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# 30th Annual Report 1999-2000



# Macmillan India Limited

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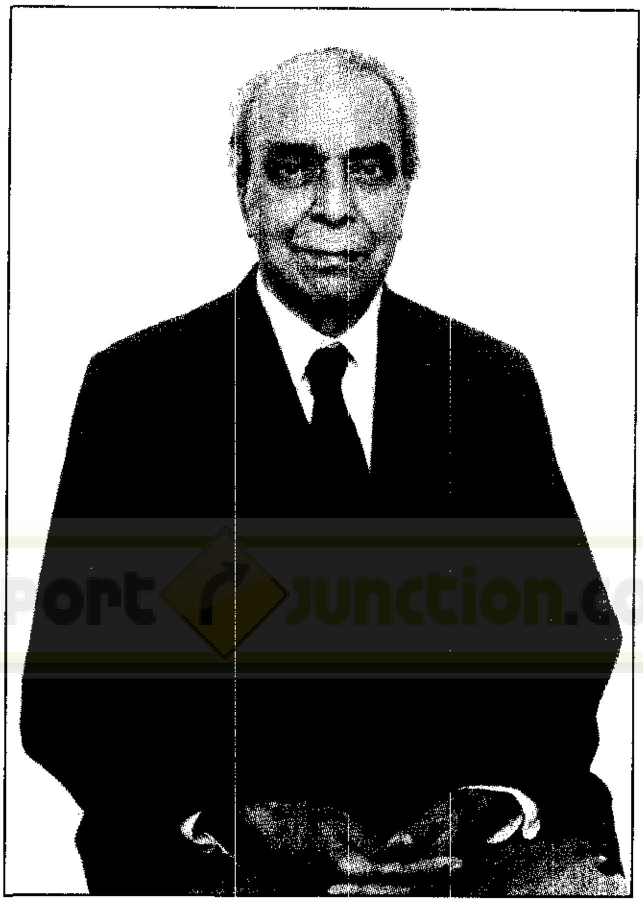
|---|---|
| BOARD OF DIRECTORS | **Mr. A. Soar**, *Chairman*<br>**Mr. D.E. Udwadia**, *Vice Chairman*<br>**Mr. M. J. Barnard**, *Director*<br>**Mr. C. R. Harrison**, *Director*<br>**Mr. Richard Charkin**, *Director*<br>**Mr. Rajiv Beri**, *Managing Director*<br>**Mr. R. R. Chari**, *Director* |
| COMPANY SECRETARY AND FINANCIAL CONTROLLER | **Mr. V. K. Venkatakrishnan** |
| AUDITORS | **M/s. Fraser & Ross**<br>4A, Kences Towers, North Usman Road<br>T. Nagar, Chennai 600 017 |
| BANKERS | **ANZ Grindlays Bank**<br>**Vijaya Bank** |
| HEAD OFFICE | 315-316 *Raheja Chambers*<br>12 Museum Road, Bangalore 560 001 |
| REGISTERED OFFICE | 21 Patullos Road, Chennai 600 002 |
| INFORMATION PROCESSING DIVISION | *HMG Ambassador,* 137 Residency Road<br>Bangalore 560 025 |
| PHOTO TYPESETTING DIVISION | *St. Patrick's Complex*, 4th Floor<br>157 Brigade Road, Bangalore 560 025<br>*Brigade Towers*, 135 Brigade Road<br>Bangalore 560 025<br>40 Peters Road, Chennai 600 014 |
| PRINTING PRESS | Injambakkam, Chennai 600 041 |
| EDITORIAL | 2/10 Ansari Road, New Delhi 110 002 |
| BRANCHES | Chennai, Jaipur, Mumbai, Patna |
| OFFICES | Calcutta, Delhi |
| SHOWROOMS | Bangalore, Bhopal, Chandigarh, Chennai<br>Coimbatore, Cuttack, Ghaziabad, Guwahati<br>Hubli, Hyderabad, Indore, Jaipur, Lucknow<br>Madurai, Mumbai, Nagpur, Patna, Pune, Siliguri<br>Trivandrum, Visakhapatnam |

## *Contents*



*Our new premises - the Information Processing Division at Bangalore*



**Mr. N.M. Wagle**
Chairman — from 25-01-1979 to 25-01-2000

# REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the **THIRTIETH ANNUAL REPORT** together with the Accounts for the year ended 31st March 2000. The year has recorded good progress all round as reflected in the Company's sales and profits.

## Accounts

Rs in lacs

| | **1999-2000** | 1998-1999 |
|---|---|---|
| Profit for the year after depreciation and taxation | **2,198.91** | 2,129.11 |
| *To which is added:* | | |
| Surplus brought forward from previous year | **1,860.90** | 995.80 |
| | **4,059.81** | 3,124.91 |
| *Appropriations:* | | |
| Interim Dividend already paid | **634.85** | 211.62 |
| Proposed Final Dividend | **126.97** | 423.23 |
| Corporate Tax on Dividend | **97.76** | 69.84 |
| Transfer to General Reserve | **500.00** | 559.32 |
| Surplus carried forward | **2,700.23** | 1,860.90 |
| | **4,059.81** | 3,124.91 |

## Dividend

Two interim dividends totalling 75% were paid for the financial year ended 31st March 2000. The Directors have recommended a final dividend of 15% for the financial year ended 31st March 2000, which if approved at the forthcoming Annual General Meeting would be paid to all those Equity Shareholders whose names appear on the Register of Members as on 6th September 2000.

## Progress of the business

### *Publishing Division*

Publishing sales recorded a healthy growth of 22% with school as well as Higher Education sales growing satisfactorily. Bombay branch achieved a growth of over 50% while Jaipur and Patna branches too performed well. Madras branch could have done much better but for the Tamil Nadu Government order imposing Tamil as medium of instruction, which affected sales in the last two quarters of the year. Publishing programs progressed well and the major school publications were *New World Interactive English*, the *Competency* based series of 16 books and launch of a new Hindi series *Abhinav Pustak Mala*. The Higher Education Program saw the strengthening of the Business books list, and expansion of trade books publishing. Overall it was a satisfactory year in sales, as well as new books' releases.

### *Export Division*

The Company acquired prime space in central Bangalore and shifted its export operations to a new building with top class facilities and working environment, in December 1999. In view of the increasing demand for electronic information processing, the Company started a new division "Information Processing Division" which was inaugurated on February 9, 2000 for commercial production, and was registered as a 100% EOU with the Cochin Export Processing Zone. The Company's export operations continue to progress and the Company has drawn up substantial expansion plans, particularly in electronic data processing.

### *Press Division*

The printing facilities at Madras are fully utilised to meet the current level of publishing needs of the Company.

### *Y2K Transition*

Your directors are pleased to report that the Company had successfully planned and managed the Y2K transition. There was no disruption to any of the Company's activities.

## Awards

The Company added yet another *CAPEXIL* award for the highest exports in our category of products for the seventeenth year in succession. The Federation of Indian Publishers has awarded the Company the first prize for *'Amitabh Bachhan:*

*The Legend'* in General Books (English) category, the first prize for *'You Can Win'* in Paperbacks (English) category, Second prize for *'Business Economics'* in the Textbooks -School category and Second prize for *'Managing Corporate Culture'* in Textbooks-College category. The Indian Society for Training and Development adjudged our title *'Corporate Excellence – The Eternal Quest'* as the best book. Our translated novel *'The Eye of God'* won the Central Sahitya Academy's 'Best translation Award' for the year 1999.

**Subsidiary Company**

The accounts of the subsidiary company are annexed. The premises of the subsidiary company have been used for the business of your Company.

**Conservation of energy, technology absorption and foreign exchange earnings and out-go**

During the year under review, foreign exchange earned by exports improved to Rs.2863 lacs from Rs 2707 lacs in 1998-99. The outgo of foreign exchange was Rs.1037 lacs. Thus the net foreign exchange earned by the Company was Rs.1826 lacs. The details of earnings and out-go are given in the Notes forming part of the Accounts for the year ended 31st March 2000.

The provisions regarding disclosure of particulars in Form A with respect to Conservation of Energy is not applicable to the Printing and Publishing Industry. Particulars regarding Technology Absorption in Form 'B' are annexed to this report.

**Industrial Relations**

Industrial Relations throughout the Company continued to be cordial during the year under review.

**Gratuity**

Future gratuity liabilities as determined by actuarial valuation are fully provided for and funded with the Life Insurance Corporation of India.

**Fixed Deposits**

The Company does not have a fixed deposit scheme.

**Directors**

The Board deeply regrets the demise of the Chairman Mr. N M Wagle on 25th January 2000 and places on record its great appreciation of the valuable advice, guidance and services rendered by him during his tenure as Director from 22nd September 1975 and as Chairman from 25th January 1979 to 25th January 2000.

Mr. A Soar was appointed as Chairman of the Board of Directors with effect from 8th February 2000.

Under Article 108 of the Articles of Association of the Company Mr. D E Udwadia and Mr. M J Barnard retire by rotation and being eligible, offer themselves for re-election.

**Auditors**

The Auditors, Messrs. Fraser & Ross, retire from office at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

**Particulars of employees**

Information as per sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the year ended 31st March 2000 is annexed.

**Acknowledgements**

The Directors wish to place on record their grateful appreciation to Macmillan UK and Verlagsgruppe Georg Von Holtzbrinck, Germany for their generous support through-out the year, particularly in connection with the export division. The Directors wish to record their appreciation of the dedication and support of the staff at all levels.

On behalf of the Board

Bangalore
19th July 2000

**A SOAR**
Chairman

*Report of the Board of Directors (Cont.)*

Annexure to the Directors' Report

## Form B

## Disclosure of Particulars with Respect to Technology Absorption

### Research & Development:

| | |
|---|---|
| 1. Specific areas in which R & D was carried out by the Company: | The Company continued its effort in the development of the following:-<br>• Delivery of conventional typeset output in Electronic form.<br>• System and software to meet the customers' new enhanced requirements.<br>• Superior typesetting system support.<br>• Complete range of Electronic Publishing Services.<br>• Better production process for efficient job handling.<br>• New communication facilities.<br>• Better training tools.<br>• Year 2000 compliant systems. |
| 2. Benefits derived as a result of the above R & D: | • Able to meet the customers' new and more complex requirements.<br>• Better tools to control quality.<br>• Improved production process.<br>• Maintaining leadership as a technologically advanced supplier.<br>• Superior method of document delivery in Electronic form.<br>• Smooth transition to the new millennium without any Y2K bug. |
| 3. Future plan of action: | • To build a more advanced typesetting process.<br>• Further automation of production processes.<br>• New production system using Workflow Server methodology<br>• Specialised Software Development in publishing related fields. |
| 4. Expenditure on R & D: | • Included in the appropriate heads. |

### Technology absorption, adaptation and innovation:

| | |
|---|---|
| 1. Efforts in brief made towards technology absorption, adaptation and innovation: | • Development of new Software for STM Journal Typesetting and Electronic Publishing.<br>• Development of Customized Software to meet the customers' present and future needs. |
| 2. Benefits derived from the above: | • The technology developed is being used in meeting customers' new and changing requirements and quality. This has also helped the Company to keep pace with rapidly changing technology in Printing, Publishing and Information Services. |
| 3. Imported Technology | • No technologies were imported. |

# REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Macmillan India Limited as at 31st March 2000 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors ' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure, on the basis of such checks as we considered appropriate, a statement on the matters specified in the paragraphs 4 and 5 of the said Order.

2. Further to our comments in the annexure referred to in paragraph 1 above, we state that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.

   (c) The Balance Sheet and Profit and Loss Account referred to in this Report are in agreement with the books of account.

   (d) The Profit and Loss Account and Balance Sheet comply with Accounting Standards referred to in sub-section(3)(C) of Section 211 of The Companies Act, 1956.

   (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the said Profit and Loss Account read together with the schedules and notes thereon give the information required by the Companies Act,1956 in the manner so required and give a true and fair view:

      (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 2000, and

      (ii) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For FRASER & ROSS
**K. N. RAMASUBRAMANIAN**
Partner
*Chartered Accountants*

Chennai
19th July 2000

*Report of the Auditors to the Members (Cont.)*

Annexure to the Auditors' Report as referred to in paragraph 1 of our report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Most of the assets have been physically verified by the Management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification.

2. None of the fixed assets have been revalued during the year.

3. The stocks of finished goods, spare parts and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.

4. The procedure 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.

5. The discrepancies noticed on verification, between the physical stocks and the book records, were not material and these have been properly dealt with in the books of account.

6. On the basis of the examination of the stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding year, except for inclusion of certain additional overheads to comply with revised Accounting Standard 2 (AS2) issued by the Institute of Chartered Accountants of India, which has become mandatory, the net impact of which has been disclosed in Note No.15 of Schedule 18 of the accounts.

7. No loans have been taken from companies, firms or other parties listed in the registers maintained under Section 301 or from the companies under the same management as defined in sub-section (1B) of Section 370 of the Companies Act, 1956.

8. 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 Companies Act, 1956 or to any company under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

9. In respect of loans and advances in the nature of loans given to the employees and others they are being repaid together with interest wherever applicable as stipulated.

10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.

11. In our opinion and according to the information and explanations given to us, there were no transactions of purchase of goods and materials and sale of goods and services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956.

12. As explained to us, there is no unserviceable or damaged stores, raw materials and finished goods at the end of the year.

13. The Company has not accepted any deposits from public.

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scraps. The Company has no by-products.

15. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

16. The provisions of Section 209 (1) (d) of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the Company.

17. According to the records of the Company, Provident Fund dues and the Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.

18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise duty were outstanding as at 31-03-2000 for a period of more than six months from the date they became payable.

19. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The Company is not a sick industrial company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. In respect of goods traded in by the Company, as explained to us, there were no damaged traded goods held at the end of the year.

For FRASER & ROSS
**K. N. RAMASUBRAMANIAN**
Partner
*Chartered Accountants*

Chennai
19th July 2000