

## Annual Report 2011-2012



**DECCAN**  
**Chronicle**  
No.1 English Daily In South India

## Board of Directors

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

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

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

**Dr V Lakshmana Charya** *Director (Independent and Non Executive)*

**M Venkateswarlu** *Director (Independent and Non Executive)*

**S Suresh** *Director (Independent and Non Executive)*

## Auditors

**C B Mouli & Associates**

Chartered Accountants

125, M G Road

Secunderabad-500 003

## Registered Office

36, Sarojini Devi Road

Secunderabad-500 003

## ISIN Number

**INE 137G01027**

## Registrar & Share Transfer Agents

**Karvy Computershare Private Ltd**

17-24, Beside Image Hospital

Vittal Rao Nagar, Madhapur

Hyderabad-500 081



## NOTICE

Notice is hereby given that the 10<sup>th</sup> Annual General Meeting of the members of Deccan Chronicle Holdings Limited will be held on **Thursday, the 28<sup>th</sup> March, 2013 at 9.00 A.M** at Deccan Chronicle Printing Press situated at Survey No.186 (P), Kondapur, Serilingampally - 500 084 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2012 and Profit and Loss Account for the year ended on that date and the reports of the Board of Directors' and Auditors' thereon.
2. To appoint a director in place of Mr.T Vinayak Ravi Reddy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. C.B.Mouli & Associates, Chartered Accountants, the retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to authorize the Board to fix their remuneration.

### Special Business

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

**"RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 Dr V Lakshmana Charya be and is hereby appointed as an Independent Director of the Company, whose period of office shall be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr Venkateswarlu Malapaka be and is hereby appointed as an Independent Director of the Company, whose period of office shall be liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 Mr S Suresh be and is hereby appointed as an Independent Director of the Company, whose period of office shall be liable to retire by rotation."

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

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Act and subject to such approvals, if any, consent of the Company be and is hereby accorded to re-designate Mr. T. Vinayak Ravi Reddy, Vice Chairman

as Vice Chairman and Managing Director of the Company for the remaining tenure of his office (w.e.f 22.02.2013) carrying a minimum remuneration as prescribed under Schedule XIII of the Companies Act, 1956 subject to the approval of central government and the other terms and conditions of his earlier appointment remain unchanged.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to alter and vary any of the terms and conditions relating to the remuneration payable to Mr. T. Vinayak Ravi Reddy within the limits specified under the provisions of the Companies Act, 1956."

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

**"RESOLVED THAT** the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company under section 293(1)(d) of the Companies Act, 1956, for the sums borrowed and/or to borrow any sum or sums of monies from time to time from Banks or Financial Institutions or Body Corporate or Mutual Funds or others, whether by way of debentures, Commercial Papers, cash credit, advance or deposits, loans or bill discounting etc. notwithstanding the money or monies to be borrowed, together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however that the total amounts so borrowed / to be borrowed shall not exceed Rs.5000 Crores (Rupees Five Thousand Crores Only)".

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this resolution."

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

**T Venkatram Reddy**  
Chairman

Secunderabad, February 22, 2013

### Notes:

1. **Every member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member.**
2. **The proxy form duly completed must reach the registered office of the Company before 48 hours of time fixed for holding the meeting.**
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice
4. Pursuant to clause 49 of the Listing Agreement particulars of

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- Mr. T Vinayak Ravi Reddy, Dr V Lakshmana Charya, Mr Venkateswarlu Malapaka and Mr S Suresh seeking re-appointment at this meeting is enclosed.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 25<sup>th</sup> March, 2013 to Thursday, 28<sup>th</sup> March, 2013 (both days inclusive).
  6. Members are requested to:
    - i) note that copies of Annual Report will not be distributed at the Annual General Meeting.
    - ii) deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Meeting will be strictly on the basis of the entry slip.
    - iii) quote their Folio/Client ID & DP ID Nos. in all correspondence.
    - iv) note that no gifts/coupons will be distributed at the Annual General Meeting.
  7. A corporate member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956 i.e. only if the corporate member sends certified true copy of the Board resolution/power of attorney authorizing the representative to attend and vote at the Annual General Meeting.
  8. Members are requested to notify immediately any change of address:
    - i) to their Depository Participants (DP) in respect of shares held in dematerialized form, and
    - ii) to the Company at its Registered Office or to its Registrar & Share Transfer Agent M/s. Karvy Computer share Pvt. Ltd. in respect of their physical shares, if any, quoting their folio number.
  9. All documents, if referred to in the accompanying notice, are open for inspection at the registered office of the Company on all working days (barring Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.
- By Order of the Board**  
For Deccan Chronicle Holdings Ltd.
- T Venkatram Reddy**  
*Chairman*

Secunderabad, February 22, 2013



## Explanatory Statement

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

### **Item No. 4**

The Board of Directors of the Company at its meeting held on 8<sup>th</sup> December, 2012 appointed Dr V Lakshmana Charya as Additional Director of the Company. In terms of the provisions of Section 260 of the Companies Act, 1956 read with Article 98 of the Articles of Association of the Company, Dr V Lakshmana Charya holds his office only up to the date of this Annual General Meeting.

Your Company has received a notice, in writing from a shareholder, under Section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intension to appoint Dr V Lakshmana Charya as an Independent Director of the Company. The Board considers it desirable that the Company should continue to avail the services of Dr V Lakshmana Charya and accordingly recommend the resolution for your approval.

None of the Directors except Dr V Lakshmana Charya is interested or concerned in the above resolution.

### **Item No. 5**

The Board of Directors of the Company at its meeting held on 8<sup>th</sup> December, 2012 appointed Mr Venkateswarlu Malapaka as Additional Director of the Company. In terms of the provisions of Section 260 of the Companies Act, 1956 read with Article 98 of the Articles of Association of the Company, Mr Venkateswarlu Malapaka holds his office only up to the date of this Annual General Meeting.

Your Company has received a notice, in writing from a shareholder, under Section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intension to appoint Mr Venkateswarlu Malapaka as an Independent Director of the Company. The Board considers it desirable that the Company should continue to avail the services of Mr Venkateswarlu Malapaka and accordingly recommend the resolution for your approval.

None of the Directors except Mr Venkateswarlu Malapaka is interested or concerned in the above resolution.

### **Item No.6**

The Board of Directors of the Company at its meeting held on 8<sup>th</sup> December, 2012 appointed Mr S Suresh as Additional Director of the Company. In terms of the provisions of Section 260 of the Companies Act, 1956 read with Article 98 of the Articles of Association of the Company, Mr S Suresh holds his office only up to the date of this Annual General Meeting.

Your Company has received a notice, in writing from a shareholder, under Section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intension to appoint Mr S Suresh as an Independent Director of the Company. The Board considers it desirable that the Company should continue to avail the services of Mr S Suresh and accordingly recommend the resolution for your approval.

None of the Directors except Mr S Suresh is interested or concerned in the above resolution.

### **Item No.7**

Members are aware that Mr N Krishnan has resigned as Managing Director as well as Director of the Company with effect from 20.07.2012. In order to comply with Section 269 of the Companies Act, 1956 the Board of Directors of the Company at its meeting held on 22.02.2013 considered the statutory requirement of appointment of Managing Director and therefore re-designated Mr. T. Vinayak Ravi Reddy, Vice Chairman as Vice Chairman and Managing Director of the Company carrying a minimum remuneration as prescribed under Schedule XIII of the Companies Act, 1956, subject to the approval of central government and shareholders at this Annual General Meeting for the remaining period of his tenure of his office. To recall Mr T Vinayak Ravi Reddy has been appointed as Vice Chairman for a period of 5 Years with effect from 16<sup>th</sup> May, 2010 which was ratified by the members at the 8<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2010 and therefore he will continue as Vice Chairman and Managing Director for the remaining period upto 15<sup>th</sup> May, 2015 with payment of minimum remuneration as mentioned above.

Your directors, therefore, recommend the resolution for your approval.

None of the Directors except Mr T Venkatram Reddy and Mr. T. Vinayak Ravi Reddy are interested or concerned in the above resolution.

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### Item No. 8

As per the provision of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in general meeting borrow monies, apart from temporary loans obtained from banks in the ordinary course of business in excess of the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Presently the Company is permitted to borrow up to Rs 1000 crores by virtue of resolution passed at the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2007. However during the course of business, the Company has obtained temporary loans from banks/financial institutions/NBFC's and upon such loans becoming or likely to become regular loans in nature due to non-repayment of the same in time, the Act requires the approval of the members for borrowing loans beyond Rs.1000 crores but not exceeding Rs.5,000 crores.

In view of the above, it is proposed to raise the borrowing limits earlier sanctioned by the members to Rs.5000 crores.

Your directors, therefore, recommend the above resolution for your approval.

None of the Directors is, in any way interested or concerned in the above resolution.

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

**T Venkatram Reddy**  
Chairman

*Secunderabad, February 22, 2013*



## Management discussion and analysis

The financials of the year under review are not strictly comparable to that of previous year as the current financial year is of 18 months as compared to 12 months.

### Industry Overview

The Indian Entertainment & Media (E&M) industry is set to grow robustly over the next few years on the back of steady macro-economic growth, rising spending power and positive demographic indicators. The industry revenues are expected to reach 1,764 billion INR (37.6 billion USD) by 2016, with a CAGR of about 17% from 2012 to 2016. Currently, India is only the 14th largest E&M market in the world with industry revenues contributing about 1% of its GDP. On the other hand, China is already the third-largest market in the world and is likely to surpass Japan over the next decade to become the second-largest market worldwide, after the US.

The industry as a whole has been slowing down for the past few years and the economic slowdown affected it further and your Company is no exception to the same. Paper industry anywhere in the world will survive on the advertisement revenue. The major contributors to advertisements to the News Papers of the Company are Governments, Government Undertakings and Corporate houses. In view of the above adverse economic factors and unfriendly industrial climate as also, cessation of certain arrangements and competition from competitors, there was no expected growth in the advertisement revenues.

### Operations Review

Deccan Chronicle, the Flagship News paper of the Company continues to be the Leading News Paper in South India. The Company publishes editions from Hyderabad, Visakhapatnam, Vijayawada, Rajahmundry, Anantapur, Nellore, Karimnagar, Chennai, Bangalore, Coimbatore, Kochi, Thiruvananthapuram and Kozhikode. During the financial year the Company has restructured its operations and reinstated its assets and liabilities. An exhaustive review of policies with regard to the sale of advertisement, circulation and brand building strategies scaling down the operation on other fronts has been undertaken by the management and accordingly, the Company captured the value of the brands namely Deccan Chronicle and Andhra Bhoomi and this has given a huge leverage to the Company and expected to get better yields in future and enhance the enterprise value and the investment value of the investors and shareholders.

### Franchise rights of "Deccan Chargers"

The Hyderabad Franchise "Deccan Chargers" of the Indian Premier League (IPL), created by the Board of Control for Cricket in India (BCCI) is owned by the Company. During this accounting period, the BCCI gave a differential treatment to the Company and citing some untenable reasons and alleged breach of the terms of agreement by the Company, terminated the franchise in a one sided manner and approach adversely affecting the revenue source of the Company and erosion of the Asset base of the Company. In spite of the above adverse implications, the Company cleared the arrears of fee to the players and freed the Deccan Charges from hypothecation/charges. As per the orders of the Honorable High Court of Bombay, BCCI and the Company referred the issues to the Arbitrator for resolution of the dispute. The Company filed claim petition before the Arbitrator against BCCI for loss of profit, loss of brand creation, damages, etc. The

Company is hopeful of favorable outcome in the matters before the Leaned Arbitrator.

### Scaling Down of operations of Odyssey – A Chain of Leisure Stores

The Company's operations of "odyssey" dealing in retail trading outlets have been scaled down to rationalize the business operations.

Affect of expansions.

The Company launched news papers editions in other parts of south India during the previous years. News Paper industry will survive only on the advertisement revenue and advertisement revenue is a factor that is connected to the circulation and readership. Hence, any paper enterprise has to sacrifice and suffer loss till such time, the paper gets the required circulation and viewership and till such time there is bound to be mismatch between the revenue and cost. While the revenue from the operations in Andhra Pradesh is positive and good, the company witnessed mismatch between the revenues and cost in other southern states due to the above factors.

In the light of the above incidents and factors, the Company has suffered losses to the tune of ₹. 1040.40 Crores against a profit of ₹.162.58 Crores during the previous year.

### Share Capital

Share capital as at 30<sup>th</sup> September, 2012 is ₹. 41,79,44,438/- comprising of 20,89,72,219 Equity shares of ₹. 2/- each fully paid up. The Equity share capital has decreased during the year from ₹.48,69,44,438/- to ₹. 41,79,44,438/- on account of buy back of 3,45,00,000 Equity Shares of ₹. 2/- each.

### Reserves and Surplus

Reserves and Surplus as at 30<sup>th</sup> September, 2012 is ₹. (31,78,48,086/-) as against ₹. 1231,44,94,532/- in the previous year. The decrease in Reserves and Surplus is on account of restructuring of operations and reinstatement of assets and liabilities.

### Debt

Secured Long term debt as at 30<sup>th</sup> September, 2012 is ₹. 147,20,12,291/- as against ₹. 268,11,60,760/- in the previous year.

### Fixed Assets and Capital work in progress

The net block of fixed assets and Capital work in progress is ₹. 3870,33,15,217/- as against ₹. 926,71,28,206/- in the previous year the increase in block of assets is on account of restructuring of operations and reinstatement of assets and liabilities.

### Investments

There are no investments as at 30<sup>th</sup> September, 2012.

### Inventories

Inventories as at 30<sup>th</sup> September, 2012 is ₹. 21,08,43,200/- as against ₹.133,40,93,918/- in the previous year.

### Debtors

Debtors as at 30<sup>th</sup> September, 2012 is ₹. 144,77,87,733/- as against ₹. 258,36,15,032.



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### Cash and Bank balances

Cash and bank balances as at 30<sup>th</sup> September, 2012 is ₹.15,87,29,161/- as against ₹.703,79,60,018/- in the previous year.

### Loans and Advances

The loans and advances as at 30<sup>th</sup> September, 2012 is ₹.64,25,88,577/- as against ₹. 146,54,14,331/- in the previous year, largely on account of scaling down of operations of Odyssey.

### Current liabilities and Provisions

The Current liabilities and Provisions as at 30<sup>th</sup> September, 2012 is ₹.4042,16,05,681/- as against ₹. 559,67,46,466 /- in the previous year. The variation is mainly due to reinstatement of assets and liabilities.

### Printing and Other Operative Expenses

The increase in printing and operative cost from ₹. 426,08,55,553 to ₹. 667,93,65,040/- is primarily an account of cost of merchandise and franchisee fee paid of Deccan Chargers. More over the expenses relating to the current period is of 18 months

### Depreciation

The Company provides depreciation on straight-line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. The depreciation charged for the current year ₹. 81,23,44,856/- as compared to the previous year of ₹. 51,57,35,240/-

### Tax Charge

The total tax charge for the current year is ₹.( 82,98,19,351/-) as against the previous year of ₹. 74,30,31,452/- . The Company has reversed deferred tax liabilities as the company has incurred losses for the current period and no deferred tax asset has been recognised in the books of accounts based on prudence concept.

### Internal Control Systems

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

### Risk Management

All businesses are subject to internal and external risks. The internal risks are controllable risks and the senior management has identified such risks and formulated such actions to mitigate the effect of such risks. The external risks like change in

government policies are not within the control of the management.

### Industry Risk

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

### Raw Material Risk

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

### Operational Risk

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

### Outlook

The Company during the period under review changed some policies and reinstated assets and liabilities. The Company has been actively defending all the cases filed against it by the creditors. The management has been maintaining cordial relationship with the lenders and the workforce. A process of consultation with the creditors has been set in motion. To mitigate the financial crisis and funds flow, the management has decided to go for a scheme of arrangement with its creditors/lenders as per the provisions of the Companies Act, 1956 involving de-merger of print division of the Company and reorganization of the debt subject to the approval of the creditors/lenders/shareholders and other statutory authorities and the Courts. The Company has the requisite support in particular financial support to implement the scheme and discharge the financial obligations. Once the scheme of arrangement is approved, the Company is confident of achieving high growth in terms of revenue as well as operational profit in the years to come.

### Cautionary Statement

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





## Corporate Governance

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

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

### 2. Board of Directors

#### Composition

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

Presently the Board consists of 6 Directors, whose composition is as under:

Sl.No	Name	Designation	Category
1	T.Venkattram Reddy	Chairman	Promoter, Executive
2	T.Vinayak Ravi Reddy	Vice Chairman	Promoter, Executive
3.	P.K.Iyer	Vice Chairman	Promoter, Executive
4	*N.Krishnan	Managing Director	Executive, Non Independent
5	~M.Sukumar Reddy	Director	Non Executive, Independent
6	~G.Kumar	Director	Non Executive, Independent
7	~V.Suresh	Director	Non Executive, Independent
8	@Krishan Premnarayan	Director	Non Executive, Independent
9	\$ P.Siddhartha	Director	Non Executive, Independent
10	#Dr V Lakshmana Charya		Director Non Executive, Independent
11	#Malapaka Venkateswarlu	Director	Non Executive, Independent

- (1) \* N.Krishnan resigned on 20.07.2012
- (2) @ Krishan Premnarayan resigned on 30.1.2012
- (3) \$ P.Siddhartha appointed as additional Director on 14.2.2012 and resigned on 08.12.2012
- (4) ~ M. Sukumar Reddy, G. Kumar and V. Suresh resigned on 08.12.2012
- (5) # V Lakshmana Charya, Malapaka Venkateswarlu and S. Suresh appointed as additional Director on 08.12.2012

#### Meetings held

During the year 2011-12 (from 01.04.2011 to 30.09.2012), the Board met 15 times on 13.05.2011;17.06.2011;13.08.2011;23.09.2011; 14.11.2011;16.12.2011;12.01.2012;14.02.2012;12.03.2012;23.03.2012;15.05.2012;18.06.2012;06.07.2012;20.07.2012 and 07.09.2012.

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

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Name	No. of Board Meetings held	No. of Board Meetings attended	Last AGM attended	*No. of directorships in other public companies	*Committee Positions held in other public companies	
					Chairman	Member
T. Venkatram Reddy	15	15	Yes	Nil	-	-
T. Vinayak Ravi Reddy	15	15	Yes	Nil	-	-
P. K. Iyer	15	15	Yes	Nil	-	-
N. Krishnan	15	6	No	Nil	-	-
M. Sukumar Reddy	15	11	No	Nil	-	-
G. Kumar	15	6	Yes	Nil	-	-
Krishan Premnarayan	15	3	No	Nil	-	-
V. Suresh	15	6	No	Nil	-	-
P. Siddhartha	15	-	-	Nil	-	-

\* As at 30<sup>th</sup> September, 2012 (from 01.04.2011 to 30.09.2012) (Committee positions include only Audit and Investors' Grievance Committees)

1. The Directorships held by the Directors as mentioned above, do not include Alternative Directorships and Directorships in foreign companies, Companies registered under section 25 of the Companies Act, 1956 and Private Limited Companies.

2. In accordance with the Clause 49, memberships/ Chairmanships of only the Audit Committee and Share holders'/Investors Grievance Committees in Public limited companies (excluding Deccan Chronicle Holdings Limited) have been considered.

### Audit Committee:

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

The Audit Committee comprises of 3 (three) Non executive Independent Directors including the Chairman. The Audit Committee met 5 times during the year (from 01.04.2011 to 30.09.2012) under review on 13.05.2011; 13.08.2011; 14.11.2011; 14.02.2012 and 15.05.2012.

The Members of the Audit Committee namely Mr.V.Suresh, Mr.Sukumar Reddy and Mr.G.Kumar have resigned from the Board of Directors on 08.12.2012, Consequently the Board of Directors has appointed the following Additional Directors Dr V Lakshmana Charya, Mr. Malapaka Venkateswarlu and Mr.S.Suresh as Independent and Non Executive on 08.12.2012 and the Audit Committee has been reconstituted with the new Directors.

The composition of Audit Committee before / after reconstitution by the Board of Directors and the details of meetings attended by them are given below :

#### A. Before reconstitution of Audit Committee

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

#### B. After reconstitution of Audit Committee

Sl. No	Name	Position held in the Committee	Number of committee meetings attended
1	V Lakshmana Charya	Chairman	-
2	M. Venkateswarlu	Member	-
3	S. Suresh	Member	-