



## Contents

3	Letter to Shareholders
4	Key Financial Highlights
6	Notice of AGM
15	Corporate Governance
24	Management Discussion & Analysis
28	Directors' Report
33	Financial Statements of Deccan Chronicle Holdings Ltd. in accordance with Indian GAAP
52	Consolidated Financial Statements of Deccan Chronicle Holdings Ltd. & its subsidiaries in accordance with Indian GAAP
65	Statement pursuant to section 212 of the Companies Act, 1956
66	Stand-alone Financial Statements of Asian Age Holdings Ltd, in accordance with Indian GAAP
86	Stand-alone Financial Statements of Odyssey India Ltd, in accordance with Indian GAAP (As At September 30, 2005)
105	Stand-alone Financial Statements of Odyssey India Ltd. in accordance with Indian GAAP (As At March 31, 2006)
126	Financial Highlights – International Financial Reporting Standards (IFRS)
128	Consolidated Financial Statements of Deccan Chronicle Holdings Ltd. & its subsidiaries in accordance with IFRS

## Board of Directors

**T. Venkatram Reddy**  
Chairman

**T. Vinayak Ravi Reddy**  
Managing Director

**P.K. Iyer**  
Executive Director

**M. Sukumar Reddy**  
Director

**E. Venkatram Reddy**  
Director

**G. Kumar**  
Director

## Company Secretary

**Dr. V. Lakshmana Charya**

## Auditors

**C.B. Mouli & Associates**  
Chartered Accountants  
125, M.G. Road  
Secunderabad-500 003  
Telephone: +91-40-27840777  
Fax: +91-40-27848545

## Independent Accountants

**KPMG**  
5 Merchant Towers II Floor, Road No.4  
Banjara Hills, Hyderabad-500 034  
Tel: +91-40-23350060  
Fax: +91-40-23350070

## Registered Office

6-3-898, Raj Bhavan Road  
Somajiguda  
Hyderabad-500 082

## Corporate Office

No.36, Sarojini Devi Road  
Secunderabad-500 003  
Telephone: +91-40-27803930 to 940  
Fax: +91-40-27801716

## Bankers

**Canara Bank**  
Rashtrapathi Road Branch  
Secunderabad-500 003

## ICICI Bank Limited

Cenotaph Branch  
Teynampet  
Chennai-600 018

## Share Transfer Agent

**Karvy Consultants Limited**  
Karvy House, No.46, Avenue 4  
Street No.4, Banjara Hills  
Hyderabad-500 034

## Legal Advisors

**Amarchand & Mangaldas &  
Suresh A. Shroff & Co**  
Advocates & Solicitors  
1-10-20/2B, 4th Floor  
Pooja Enclave, Begumpet  
Hyderabad-500 016  
Tel: +91-40-66336622  
Fax: +91-40-66492727

## Letter to Shareholders,

Your company has had the best year in its history with significant growth in all areas and value addition to all stakeholders.

In the fiscal year 2005-06, Deccan Chronicle Holdings Limited delivered dazzling performance across all financial indicators, as you would see in the following pages.

The Strategic acquisition of Asian Age Holdings Limited on one hand gave us the finest content company in the country, while on the other hand it also gives us a footprint in the North & West of India with a scalable proposition at a later date besides being the only Indian newspaper to be printed out of London daily.

The other acquisition of Odyssey India Limited in the retail space has given us useful insight and enhanced our mindshare among FMCG companies.

Odyssey India Limited also proved to be a great investment opportunity and has delivered good returns, which you will see in the course of next year upon the IPO/Listing and would own a part of it as per the scheme of arrangement announced as dividend accruing to the shareholders for other than cash. This would give the Shareholders a tangible return besides a presence in the fast growing retail space.

The high growth in the GDP of India and the scorching change in the demographics of the Tier-II cities, like Visakhapatnam, Vijayawada, Trichy, are growing the markets. We believe that they will emerge as strong markets in the near future and we are ready to deliver and add value to our shareholders from these markets.

Deccan Chronicle Holdings Limited has completed one year of its Chennai edition and we are delighted by its success, value addition and it will be our endeavour to make it the undisputed leader by the next fiscal.

We also believe that Deccan Chronicle Holdings has the capacity and ability for a global play and we are in the process of firming our plans for the same and this would give a new dimension to our growth.

I take this opportunity to thank the support and suggestions of the Board of Directors, our suppliers, employees and nearly three million readers.

My best wishes,

Sincerely,



**T. Venkatram Reddy**  
Chairman

## Notice for the 4th Annual General Meeting

NOTICE is hereby given that the 4th Annual General Meeting of the members of the company will be held on Thursday, the 31st day of August, 2006 at 10.00 A.M. at 36, S.D. Road Secunderabad-500 003 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31st, 2006, the Profit & Loss Account for the year ended on March 31st, 2006, together with the Reports of the Directors and Auditors thereon.
2. To consider and if thought fit to pass the following resolution as an Ordinary Resolution with or without modification  
Resolved that Mr. P.K. Iyer, Executive Director of the Company, who retires by rotation be and is hereby re-appointed as Executive Director of the Company subject to retirement by rotation.
3. To consider and if thought fit to pass the following resolution as an Ordinary Resolution with or without modification  
Resolved that Mr. M. Sukumar Reddy, Director of the company who retires by rotation be and is hereby re-appointed as Director of the company subject to retirement by rotation.
4. To consider and if thought fit to pass the following resolution as an Ordinary Resolution with or without modification:  
Resolved that a dividend at 10% on the paid up share capital of the company as recommended by the Board of Directors of the Company be and is hereby considered and approved.
5. To consider and if thought fit to pass the following resolution as an Ordinary Resolution with or without modification:  
Resolved that M/s. C.B. Mouli & Associates, Auditors of the Company who retire at the conclusion of this Annual General Meeting be and are hereby re-appointed as Auditors of the Company till the conclusion of the Next Annual General Meeting on a remuneration as may be fixed by the Board of Directors of the Company in consultation with the Auditors.

### SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
Resolved that M/s. KPMG be and are hereby appointed as Consultants for re-stating of the financial statements for the financial year 2006-2007 as per International Financial Reporting Standards on a remuneration as may be fixed by the Board of Directors of the Company in consultation with the Consultants.
7. To consider and if thought fit to pass, with or without modifications, the following resolutions as Ordinary Resolutions:  
Resolved that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment, thereof, Mr. E. Venkatram Reddy, who was appointed as an Additional Director pursuant to provisions of section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company.  
Resolved that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment, thereof, Mr. G. Kumar, who was appointed as an Additional Director pursuant to provisions of section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company.

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

8. Authority of the Directors to borrow by mortgaging and/or by creating charge:  
Resolved that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to mortgage/create charge by the Board of Directors of the company of all the immovable and movable properties of the company where so ever situated, present and future and the whole of the

undertaking of the company together, with power to take over the management of the business and concern of the company in certain units or creating floating charge or hypothecation of all tangible and movable properties and assets of the company, present and future in favour of banks or financial institutions or body corporates or mutual funds together with interest at the agreed rates, compound/further interest commitment charges, premium on prepaid payment, redemption cost/charge, expenses or other monies payable by the company to the lending institutions in terms of the loan agreement be entered into by the company in respect of the said loans.

Further Resolved that the Board of Directors of the company be and are hereby authorised to finalise with the lending institutions, the documents for creating the said mortgage/charge and to do all such acts and things as may be necessary for giving effect to the above resolutions.

9. Authority of the Directors to borrow in excess of the paid up capital and free reserves:

Resolved that the consent of the company be and is hereby accorded under provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the company to borrow upto Rs. 700.00 Crores from time to time (this includes the limits of previous borrowing powers upto Rs. 500.00 Crores).

Further Resolved that pursuant to Section 293(1)(d) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 the company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time from banks, financial institutions or body corporates or mutual funds whether by way of debentures, cash credit, advance or deposit loans or bills discounting or otherwise whether secured or unsecured by mortgage/charge, hypothecation, lien/pledge of the company's assets and property and on any of the undertakings of the company notwithstanding that the monies to be borrowed together with monies already borrowed by the company (apart from temporary loans obtained from the company's bankers in the course of ordinary business) will or may exceed the aggregate of paid up capital and free reserves of the company i.e. to say reserves not set apart for specific purpose, so however, that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs.700.00 Crores only (exclusive of interest) and the Directors are hereby further authorised to execute such deeds of mortgage/charge/hypothecation/lien, promissory notes, deposit receipts and other deeds or writings that they may think fit and containing such conditions and covenants as the Director may think fit.

10. Authority of the Directors to increase authorised share capital:

Resolved that pursuant to the provisions of Section 94 and Section 97 of the Companies Act, 1956 the consent of the company be and is hereby accorded to the Board of Directors to increase the Authorised Share Capital of the Company from Rs. 50.00 Crores divided into 5.00 Crore equity shares of Rs. 10/- each to Rs. 70.00 Crores divided into 7.00 Crore equity shares of Rs. 10/- each ranking pari passu with the existing shares of the company and that in clause V of the Memorandum of Association of the company for the words and figures the share capital of the company is Rs. 50.00 Crores divided into 5.00 Crore equity shares of Rs. 10/- each be substituted with

**Rs. 70.00 Crores (Rupees Seventy Crores only) divided into 7.00 Crore (Seven Crores) equity shares of Rs. 10/- (Rupees Ten Only) each."**

11. Authority of the Directors to effect alterations of authorised share capital in article of Association:

Resolved that pursuant to the provisions of Section 31 of the Companies Act, 1956 the consent of the company be and is hereby accorded to the Board of Directors to make alterations in Article 4(a) of the Articles of Association of the company by substituting following new article in place of existing Article 4(a).

**"The Share Capital of the company is Rs. 70.00 Crores (Rupees Seventy Crores only) divided into 7.00 Crore (Seven Crores) equity shares of Rs. 10/- each (Rupees Ten Only) each."**

12. Authority of the Directors to issue equity shares for raising money in the domestic market in the form of Qualified Institutions Placement (QIP)

Resolved that pursuant to Section 81(1)(A) of the Companies Act, 1956 the Board of Directors be and are hereby authorised

to issue and allot upto 10% of the authorised capital (i.e 70.00 Lacs equity shares of Rs. 10/- each) for the purpose of raising money in the domestic market in the form of Qualified Institutions Placement (QIP) pursuant to provisions of Chapter XIII A of SEBI (Disclosure & Investor Protection) Guidelines, 2000 under which the pricing of the issue shall be average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during 2 weeks preceding the relevant date. The relevant date for the purposes of this scheme means the date 30 days prior to the date on which the meeting of general body of the Shareholders is held, to consider the proposed issue.

Further Resolved that for the purpose of giving effect to this resolution the Directors be and are hereby authorised to give such direction as may be necessary or desirable and settle any question or difficulty whatsoever in regard to this issue as they may deem fit.

Further Resolved that upto 70.00 Lacs of equity shares issued and allotted shall rank in all respects (including voting rights) pari passu with the existing equity shares except that such further equity shares shall not confer on the holders thereof the right to dividend, if any, declared in respect of the financial year 2005-2006, but entitle such shareholders to dividend, if any declared in respect of financial years subsequent to the financial year 2005-2006 as from 1st day of the month following the date or dates of allotment thereof or such other early date or dates after the date fixed for payment of application and allotment money on the shares in proportion to the capital for the time being paid up during such financial years in respect of which the dividend is declared.

13. Authorising the Directors to Sell and Lease the company's Assets:

Resolved that pursuant to Section 293(1)(a) and other applicable provisions, if any of the Companies Act, 1956 and subject to such approval as may be necessary the consent of the company be and is hereby accorded to the Board of Directors of the company to sell and lease back some of the printing machines of the company, amounting to Rs. 180.00 Crores to safeguard against technological obsolescence and continuously install state of the art equipment.

Further Resolved that the Board of Directors of the company may decide in the interest of the company to do all such acts and things as may be necessary to implement this resolution.

14. Authority of the Directors to issue further shares under Employees Stock Option Scheme:

Resolved that in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations, the Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include "Employees Stock Compensation Committee" of the Board), consent of the Company be and is hereby accorded to the Board to grant, offer and issue, in one or more tranches, equity shares of the company to such Senior Management employees of the Company whether working in India or out of India and Directors of the Company whether Whole time Directors or otherwise (hereinafter referred to collectively as the "Employees"), as may be decided by the Board.

Further Resolved that the Board of Directors be and are hereby authorised to formulate the options exercisable by the Senior Management employees under a Scheme titled "Employees Stock Option Scheme – 2006" (hereinafter referred to as "the Scheme") to subscribe to such number of equity shares and/or equity linked instruments which could give rise to the issue of equity shares (hereinafter referred to collectively as "the Securities") of the Company not exceeding in aggregate 5% of the authorised share capital of the Company as on 31st August, 2006, (this includes senior management of subsidiary companies) at such price and on such terms and conditions as may be determined by the Board in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.

Resolved Further that the Board be and is hereby authorised to formulate, evolve, decide, upon and bring into effect the

Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the Notice and to make any modifications(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to, amendments(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility, criteria or to suspend, withdraw, terminate or revise the Scheme.

Resolved Further that the Securities may be allotted in accordance with the Scheme either directly or through a trust which may be setup in any permissible manner and that the Scheme may also envisage for providing any financial assistance to the trust to enable the trust to acquire, purchase or subscribe to the Securities of the Company.

Resolved Further that any new equity shares to be issued and allotted as aforesaid shall rank pari passu inter se with the then existing equity shares of the Company in all respects.

Resolved Further that the Board of Directors be and are hereby authorised to take necessary steps for listing of the Securities allotted under the Scheme on the Stock Exchange where the securities of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchange concerned, the Guidelines and other applicable laws and regulations.

Resolved Further that for the purpose of giving effect of this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

15. Authority of the Directors to issue further shares under Employees Stock Option Scheme for subsidiary companies:

Resolved that in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guideline") or any statutory modification(s) or re-enactment of the Act of the Guidelines, the provisions of any other applicable laws and regulations, the Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchange where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any conditions(s) and modifications(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and modification(s) as may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include "Employees Stock Compensation Committee" of the Board) and this Special Resolution to be passed by Members in the Annual General Meeting of the Company to be held on 31st August, 2006, consent of the Company be and is hereby accorded to the Board to extend the benefits of the "Employees Stock Option Scheme – 2006" also to such Senior Management of the subsidiary companies whether working in India or out of India and Directors of the subsidiary companies whether Wholetime Directors or otherwise, as may be decided by the Board and/or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board.

Resolved Further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do such acts, deeds, matters and things as it may be in its absolute discretion, deem necessary expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Securities without requiring the Board to secure any further consent for approval of the Members of the Company to the end and intent that they shall be deemed to have their approval thereto expressly by the authority of the resolution.

**By Order of the Board**

Place : Secunderabad  
Date : 16.06.2006

**Dr. V. Lakshmana Charya**  
Company Secretary

## Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. Such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company at its registered office not less than 48 hours before the meeting.
2. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special resolution set out above is annexed hereto.
3. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of Article 155 of the Articles of Association of the Company, Mr. P.K. Iyer and Mr. M. Sukumar Reddy, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board of Directors of the Company recommends their respective re-appointments.
5. Members are requested to bring their Attendance Slip alongwith their copy of Annual Report to the Meeting.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
9. The Company notifies closure of Register of Members and Transfer Books from Tuesday the 8th August, 2006 to Wednesday the 23rd August, 2006 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting.
10. a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrars and Transfer Agents, M/s. Karvy Computershare Private Limited, under the signature of the Sole/First joint holder, the following information to be incorporated on dividend warrants:
  - i) Name of the Sole/First joint holder and the Folio Number
  - ii) Particulars of Bank Account, viz.
    - a) Name of Bank
    - b) Name of Branch
    - c) Complete address of the Bank with Pin Code Number
    - d) Account type, whether Savings Account (SA) or Current Account (CA)
    - e) Bank Account Number
- b) Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants' as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instruction, if any, already given by them in respect of shares held in physical form will not be automatically



applicable to shares held in electronic form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.

11. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s Karvy Computershare Private Limited, for consolidation into a single folio.
12. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, M/s Karvy Computershare Private Limited, immediately of:
  - a) The change in the Residential status on return to India for permanent settlement.
  - b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of Bank with Pin Code Number, if not furnished earlier.

## **Explanatory statement under section 173(2) of the Companies Act, 1956**

### **Item No.6:**

The purpose of conversion/restatement of the financial statements to International Financial Reporting Standards is to raise the financial reporting levels to international standards and bring in increased transparency in financial reporting to the shareholders. Board recommends appointment of KPMG and seeks the approval of the shareholders.

### **Item No.7:**

Mr. E Venkatram Reddy was appointed as Additional Director of the Company by the Board according to the provision of Section 260 of the Companies Act, 1956. He holds office as Director only up to date of ensuing Annual General Meeting Under Section 257 of the Companies Act, 1956. A Notice has been received from the members signifying their intention to propose re-appointment of Mr. E. Venkatram Reddy as Director along with the deposit of Rs. 500/-. The Board considers it desirable that the company should avail itself of his services.

Mr. G Kumar, Chartered Accountant was appointed as Additional Director of the Company by the Board according to the provision of Section 260 of the Companies Act, 1956. He holds office as Director only up to date of ensuing Annual General Meeting Under Section 257 of the Companies Act, 1956. A Notice has been received from the members signifying their intention to propose re-appointment of Sri G. Kumar as a Director along with the deposit of Rs. 500/-. The Board considers it desirable that the company should avail itself of his services.

### **Item No.8: Increase in Borrowing Powers**

Section 293(1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a public company shall not without consent of such public company in General Meeting lease or otherwise dispose of the whole of or substantially the whole of the undertaking of the company. Since the mortgaging by the company of its immovable properties as aforesaid in favour of the Financial Institutions or Banks or Body Corporates or Mutual Funds can be considered as public disposal of the companies properties, It is necessary for the members to pass the Resolutions under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage/Charge.

### **Item No.9: Authority of the Directors to borrow in excess of the paid up capital and free reserves**

Under Section 293(1)(d) of the Companies Act, 1956 the Board of Directors cannot without the consent of the company in General Meeting borrow money's apart from temporary loans from banks or Financial Institutions or Body Corporates or Mutual Funds in the

ordinary course of business in excess of the aggregate of the paid up capital and free reserves (i.e.,) to say reserves not set apart specific purpose. Under the circumstances sanction of the shareholders is being taken to enable the directors to borrow money to the extent of Rs. 700 crs.

**Item No.10 & 11: Increase in the Authorised Share Capital**

The Board of Directors of the Company proposes to increase the Authorised Share Capital of the company from Rs. 50 crs divided into 5 crs Equity Shares of Rs. 10/- each to Rs. 70 crs divided into 7 crs Equity Shares of Rs. 10/- each ranking *pari passu* with the existing shareholders of the company. The Board is under opinion that further increase in the Authorised Share Capital will facilitate the expansion programs of the company.

The Directors desire to obtain the consent of the members for the said increase.

**Item No.12: Issue of Equity Shares for raising money in the domestic market in the form of Qualified Institutions Placement (QIP).**

In view of the expansion program envisaged in the forth coming months, the Directors propose to issue and allot upto 10% of the Authorised Share Capital i.e. upto 70.00 lacs Equity Shares of Rs. 10/- each for the purpose of raising money in the domestic market in the form of Qualified Institutions Placement (QIP) pursuant to provisions of Chapter XIII A of the SEBI (Disclosure & Investor Protection) Guidelines, 2000.

The Directors seek the approval of the members for the said issue of Shares

**Item No.13: Authorising the Directors to sell and lease the Company's assets**

Under Section 293(1)(a) of the Companies Act, 1956 the members hereby authorise the directors to sell and lease back some of the printing machines of the company, amounting to Rs.180.00 Crores to safeguard against technological obsolescence and continuously install the state of art equipment.

**Item No. 14 & 15: Employees Stock Option Scheme & Employees Stock Option Scheme for subsidiary companies**

The Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall include 'Employee Stock Compensation Committee' of the Board) is now considering to reward such permanent employees of the Company whether working in India or out of India and Directors of the Company whether Wholtime Directors or otherwise (hereinafter referred to collectively as the "Employees"), as it may decide from time to time. As a measure of good corporate governance practice, the Board thought it fit to place the matter for approval of the Members of the Company.

The salient features of the Employees Stock Option Scheme – 2006 (hereinafter referred to as the "the Scheme") are as under –

**a) Total Number of Options to be granted:**

The Options to be granted under the Scheme shall not result in issue of equity shares exceeding 5% of the Authorised Equity Share Capital of the Company as on 31st August, 2006.

**b) Identification of classes of Senior Management entitled to participate in the Scheme:**

Such Senior Managers, including Directors, of the Company and its subsidiary companies as may be decided by the Board, from time to time, will be entitled to participate in the Scheme.

Under the prevailing Guidelines, the Senior Manager who is a promoter or belongs to the promoter group will not be eligible to participate in the Scheme. A Director, who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company, will also not be eligible to participate in the Scheme.