIRECTOR (FINANCE) OF DECCAN CHRONICLE HOLDINGS LIMITED

P.K.Iyer

Sd/-

Date: December 6, 2004

Place: Mumbai



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