



**BOARD OF DIRECTORS :** T.Thomas (C), A.V. Rajwade, Kirit S. Parikh, Uday Kotak, Sudhir Mulji, Ravi Sheth, Dipak Gupta, Jaimin Bhatt.

## DIRECTORS' REPORT

The Directors have pleasure in presenting the 32nd Annual Report of the Company, together with the Audited Accounts for the year ended 31st March, 2002.

### I. FINANCIAL RESULTS

	(Rs. in Millions)	
	Year ended 31st March, 2002	Year ended 31st March, 2001
Sales and other income	355.80	373.54
Profit / (Loss) before Depreciation and Interest	(38.26)	(19.64)
Interest	13.96	23.02
Depreciation	12.40	9.67
Profit / (Loss) before tax	(64.62)	(52.33)
Provision for tax	—	—
Profit / (Loss) after tax	(64.62)	(52.33)
Balance of Profit / (Loss) brought forward	(545.18)	(492.85)
Balance carried forward to Balance Sheet	(609.80)	(545.18)

### II. DIVIDEND

In view of the losses, no dividend is recommended.

### III. THE YEAR IN REVIEW

The financial year was a difficult one, dictated by deterioration in the business environment. This halted the Company's consistent record of growth and improved performance. Sales income saw a 3 per cent drop, and there was a 23.5 per cent increase in losses. However, the bulk of the losses were in the first half of the year, and the higher losses in part reflect tighter provisioning norms that have been adopted as a matter of abundant prudence. In operating terms, before extraordinary and one-off items, losses have come down from the previous year's level.

The principal problem during the year was a sharp shrinkage of the advertising market for business newspapers, while the readership of business newspapers stagnated or declined. The Company took active steps to control costs, but spent substantially more on advertising and sales promotion as a conscious decision to build for the long-term future.

Although the business climate remained adverse, the second half of the year saw a partial turnaround, and operating profits—the first time this has been achieved since the Company acquired Business Standard.

Growth opportunities were sought out through the year. Business Standard successfully launched its seventh edition, in Ahmedabad. The newspaper's price was also raised substantially in several markets, in order to capture more revenue per reader; this affected circulation sales in an anticipated trade-off. The rapidly growing magazine division took on a third title, aimed at a mobile communication company's customers. But with the market for profitable television programming more or less drying up because of tighter budgets at TV channels, the TV programming division was wound down towards the end of the year.

### IV. OUTLOOK

The business climate has improved but remains uncertain. However, the Company's operations have become measurably stronger.

### V. SHARE CAPITAL

The paid-up share capital of the Company was increased to Rs. 510.96 million following a 2:15 rights issue in January 2002, at par. The proceeds were used to retire debt.

### VI. SUBSIDIARY

The activities of the subsidiary company, Business Standard Digital Limited, are detailed in its Directors' Report together with the audited accounts, which are attached to this report.

### VII. BOARD OF DIRECTORS

Mr. T. Thomas, Mr. A. V. Rajwade and Mr. Jaimin Bhatt retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-appointment. The Board recommends their re-appointment.

### VIII. AUDITORS

M/s. Price Waterhouse & Co., Chartered Accountants, New Delhi-110 030, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956.



#### IX. AUDIT COMMITTEE

The Audit Committee comprises three independent and non-executive Directors, viz. Mr.Ravi Sheth, Mr. Dipak Gupta and Mr. Jaimin Bhatt as members, and they met four times during the year.

The Company Secretary acts as the Secretary of the Committee.

#### X. STATUTORY INFORMATION

A statement giving the information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed.

During the year under review, the Company did not accept any deposits from the public. There are no deposits due and outstanding as on 31<sup>st</sup> March 2002.

The Company's foreign exchange earnings during the period under review totalled Rs. 5.97 million compared to Rs. 6.88 million in the previous year and foreign exchange outgo during the period under review totalled Rs. 14.40 million, compared to Rs. 21.17 million in the previous year. The other particulars prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable, since the Company's activities do not relate to or involve conservation of energy or technology absorption.

#### XI. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' responsibility statement, the Directors confirm :

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the loss of the Company for the financial year ended 31st March, 2002;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that they have prepared the annual accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

#### XII. ACKNOWLEDGEMENT

The Directors place on record their appreciation for the cooperation and assistance extended by the various authorities, banks, subscribers, readers, advertisers, dealers and vendors.

The Directors also acknowledge with gratitude the dedicated efforts and valuable contribution made by all the employees of the Company.

For and on behalf of the Board of Directors

T. THOMAS  
Chairman

Mumbai, 6<sup>th</sup> June, 2002

### ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2002.

Name of Employee, Age (Yrs.), Designation, Gross Rem. (Rs.), Qualification, Exp. (Yrs.), Date of Employment, Last Employment

**Employed throughout the year :**

T. N. Ninan, 52, Editor & Publisher, 4,301,001, M.A. (Economics), 30, 16.05.1992, Ananda Bazar Patrika Ltd.

**Notes :**

1. Gross remuneration includes salary, house rent allowance, etc., reimbursement of medical expenses and leave travel passage, Company's contribution to Provident Fund/ Pension Fund and monetary value of perquisites calculated in accordance with the Income Tax Act, 1961 and Rules made thereunder.
2. The appointment is on non contractual basis.
3. The employee holds more than 2% of the total share capital of the Company and is not related to any Director of the Company.

For and on behalf of the Board of Directors

T. THOMAS  
Chairman

Mumbai, 6<sup>th</sup> June, 2002



## AUDITORS' REPORT

### TO THE MEMBERS OF BUSINESS STANDARD LIMITED

1. We have audited the attached Balance Sheet of Business Standard Limited, as at 31st March, 2002 and also the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes attached thereto and the Statement on Significant Accounting Policies give in the prescribed manner the information required by 'The Companies Act, 1956', of India (the 'Act'), and also give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and
  - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date
4. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company as required by law so far as appears from our examination of these books and the aforementioned Balance Sheet and Profit and loss Account are in agreement therewith.
5. In our opinion, the Balance Sheet and Profit and Loss Account have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.
6. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
7. As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988 dated 7<sup>th</sup> September 1988 issued by the Central Government of India in terms of Section 227 (4A) of the Act and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
  - i.
    - (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
    - (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years. Pursuant to the programme, a physical verification was carried out during the year and this revealed no material discrepancies.
  - ii. The fixed Assets of the Company have not been revalued during the year.
  - iii. The stocks of raw materials and stores of the Company at all its locations have been physically verified by the management at the year-end.
  - iv. In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - v. The discrepancies between the physical stocks and the book stocks which have been properly dealt with in the books of account were not material.
  - vi. In our opinion the valuation of stocks of raw materials and stores has been fair and proper in accordance with the normally accepted accounting principles in India and is on the same basis as in the preceding year.
  - vii. In our opinion the rates of interest and the terms and conditions of loans, secured or unsecured, taken by the Company during the year, from companies listed in the register maintained under Section 301 of the Act are prima facie not prejudicial to the interests of the Company.
  - viii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act.
  - ix. The employees to whom loans or advances, in the nature of interest-free loans have been given by the Company are repaying the principal amounts as stipulated. In those cases where principal amounts are not being paid as stipulated, reasonable steps have been taken by the Company for recovery of the principal.
  - x. In our opinion there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of plant and machinery, equipment and similar assets.



- xi. The company has not purchased goods and materials aggregating to Rs. 50,000 or more in value from any of the parties listed in the register maintained under Section 301 of the Act. The sale of goods, material and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which the transactions for similar goods or services have been made with other parties.
- xii. The Company has a system of determining unserviceable or damaged raw materials and stores on the basis of technical evaluation and on such basis, in our opinion, adequate amounts have been written off such stocks in the accounts.
- xiii. The Company has not accepted any deposits from the public.
- xiv. In our opinion, reasonable records have been maintained by the company for the sale and disposal of realisable scrap.
- xv. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- xvi. The Central Government of India has not prescribed the maintenance of cost records by the Company under Section 209(1) (d) of the Act for any of its products.
- xvii. The Company has regularly deposited during the year, Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
- xviii. At the last day of the financial year there was no amount outstanding in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
- xix. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices followed in India, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations or in accordance with generally accepted business practices.
- xx. Based on our reading of clause (o) of Section 3(1) of The Sick Industrial Companies (Special Provisions) Act, 1985 of India together with the related legislation referred to therein and considering the activities of the Company, in our opinion, the Sick Industrial Companies (Special Provisions) Act, 1985 of India is not applicable to the company.
- xxi. In respect of services rendered:
  - (a) Considering the nature of services rendered, it is not considered to be necessary to have a system of allocation of consumption of materials and stores to the relative jobs. However, the Company has a reasonable system of recording receipts, issues and consumption of materials and stores.
  - (b) Considering the nature of services rendered, it is not considered necessary to have a system of allocation of man hours utilised to the relative jobs.
  - (c) In our opinion, there is a reasonable system of authorisation at proper levels with the necessary controls on the issue of materials and stores and the related system of internal control of the Company is commensurate with its size and nature of its business.

**U. RAJEEV**  
Partner

For and on behalf of  
**PRICE WATERHOUSE & CO.**  
Chartered Accountants

New Delhi, 6<sup>th</sup> June, 2002

**BALANCE SHEET AS AT 31ST MARCH 2002**

	Schedule	As at 31st March 2002	Amounts in Rupees As at 31st March 2001
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	510,962,600	448,451,000
Reserves and Surplus	2	188,461,153	188,600,053
<b>LOAN FUNDS</b>			
Secured Loans	3	50,632,480	71,997,068
Unsecured Loans	4	64,100,000	64,197,289
		<b>814,156,233</b>	<b>773,245,410</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	112,015,693	94,998,032
Less : Depreciation		46,949,037	36,691,270
Net Block		65,066,656	58,306,762
Capital Work in Progress		—	14,290,431
		<b>65,066,656</b>	<b>72,597,193</b>
<b>INVESTMENTS</b>			
	6	<b>60,225,700</b>	<b>60,225,700</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	10,085,545	23,252,519
Sundry Debtors	8	68,280,656	65,585,689
Cash and Bank Balances	9	13,258,736	19,401,022
Loans and Advances	10	40,832,538	59,341,608
		<b>132,457,475</b>	<b>167,580,838</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	11	50,743,582	70,968,061
Provisions	12	2,653,560	1,374,644
		<b>53,397,142</b>	<b>72,342,705</b>
<b>NET CURRENT ASSETS</b>			
		<b>79,060,333</b>	<b>95,238,133</b>
Profit and Loss Account		609,803,544	545,184,384
		<b>814,156,233</b>	<b>773,245,410</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>			
	21		
<b>NOTES TO THE ACCOUNTS</b>			
	22		

This is the Balance Sheet referred to in our report of even date .

**U. Rajeev**  
Partner

For & on behalf of

**Price Waterhouse & Co.**  
Chartered Accountants  
New Delhi, 6<sup>th</sup> June , 2002

The Schedules referred to above form an integral part of the Balance Sheet .

For and on behalf of the Board of Directors

**T Thomas**  
Chairman & Director

**Uday Kotak**  
Director

**T N Ninan**  
Editor & Publisher

**Hemant Sood**  
Sr. Vice President & CFO

**Shalini Thapa**  
Company Secretary

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002**

	Schedule	2001-2002	Amounts in Rupees 2000-2001
<b>INCOME</b>			
Sales and Services	13	350,789,866	360,412,310
Other Income	14	5,014,453	13,131,100
		<u>355,804,319</u>	<u>373,543,410</u>
<b>EXPENDITURE</b>			
Material Cost	15	95,937,911	116,919,136
Employee Cost	16	106,886,816	103,524,445
Production Cost	17	54,703,182	58,558,502
Advertising and Sales Promotion Expenses		38,376,696	25,818,018
Selling and Distribution Cost	18	20,906,584	18,054,400
Other Cost	19	77,256,313	70,307,648
Interest & Finance Charges	20	13,958,105	23,023,096
Depreciation		12,397,872	9,673,465
		<u>420,423,479</u>	<u>425,878,710</u>
PROFIT/ (LOSS) BEFORE TAX		<u>(64,619,160)</u>	<u>(52,335,300)</u>
Deferred Tax		—	—
Balance Brought Forward		<u>(545,184,384)</u>	<u>(492,849,084)</u>
Balance carried forward to Balance Sheet		<u>(609,803,544)</u>	<u>(545,184,384)</u>
SIGNIFICANT ACCOUNTING POLICIES	21		
NOTES TO THE ACCOUNTS	22		

This is the Profit and Loss Account referred to in our report of even date .

**U. Rajeev**  
Partner

For & on behalf of

**Price Waterhouse & Co.**  
Chartered Accountants  
New Delhi, 6<sup>th</sup> June, 2002

The Schedules referred to above form an integral part of the Profit and Loss Account.

For and on behalf of the Board of Directors

**T Thomas**  
Chairman & Director

**Uday Kotak**  
Director

**T N Ninan**  
Editor & Publisher

**Hemant Sood**  
Sr. Vice President & CFO

**Shalini Thapa**  
Company Secretary



**SCHEDULES**

		As at 31st March 2002	As at 31st March 2001
<b>1. SHARE CAPITAL</b>			
Authorised :			
60,000,000 (2001 - 60,000,000) Equity Shares of Rs. 10 each.		<b>600,000,000</b>	600,000,000
Issued, Subscribed and Paid Up :			
44,737,805 (2001 - 44,737,805) Equity Shares of Rs 10 each fully paid up.	447,378,050		400,724,150
Add: 6,251,160 Equity Shares of Rs 10 each issued during the year	<b>62,511,600</b>		46,653,900
		<b>509,889,650</b>	447,378,050
2,145,900 Equity Shares of Rs 10 each Rs 0.50 called up and paid up .		<b>1,072,950</b>	1,072,950
		<b>510,962,600</b>	448,451,000
Of the above 3,688,499 (2001-3,688,499) equity shares of Rs.10 each have been allotted for consideration other than cash pursuant to an Agreement			
<b>2. RESERVES AND SURPLUS</b>			
Investment Allowance Reserve		—	138,900
Securities Premium			
As per last Balance Sheet	188,461,153		109,153,353
Addition during the year	—	<b>188,461,153</b>	79,307,800
		<b>188,461,153</b>	188,461,153
			<b>188,600,053</b>
<b>3. SECURED LOANS</b>			
Hire Purchase Loans		<b>3,209,100</b>	4,294,594
Term Loans		<b>45,315,467</b>	66,802,617
Other loans		<b>2,107,913</b>	899,857
		<b>50,632,480</b>	71,997,068
(a) Hire Purchase loans are secured by way of hypothecation of assets purchased under hire purchase.			
(b) Term Loans are secured by way of a first charge on all the movable assets of the Company, both present and future including machinery, inventories and receivables in favour of Global Trust Bank and second charge ranking pari-passu on the movable assets in favour of Kotak Mahindra Finance Limited and The Great Eastern Shipping Company Limited.			
(c) Other loans are secured by way of hypothecation of cars.			
<b>4. UNSECURED LOANS</b>			
From banks ( represent book overdraft)		—	97,289
Others		<b>64,100,000</b>	64,100,000
		<b>64,100,000</b>	64,197,289
<b>5. FIXED ASSETS</b>			

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April 2001	Additions	Deletions	As at 31st March 2002	As at 1st April 2001	For the year	Deductions	As at 31st March 2002	As at 31st March 2002	As at 31st March 2001
Furniture and Fixtures	11,414,592	2,777,917	1,307,992	12,884,517	4,821,748	2,182,091	1,307,992	5,695,847	7,188,670	6,592,844
Office equipment	2,754,903	1,388,141	352,256	3,790,788	656,418	139,907	10,542	785,783	3,005,005	2,098,485
Vehicles	11,254,855	3,022,185	1,642,368	12,634,672	1,886,128	1,082,063	249,952	2,718,239	9,916,433	9,368,727
Plant and Machinery	69,573,682	14,564,911	1,432,877	82,705,716	29,326,976	8,993,811	571,619	37,749,168	44,956,548	40,246,706
Capital Work in Progress	94,998,032	21,753,154	4,735,493	112,015,693	36,691,270	12,397,872	2,140,105	46,949,037	65,066,656	58,306,762
<b>Total</b>	<b>94,998,032</b>	<b>21,753,154</b>	<b>4,735,493</b>	<b>112,015,693</b>	<b>36,691,270</b>	<b>12,397,872</b>	<b>2,140,105</b>	<b>46,949,037</b>	<b>65,066,656</b>	<b>72,597,193</b>
Total as at 31.3.2001	80,896,380	15,659,412	1,557,760	94,998,032	27,378,177	9,673,465	360,372	36,691,270	72,597,193	54,757,640

1. Gross Block of assets include assets bought under Hire Purchase schemes amounting to Rs.13,979,198 (2001-Rs. 13,477,654)

2. Capital Work-in-progress includes capital advances amounting to Rs. Nil (2001-Rs. 124,701)



## SCHEDULES

	As at 31st March 2002	Amounts in Rupees As at 31st March 2001
<b>6. INVESTMENTS</b>		
Current		
<u>Quoted</u>		
21035.901 units (2001- 21035.901) in K Gilt Unit Scheme	225,000	225,000
Other Investments		
<u>Unquoted</u>		
In Subsidiary Company		
6,000,070 (2001 -6,000,070 ) Equity shares of Rs 10 each in Business Standard Digital Ltd.	60,000,700	60,000,700
	<u>60,225,700</u>	<u>60,225,700</u>
Market value of Quoted investments Rs. 225,189.32 (2001-Rs.232,551.89)		
<b>7 INVENTORIES</b>		
Raw Materials	9,436,875	21,798,885
Consumable Stores	648,670	1,453,634
	<u>10,085,545</u>	<u>23,252,519</u>
<b>8 SUNDRY DEBTORS (Unsecured)</b>		
Debts outstanding for a period exceeding six months		
Considered Good	1,944,197	3,406,800
Considered Doubtful	8,924,482	6,783,999
	<u>10,868,679</u>	<u>10,190,799</u>
Other Debts		
Considered Good	66,336,459	62,178,889
Considered Doubtful	218,300	55,651
	<u>66,554,759</u>	<u>62,234,540</u>
	<u>77,423,438</u>	<u>72,425,339</u>
Less: Provision for Doubtful debts	9,142,782	6,839,650
	<u>68,280,656</u>	<u>65,585,689</u>
<b>9 CASH AND BANK BALANCES</b>		
Cash in hand (including Cheques in hand Rs. 3,540,103 {2001-Rs. 4,715,495.33})	3,758,362	5,115,134
Balances with Scheduled Banks :		
On Current Accounts	9,431,744	14,218,798
On Deposit Accounts *	68,630	67,090
	<u>13,258,736</u>	<u>19,401,022</u>
* includes deposits given as margin money Rs 68,630 (2001-Rs 67,090)		
<b>10 LOANS AND ADVANCES</b>		
(Unsecured, Considered Good unless otherwise stated)		
Advance payment of taxes	1,919,572	2,152,600
Advances recoverable in cash or in kind or for value to be received :		
Considered Good	38,912,966	57,189,008
Considered Doubtful	950,000	450,000
	<u>39,862,966</u>	<u>57,639,008</u>
	<u>41,782,538</u>	<u>59,791,608</u>
Less: Provision for Doubtful Advances	950,000	450,000
	<u>40,832,538</u>	<u>59,341,608</u>

**SCHEDULES**

	As at 31st March 2002	Amounts in Rupees As at 31st March 2001
<b>11 CURRENT LIABILITIES</b>		
Sundry Creditors		
– Due to Small Scale and ancillary undertakings @	383,883	788,886
– Due to Others	40,724,742	58,683,340
Other Liabilities	3,532,678	4,265,266
Advances received	6,102,279	7,230,569
	<u>50,743,582</u>	<u>70,968,061</u>
@ The above informaion has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company. Refer note no 11 on Schedule 22		
<b>12 PROVISIONS</b>		
Provision for Gratuity	582,048	—
Provision for leave encashment	2,071,512	1,374,644
	<u>2,653,560</u>	<u>1,374,644</u>
		Amounts in Rupees
	2001-2002	2000-2001
<b>13 SALES AND SERVICES</b>		
Advertisement Sales	230,416,069	265,885,372
Circulation Sales	53,123,069	55,583,582
Income from News Services	4,492,107	4,246,764
Printing Services	3,046,951	3,168,836
Television Programme Sales	9,020,594	9,273,500
Magazine Sales	3,391,589	3,762,462
Third Party Publishing	47,299,487	18,491,794
	<u>350,789,866</u>	<u>360,412,310</u>
<b>14 OTHER INCOME</b>		
Interest on Deposits (Tax deducted at source Rs Nil; 2001- Rs.52,453 )	15,064	244,439
Liabilities Written Back	96,293	2,773,425
Profit on sale of fixed assets	119,500	118,640
Miscellaneous Income	4,734,898	9,973,498
Dividend from Investments	48,698	21,098
	<u>5,014,453</u>	<u>13,131,100</u>
<b>15 MATERIAL COST</b>		
Raw Materials consumed		
Opening Stock	21,798,885	15,796,774
Add: Purchases	79,293,099	116,362,539
	<u>101,091,984</u>	<u>132,159,313</u>
Less: Closing Stock	9,436,875	21,798,885
	<u>91,655,109</u>	<u>110,360,428</u>
Cost of traded goods	—	1,057,650
Consumable Stores	4,282,802	5,501,058
	<u>95,937,911</u>	<u>116,919,136</u>
<b>16 EMPLOYEE COST</b>		
Salaries, Wages and Allowances	100,331,938	95,631,380
Contribution to Provident and other funds	6,299,432	6,608,154
Staff and Worker's Welfare	255,446	1,284,911
	<u>106,886,816</u>	<u>103,524,445</u>

**SCHEDULES**

	Amounts in Rupees	
	2001-2002	2000-2001
<b>17 PRODUCTION COST</b>		
Printing Charges	35,611,630	35,112,260
Processing Charges	402,590	563,053
Reporting Expenses	902,281	1,695,308
Contribution	9,437,246	9,729,875
News Services	1,759,736	1,571,918
Television Programmes Production Cost	6,589,699	9,886,088
	<b>54,703,182</b>	<b>58,558,502</b>
<b>18 SELLING AND DISTRIBUTION EXPENSES</b>		
Outward Freight	6,097,900	7,091,258
Packing and Forwarding	14,808,684	10,963,142
	<b>20,906,584</b>	<b>18,054,400</b>
<b>19 OTHER COST</b>		
Power and Fuel	5,359,344	4,863,340
Rates and Taxes	99,841	167,103
Rent	15,136,364	12,545,159
Repairs and Maintenance - Building	90,902	59,542
Repairs and Maintenance - Plant and Machinery	2,354,948	2,816,725
Repairs and Maintenance - Others	1,927,176	1,444,830
Auditors' Remuneration		
- Audit Fees (Including service tax)	231,000	231,000
- Tax Audit Fees (Including service tax)	84,000	84,000
- Out of Pocket Expenses	24,006	11,745
Car Hire Charges	2,746,726	2,633,473
Insurance	799,013	773,797
Travelling & Conveyance	9,765,841	11,166,845
Communication Expenses	12,793,342	13,097,308
Legal and Professional Charges	3,734,861	3,459,675
Directors' Sitting Fees	34,000	50,000
Printing and Stationery	2,299,423	2,345,627
Bad Debts written off	4,098,325	—
Provision for Doubtful Debts and Advances	8,531,717	4,845,768
Loss on Exchange Fluctuation	96,365	61,267
Miscellaneous Expenses	7,049,119	9,650,444
	<b>77,256,313</b>	<b>70,307,648</b>
<b>20 INTEREST &amp; FINANCE CHARGES</b>		
Interest		
- Term Loans	11,684,478	17,847,135
- Others	171,153	805,395
Other finance charges	1,188,761	923,466
Lease Rentals	913,713	3,447,100
	<b>13,958,105</b>	<b>23,023,096</b>



## SCHEDULES

### 21 SIGNIFICANT ACCOUNTING POLICIES

#### 1. Accounting Convention

The financial statements are prepared under historical cost convention and on an accrual basis .

#### 2. Fixed Assets

Fixed assets are stated at their original cost and includes other expenses relating to acquisition and installation.

Assets acquired under hire purchase agreement are capitalised at full value in the year of purchase.

Assets taken on Lease in earlier years are not capitalised. However, Lease rentals are charged to revenue.

Foreign exchange fluctuation on payment/ restatement of liabilities related to fixed assets are adjusted against the historical cost of such assets. Depreciation on such adjusted amounts is charged over the residual useful life of the assets.

#### 3. Investments

Current Investments are valued at cost or fair value whichever is lower.

Long term investments are stated at cost of acquisition. However, permanent diminutions, if any, are adjusted against the value of investments.

#### 4. Inventories

Inventories are valued at cost or net realisable value (inclusive of advertisement revenue) whichever is lower . The cost is determined on first in first out basis .

#### 5. Revenue Recognition

Advertisement sales is recognised when the relevant advertisement is printed and is accounted for net of trade discounts. Circulation sales are recorded when despatched and are net of unsold copies returned and trade discounts.

Claims recoverable on account of insurance are accounted for as and when the amounts recoverable can be reasonably determined.

Income from News Service from domestic users is accounted for on accrual basis . Income from News Service from foreign users is accounted for when confirmed by them.

#### 6. Depreciation

Depreciation is provided on straight line method in the manner and at rates as per Schedule XIV to the Companies Act, 1956 on all assets (including hire purchase assets) of the Company.

Assets costing less than Rs.5,000 each are fully depreciated in the year of acquisition.

In respect of assets acquired, sold or discarded during the year, depreciation is provided on pro- rata basis for the period during which each asset was in use.

#### 7. Retirement Benefits

Regular contributions are made to Provident & Family Pension Fund which are charged to revenue.

The Gratuity Funds for working and non working journalists are administered through respective trusts, which have taken up schemes with the Life Insurance Corporation of India (LIC). Contributions are paid to the trusts in accordance with demand notices received from LIC and are charged to revenue. A further provision is created for shortfall, if any, in the respective gratuity schemes based on a certificate obtained from LIC and an Actuary at the year end.

Liability towards leave encashment has been provided for on the basis of actuarial valuation done as per projected unit credit method, as on the date of the Balance Sheet.

#### 8. Foreign Currency Transactions

Foreign currency transactions are accounted for at the exchange rate prevailing on the transaction date.

Gain or loss arising out of fluctuation in rate between transaction date and settlement date in respect of revenue items are recognised in the Profit & Loss Account.

Foreign currency assets and liabilities are stated at the exchange rate prevailing at the year end and the overall net gain or loss is adjusted in the Profit & Loss Account , except in case of liabilities relating to the acquisition of fixed assets which are adjusted to the carrying cost of the respective assets .

#### 9. Deferred Tax

Deferred income tax is provided, for all timing differences arising between taxable income and accounting income. Currently enacted tax rates are used to determine deferred income tax.

The principal timing differences arise from depreciation on fixed assets, provision for doubtful debts and contingency reserves. Deferred tax assets relating to the carry forward of unabsorbed business losses are recognised to the extent that it is virtually certain that future taxable profits will be available against which these can be utilised.



## SCHEDULES

### 22. NOTES TO THE ACCOUNTS

1. Bank Guarantees outstanding amount to Rs. 50,000 ( 2001 - Rs. 50,000 )
2. Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances - Rs. NIL ( 2001 - Rs. 364,950 )
3. Managerial Remuneration

The remuneration paid to Manager appointed under the Companies Act, 1956 during 2001-2002 is as under :

	2001-2002	2000-2001
Salary	277,440	277,440
Company's contribution to provident & gratuity funds	30,254	29,100
Perquisites *	52,800	49,200
	<b>360,494</b>	<b>355,740</b>

\* including perquisites valued in accordance with Income Tax Act and Rules.

#### 4. Taxation

##### Deferred Tax

In view of Accounting Standard -22 ' Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has started accounting for Deferred Taxes with effect from April 1, 2001 as follows :

Break-up of Deferred Tax Assets and Liabilities into major components of the respective balances is as under :

Amount (in Rupees)

##### (A) Deferred Tax Liabilities

Tax impact of difference between carrying amount of fixed assets in the financial statements and the Income Tax Return.

7,408,366

##### (B) Deferred Tax Assets

I. Tax impact of expenses charged in the financial statements but allowable as deductions in future years under Income Tax

5,222,064

II. Tax impact of unabsorbed losses carried forward to be set off in future years.

2,186,302

Sub Total

7,408,366

##### Net Deferred Tax Asset

The tax impact for the above purpose has been arrived by applying a tax rate of 35.70% being the prevailing tax rate for Indian companies under the Income Tax Act, 1961.

5. Hire Purchase instalments due within one year Rs. 877,370 ( 2001 - Rs. 1,544,560 )
6. Other Loan instalments payable within one year Rs. 418,929 ( 2001 - Rs. 353,578 )
7. Term Loan Repayment due within One Year - Rs. 24,838,571 ( 2001 - Rs. 3,513,156 )
8. Future lease rental obligations- Rs.838,152 ( 2001 - Rs. 903,236 )
9. The Company has received legal notices of claims/lawsuits filed against it in respect of articles published. In the opinion of the management, no liability is likely to arise on account of such claims/lawsuits.
10. Written down value of assets located in rented office premises vacated during the year have been depreciated 100% and the resultant amount of Rs. 1,569,031/- is included in the depreciation charge for the year.
11. As ascertained by the Company, Sundry Creditors includes an amount of Rs. 383,883 due to Small Scale Industrial Undertakings (SSI). Details of amount due to SSI which is outstanding for more than 30 days are as follows:

S. No.	SSI	Amount Outstanding (Rs)
1	Vibha Publications Pvt.Ltd.	Nil

12. Information pursuant to the provisions of paragraph 3, 4C & 4D of Part II of Schedule VI to the Companies Act, 1956 .

	2001-2002	2000-2001
I (a) Licensed Capacity	Not Applicable	Not Applicable
(b) Installed Capacity	Not Applicable	Not Applicable
II Number of Copies Printed (printed by third party contractors)	21,377,235	24,639,517

**SCHEDULES**

III Sales	2001-2002		2000-2001	
	Quantity No of Copies	Value Rs	Quantity No of Copies	Value Rs
Newspapers	19,470,487	53,123,069	22,032,393	55,583,582
* Excludes 1,906,748 nos. ( 2001- 2,607,124 nos) relating to unsold & complimentary copies.				
IV Raw Materials Consumed	2001-2002		2000-2001	
	Quantity Tonnes	Value Rs.	Quantity Tonnes	Value Rs
Newsprint	2,746.61	91,655,109	3,656.04	110,360,428
V Total Consumption of Raw Materials	2001-2002 Rs.		2000-2001 Rs.	
	Imported	18,940,992	20.67%	11,949,392
Indigeneous	72,714,117	79.33%	98,411,036	89.17%
	<b>91,655,109</b>	<b>100.00%</b>	<b>110,360,428</b>	<b>100.00%</b>
VI Consumable stores	2001-2002 Rs.		2000-2001 Rs.	
	Imported	NIL	0.00%	NIL
Indigeneous	4,282,802	100.00%	5,501,058	100.00%
Total	<b>4,282,802</b>	<b>100.00%</b>	<b>5,501,058</b>	<b>100.00%</b>
VII Value of Imports on CIF basis	2001-2002 Rs.		2000-2001 Rs.	
	Raw Materials	10,380,642		13,118,738
	Stores and Spares	220,304		NIL
	Capital Goods	NIL		3,139,004
VIII Earnings in Foreign Exchange (on cash basis)	2001-2002 Rs.		2000-2001 Rs.	
	<b>From Advertising</b>	<b>426,685</b>		<b>830,578</b>
	From News Service	2,744,866		3,277,500
	From Printing Services	2,779,727		2,774,852
	From Subscription	17,120		NIL
IX Expenses in Foreign Exchange (on cash basis)	2001-2002 Rs.		2000-2001 Rs.	
	Travelling	173,435		803,663
	Contribution	3,548,636		3,551,957
	Reporting Expenses	36,488		173,980
	Others	37,393		388,295

13 Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to current year's figures .



**SCHEDULES**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :**

**I Registration Details**

Registration Number 100242 State Code 55  
 Balance Sheet Date 31 3 2002  
 Date Month Year

**II Capital raised during the year ( Amount in Rs. Thousands )**

Public Issue Rights Issue  
 NIL 62,512  
 Bonus Issue Private Placement  
 NIL 0

**III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands )**

Total Liabilities Total Assets  
 814,156 814,156

**Sources of Funds**

Paid- up Capital Reserves and Surplus  
 510,963 188,461  
 Secured Loans Unsecured Loans  
 50,632 64,100

**Application of Funds**

Net Fixed Assets Investments  
 65,067 60,226  
 Net Current Assets Misc Expenditure  
 79,060 NIL  
 Accumulated Losses  
 609,804

**IV Performance of Company (Amount in Rs Thousands )**

Turnover Total Expenditure  
 350,790 420,423  
 Other Income Profit / (Loss) before Tax  
 5,014 (64,619)  
 Earning per Share in Rs. Dividend Rate %  
 (1.44) NIL

**V Generic Names of Three Principal Products / Services of Company**

Item Code No. (ITC Code ) 49029001  
 Product Description Newspapers  
 Item Code No. (ITC Code ) 49011001  
 Product Description Printed Books  
 Item Code No. (ITC Code ) 49011002  
 Product Description Leaflets

For and on behalf of the Board of Directors

**T N Ninan Hemant Sood Shalini Thapa T Thomas Uday Kotak**  
 Editor & Publisher Sr. Vice President & CFO Company Secretary Chairman & Director Director  
 New Delhi, 6th June, 2002

**STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES**

Sl. No.	Name of the Subsidiary Company	Financial year ending of the Subsidiary	Holding Company's interest. Number of shares of Rs. 10 each unless stated otherwise	Extent of holding	For the financial year of the Subsidiary		For the previous financial years of the Subsidiary since it became a Subsidiary	
					profits/(losses) so far as it concerns the members of the Holding Company and not dealt with in the Books of Account of the Holding Company (Rs.)	profits/(losses) so far as it concerns the members of the Holding Company and dealt with in the Books of Account of the Holding Company (Rs.)	profits/(losses) so far as it concerns the members of the Holding Company and not dealt with in the Books of Account of the Holding Company (Rs.)	profits/(losses) so far as it concerns the members of the Holding Company and dealt with in the Books of Account of the Holding Company (Rs.)
1	Business Standard Digital Limited	31/03/02	6,000,070	100%	(8,581,763)		(47,151,832)	

Business Standard Digital Limited became a 100% subsidiary of Business Standard Limited on 30th November 2000.

70 Shares of Business Standard Digital Limited are held by nominees of Business Standard Limited.

For and on behalf of the Board of Directors

**T N Ninan Hemant Sood Shalini Thapa T Thomas Uday Kotak**  
 Editor & Publisher Sr. Vice President & CFO Company Secretary Chairman & Director Director  
 New Delhi, 6th June, 2002