

NOTICE OF POSTAL BALLOT PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956

To,

The Members of Deccan Chronicle Holdings Limited

NOTICE is hereby given pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, that the appended draft resolution relating to Buy back of Equity Shares of the Company is proposed to be passed by Postal Ballot.

In view of the above, your approval is sought for the proposal as contained in the draft resolution appended herein below. An Explanatory Statement stating all material facts and the reasons for the proposal and a Postal Ballot Form is enclosed for your consideration.

The Board of Directors has appointed **Mr. Y Koteswara Rao, Practicing Company Secretary** as Scrutinizer for conducting this Postal Ballot voting process in a fair and transparent manner. Members are requested to kindly read carefully the instructions printed in the postal ballot form and return the form duly completed and signed in the attached self-addressed, business reply envelope, so as to reach the Scrutinizer **on or before the closing of working hours (17:30 Hrs.) on Tuesday being 28th December, 2010**. Please note that any postal ballot form(s) received after the said date will be treated as not having been received. No other form or photocopy thereof is permitted. The Scrutinizer will submit his report to the Chairman or Director of the Company after the completion of the scrutiny of the postal ballots. The Chairman or Director of the Company will announce the results **on Tuesday being 4th January, 2011** at the Registered office of the Company at 36, Sarojini Devi Road, Secunderabad-500003. The results of the Postal Ballot will also be posted on the Company's website www.deccanchronicle.com besides communicating to the Stock Exchanges where the Company's shares are listed.

DRAFT SPECIAL RESOLUTION FOR BUY-BACK OF EQUITY SHARES OF THE COMPANY

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Article 8A of the Articles of Association of the Company and in accordance with the provisions contained in Sections 77A, 77AA, 77B and all other applicable provisions, if any, of the Companies Act, 1956 (the Act) and the provisions contained in the SEBI (Buy Back of Securities) Regulations, 1998 ('Buy Back Regulations') (including any statutory modification(s) or re-enactment of the Act or Buy Back Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression shall also include a Committee of Directors thereof) the consent of the Company be and is hereby accorded to the Board at its sole option at such time and from time to time as it may consider appropriate to purchase the Company's fully paid up Equity Shares of Rs.2/- each at a price not exceeding Rs.180/- per share for an aggregate amount not exceeding Rs.270 Crores (hereinafter referred to as 'Buyback');

RESOLVED FURTHER THAT the Company may implement the Buyback in one or more tranches, from time to time as it may consider appropriate, from out of its free reserves and/or the share premium account and/or internal accruals and/or such other sources as may be permitted by law and that the Buyback be made from Open Market through the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. (Stock Exchanges) on such terms and conditions as the Board may in its absolute discretion deem fit;

RESOLVED FURTHER THAT for each tranche the Board or any Committee thereof be and is hereby authorised to finalise the terms of the Buyback offer including the price for the Buyback, the amount to be utilised towards the Buyback, the number of equity shares to be bought back, and the source, and the time frame for such Buyback within the statutory period of this resolution;

RESOLVED FURTHER THAT nothing contained herein above shall confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the Board to buy back any shares, and/or impair any power of the Company or the Board to terminate any process in relation to such Buyback if so permissible by law;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper including the appointment of Merchant Bankers, Brokers, Solicitors,

Registrars, Advertising Agencies, Compliance Officer, Investor Service Center and other Consultants or Representatives, incidental to the implementation of the Buyback as also to prefer all applications to the appropriate authorities, parties and the institutions for their requisite approvals as also to initiate all necessary actions for preparation and issue of public notice, public announcement and filing of public announcement with the SEBI and Stock Exchanges, filing of declaration of solvency certificate and filing of certificate of extinguishment and physical destruction of certificates, all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts that may arise in relation to the implementation of the Buyback without being required to seek any further consent or approval of the members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of the above resolution;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to delegate all or any of the authorities conferred as above to any Director(s)/Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution or to accept any change(s) or modification(s) as may be suggested by the appropriate authorities or Advisors."

By Order of the Board of Directors
For Deccan Chronicle Holdings Limited

Place : Secunderabad
Date : 12.11.2010

V. Shankar
Company Secretary

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND 192A OF THE COMPANIES ACT, 1956 FOR BUY BACK OF THE EQUITY SHARES OF THE COMPANY.

- 1) The Board of Directors of the Company in its meeting held on 12.11.2010 has approved the proposal for Buyback of the Company's fully paid up equity shares of Rs.2/- each (hereinafter referred to as the Buyback) in accordance with the provisions contained in the Articles of Association and Section 77A, 77AA, 77B and all other applicable provisions of the Act and the provisions contained in the Buyback Regulations of SEBI.
- 2) The Company intends to acquire equity shares of Rs.2/- each of the fully paid up equity share capital of the Company, at a price not exceeding Rs.180/- per equity share for an aggregate amount not exceeding Rs.270 crores from equity shareholders other than the Promoters and persons in control of the Company. The maximum number of shares to be bought back through the Stock Exchanges shall not exceed 3,45,00,000 Equity Shares of Rs.2/- each which represents 14.17% of the present paid up capital of the Company. However the Promoter Holding in the Company shall not exceed 75% of the Paid up capital of the Company post Buyback. The minimum number of Equity Shares (minimum buy back shares) shall be bought back is 1,00,00,000 Equity Shares of Rs.2/- each.
- 3) The Company believes that the Buyback proposal will provide to the shareholders an additional exit opportunity at a reasonable price and enhance the overall shareholders value. The Buyback will not in any manner impair the ability of the Company to pursue growth opportunities.
- 4) The Buyback will result in a reduction in the overall capital employed in the business, which will, in turn lead to higher earnings per share and enhanced return on equity and return on capital employed.
- 5) (a) Buy Back Regulations require the Company to specify the maximum amount proposed to be utilised for a share Buyback programme. The Board of Directors of your Company has proposed a maximum limit of Rs.270 Crores for the share Buyback programme. This represents 22% of the aggregate paid up share capital and free reserves of the Company as on 31st March, 2010 against the maximum permissible limit of 25%.
(b) This amount for Buyback will be financed out of the Company's securities premium/free reserves and/or cash balances and internal accruals/operating cash inflows of the Company.

- 6) The maximum price at which the Buyback will be carried out is Rs.180/- per share. The maximum price has been arrived at after considering certain parameters such as the book value, earnings trend in the recent past, the future outlook for the industry, the average price-earnings multiples in the market, possible increase in EPS and other relevant factors.
- 7) The Company proposes to adopt the methodology of purchases from the open market through Bombay Stock Exchange Limited and National Stock Exchange of India Limited ('the Stock Exchanges').
- 8) The Company proposes to buy-back maximum of 14.17% of the pre buy-back paid-up capital of the Company.
- 9) (a) The aggregate shareholding of the Promoters of the company as on the date of this Notice is 15,42,82,250 equity shares constituting 63.37% of the total paid up share capital of the Company.
(b) No shares were either purchased or sold by the Promoters during the period of six months preceding the date of the Board Meeting at which the proposal for Buyback was approved (i.e., 12.11.2010) till the date of Notice of Postal Ballot.
- 10) The Promoters, Directors of the company and Persons in control will not offer their shares to the Company under the share Buyback.
- 11) The Company hereby confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
- 12) The Board of Directors of the Company confirm that they have made a full inquiry into the affairs and prospects of the Company and they have formed the opinion that:
 - (a) immediately following the date on which the date of declaration of postal ballot results, there will be no grounds on which the Company could be found unable to pay its debts;
 - (b) as regards its prospects for the year immediately following that date on which the results of the Postal Ballot are declared, having regard to their intentions with respect to the management of the Company's business during that year, and to the amount and character of the financial resources which will in their view be available to the Company during, that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the aforesaid date; and
 - (c) in forming their opinion for the above purposes, the Directors have taken into account the liabilities including prospective and contingent liabilities as if the Company were being wound up under the provisions of the Act,.
- 13) The text of the Report dated 12.11.2010 received from M/s. C B Mouli & Associates, Chartered Accountants, the statutory auditors of the Company addressed to the Board is reproduced below:

In connection with the proposal of Deccan Chronicle Holdings Limited (the Company) to Buyback its shares and in pursuance of the provisions of Sections 77A and 77B of the Companies Act, 1956 and the SEBI (Buy-Back of Securities) Regulations, 1998 we have examined the audited financial statements of the Company for the year ended March 31, 2010 and the relevant records, ratios, analysis, reports, and according to the information and explanations given to us and on the basis of such verification of relevant records as we considered appropriate, we report that:

- (i) We have inquired into the Company's state of affairs:
- (ii) The Board of Directors of the Company has proposed to buy-back the Company's Equity Shares to the extent of Rs.270 Crores. In our opinion the said amount of Rs.270 Crores equivalent to 22% of the total paid up capital and free reserves of the Company as on March 31, 2010 is well within the maximum permissible capital payment for the equity shares to be bought back and the same is properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956.
- (iii) The Board of Directors of the Company in their meeting held on 12.11.2010 have formed their opinion, as specified in Clause (x) of Schedule I of SEBI (Buy-Back of Securities) Regulations, 1998 on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the declaration of results of postal ballot.

- 14) As per the provisions of the Act, the special resolution passed by the shareholders approving the Buyback will be valid for a maximum period of twelve months from the date of passing of the special resolution (or such extended period as may be permitted under the Act or the Buyback Regulations or by the appropriate authorities). The exact time and manner of the Buyback will be decided by the Board within the above time limit.
- 15) In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled and will not be held for re-issuance.
- 16) As per the provisions of Section 77A(8) of the Act, the Company will not be allowed to issue fresh equity shares for a period of 6 months after the completion of the Buyback except by way of bonus issue or in discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.
- 17) The share Buyback programme will be implemented after the approval of the members subject to completion of necessary formalities as prescribed by law.
- 18) All the material documents referred to in the Explanatory Statement such as Memorandum and Articles of Association, relevant Board Resolution, Auditors' Report will be made available for inspection at the Registered office of the Company on all working days except Saturday and Holidays between 11.00 a.m. and 1.00 p.m. upto and inclusive of the date of postal ballot results.

The proposed resolution seeks to authorise the Board of Directors (including the Committee or any other person authorised by the Board in this regard) to determine the actual price, the timing and number of shares to be bought back, within the aforesaid limit.

The Board of Directors recommend the resolution set out in the accompanying notice for the approval of the Members. Your approval is sought by voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (Passing of resolutions by Postal ballot) Rules, 2001

None of the Directors of the Company is in any way concerned or interested in the said resolution.

By Order of the Board of Directors
For Deccan Chronicle Holdings Limited

Place : Secunderabad
Date : 12.11.2010

V. Shankar
Company Secretary