

35th ANNUAL REPORT 2004



MACMILLAN
Macmillan India Ltd.

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SELECTED
BUSINESS
Superbrand
2004-06

Macmillan India Ltd.

is proud to announce its status as
SELECTED BUSINESS SUPERBRAND 2004-06

Superbrands International was established in London in 1991 and has since been responsible for awarding the world-acclaimed "SUPERBRANDS" status to the world's greatest brands.

Being a worldwide independent arbiter of branding, this organisation pays tribute to each country's strongest brands by telling their story in a captivating, refreshing and attractive format.

The organisation is present in over 38 countries including Australia, Denmark, Holland, Ireland, Philippines and the USA. The organisation today is recognised as the industry's independent authority on branding dedicated to promoting the discipline of branding and paying tribute to exceptional brands.

The modus operandi is to create a list of brands, place them in relevant categories and have a council of members score them.

The council of members which chose Macmillan India as a Business Superbrand included:

Mr. Mukesh D Ambani, Mr. Gurcharan Das, Ms. Naina Kidwai, Mr. Sunil Bharti Mittal, Mr. Nandan M Nilekani, Mr. Deepak S Parekh and Mr. Subir Raha amongst several other Corporate leaders.

Appearing in the Business Superbrands category is a supreme endorsement of a brand's exceptional status for existing and potential customers, the media, suppliers, investors and the employees.



Macmillan India Limited

35th Annual Report 2004

Board of Directors

Mr. Richard Charkin	Chairman
Mr. D E Udawadia	Vice Chairman
Mr. A. Soar	Director (upto 21-4-2005)
Mr. M J Barnard	Director
Mr. R R Chari	Director
Mr. A. Contractor	Director
Mr. Rajiv Beri	Managing Director
Mr. D Banerjee	Whole-time Director

Mr. V K Venkatakrishnan	Company Secretary & Financial Controller
Legal Advisors	Messrs. Udawadia & Udeshi
	Solicitors & Advocates
	Thomas Cook Building III Floor
	324, D.N. Road, Fort, Mumbai 400 001
Auditors	Messrs. Fraser & Ross
	Temple Towers, II Floor, 672, Anna Salai,
	Nandanam, Chennai 600 035

Corporate Office	315-316, Raheja Chambers, 12, Museum Road, Bangalore 560 001
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Registered Office	21, Patullos Road, Chennai 600 002
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Information Processing Division	HMG Ambassador, 137, Residency Road, Bangalore 560 025
	Brigade Towers, 135, Brigade Road, Bangalore 560 025
	St. Patrick's Complex 4 th Floor
	157, Brigade Road, Bangalore 560 025
	Salarpuria Citadel, 3, Hosur Road, Adugodi, Bangalore 560 030
	Midford Crescent, 53/1, Richmond road, Bangalore 560 025.
	40, Peters Road, Chennai 600 014

E-Business Division	Floor 8, Brigade Towers, Bangalore 560 025
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MPS Technologies Ltd.	DLF Corporate Park, Block 3A, 4th & 5th Floor, Gurgaon, Haryana
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Printing Press	Injambakkam, Chennai 600 041
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Editorial	2/10, Ansari Road, New Delhi 110 002
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Regional Offices	Chennai, Delhi, Kolkata, Mumbai
Showrooms	Bangalore, Bhopal, Chandigarh, Chennai, Coimbatore, Cuttack, Ghaziabad, Guwahati, Hubli, Hyderabad, Jaipur, Lucknow, Madurai, Mumbai, Nagpur, Patna, Pune, Raipur, Trivandrum, Visakhapatnam.

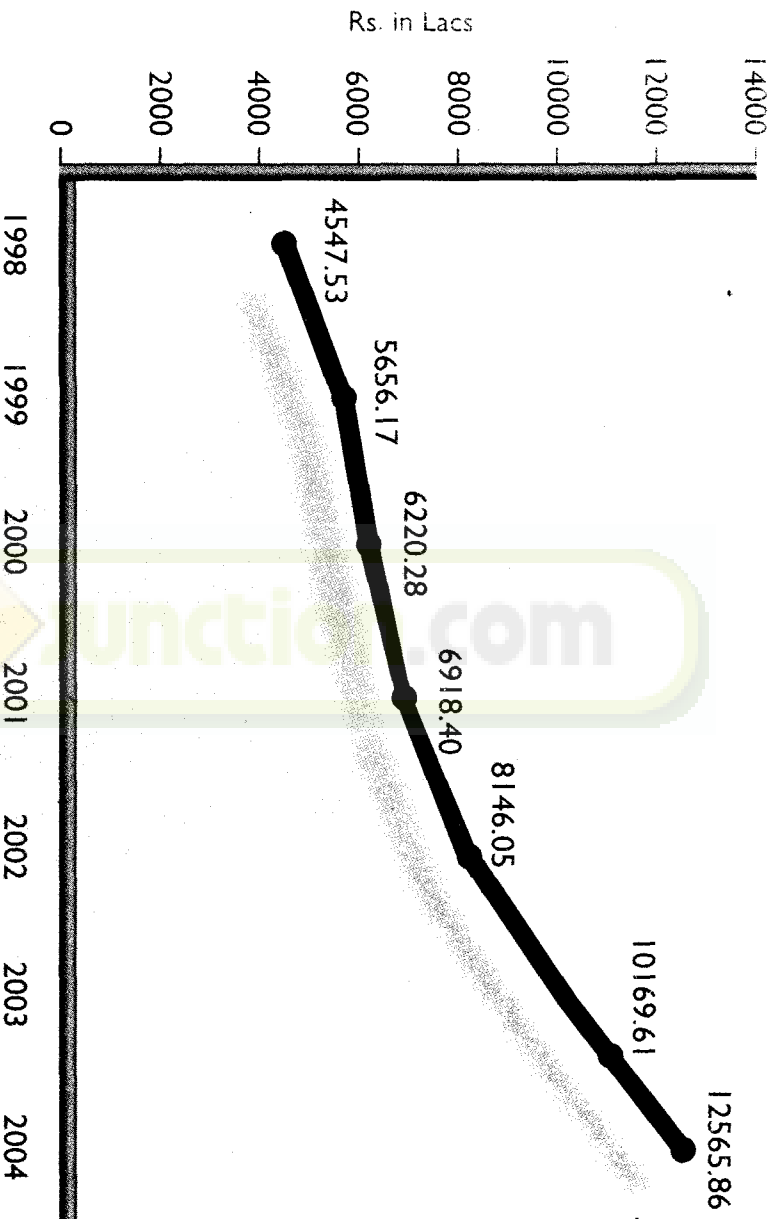
Registrars and Share Transfer Agents	Cameo Corporate Services Limited Subramanian Building, 1, Club House Road, Chennai 600 002
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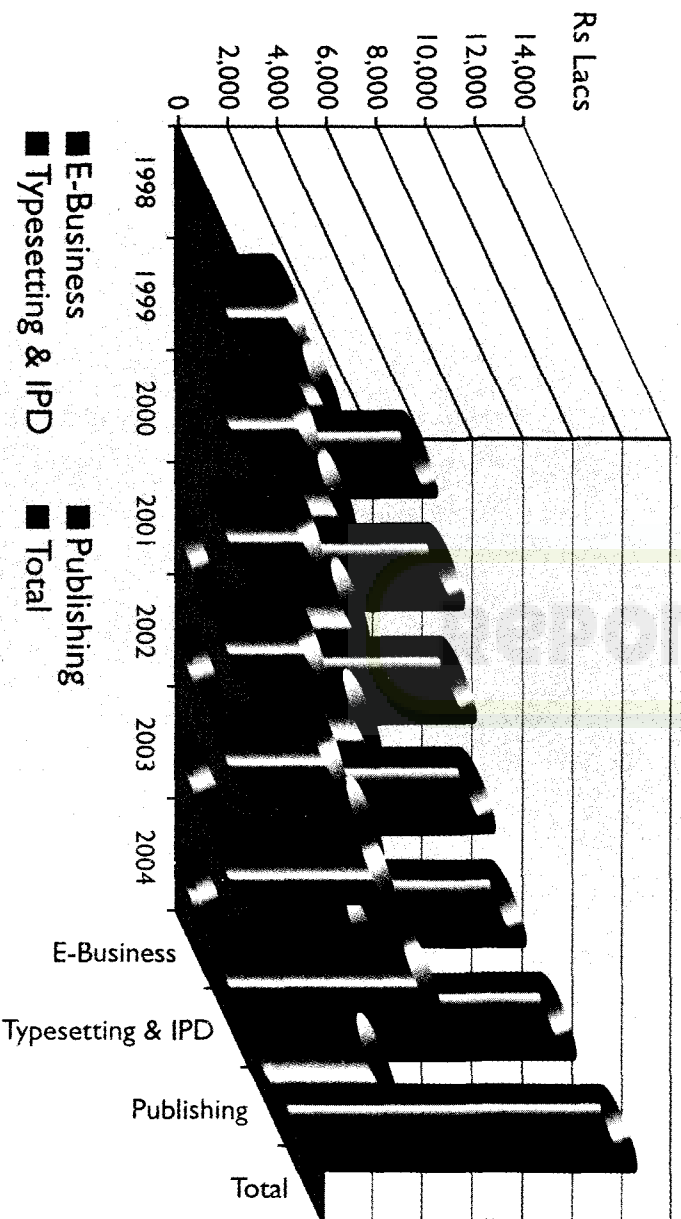
MACMILLAN
Macmillan India Ltd.

KEY FINANCIALS

SALES



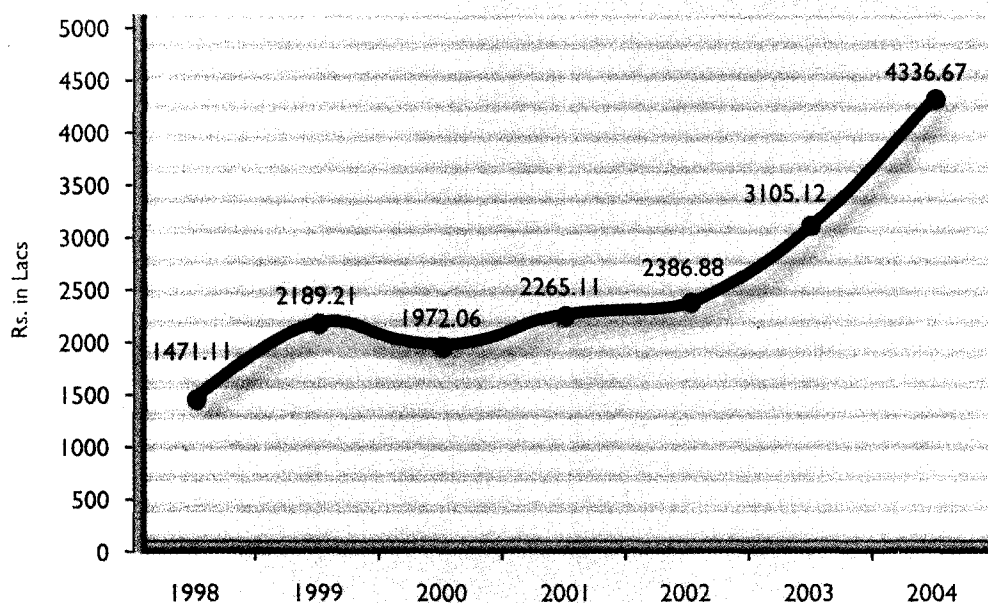
SEGMENTAL SALES



KEY FINANCIALS

	1998	1999	2000	2001	2002	2003	2004
Rs. in Lacs							
INCOME							
Sales							
Publishing	2,212.74	2,796.58	3,274.16	3,840.41	3,935.64	3,937.66	4,329.85
E-Business				0.40	260.86	355.13	501.16
IPD&Typesetting	2,334.79	2,859.59	2,946.12	3,077.59	3,949.55	5,876.82	7,734.85
Total Sales	4,547.53	5,656.17	6,220.28	6,918.40	8,146.05	10,169.61	12,565.86
Interest	199.77	226.98	220.20	212.32	200.29	340.25	305.88
Other Income	149.89	164.76	144.37	339.80	339.31	238.49	73.76
Total Income	4,897.19	6,047.91	6,584.85	7,470.52	8,685.65	10,748.35	12,945.50
YOY Growth							
Publishing & E-Business	18%	26%	17%	17%	9%	2%	12.54%
IPD&Typesetting	41%	22%	3%	4%	28%	49%	31.62%
Total Sales	29%	24%	10%	11%	18%	25%	23.56%
EXPENDITURE							
Expenditure	2,722.77	3,071.29	3,417.74	4,379.37	5,522.49	6,831.19	7,873.49
Depreciation	188.73	197.41	373.12	353.32	396.55	431.64	435.34
Total Expenditure	2,911.50	3,268.70	3,790.86	4,732.69	5,919.04	7,262.83	8,308.83
Profit before Extra-ordinary items	1,985.69	2,779.21	2,793.99	2,737.83	2,766.61	3,485.52	4,636.67
Less: Provision for diminution in value of Investments			106.93	23.83			
Profit before Taxation	1,985.69	2,779.21	2,687.06	2,714.00	2,766.61	3,485.52	4,636.67
Provision for Taxation	514.58	590.00	715.00	448.89	379.73	380.40	300.00
Profit After Taxation	1,471.11	2,189.21	1,972.06	2,265.11	2,386.88	3,105.12	4,336.67

NET PROFIT AFTER TAX



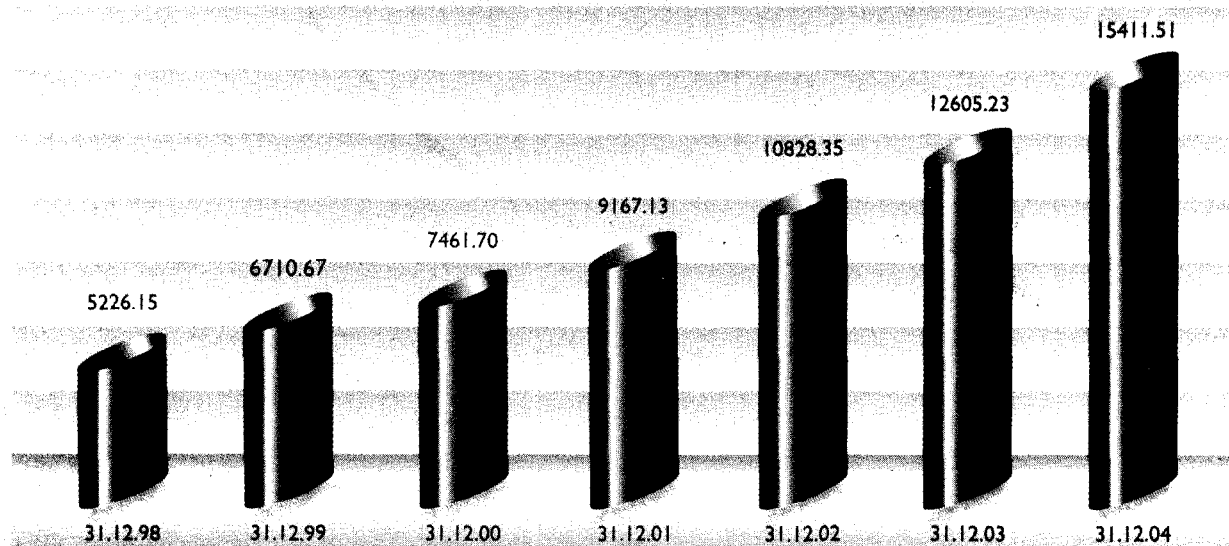
NET WORTH

Rs. In Lacs

	31.12.98	31.12.99	31.12.00	31.12.01	31.12.02	31.12.03	31.12.04
Fixed Assets	2,015.37	2,682.63	2,686.92	2,953.34	3,076.75	3,147.57	3,359.51
Investments	595.20	595.18	478.20	554.02	764.38	764.57	2,581.61
Current Assets, Loans & Advances	4,286.39	5,051.11	5,746.86	7,305.41	9,656.34	12,394.19	13,363.36
Current Liabilities & Provisions	(1,670.81)	(1,618.25)	(1,450.28)	(1,645.64)	(2,669.12)	(3,701.10)	(3,892.97)
NET WORTH	5,226.15	6,710.67	7,461.70	9,167.13	10,828.35	12,605.23	15,411.51

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Rs. In Lacs

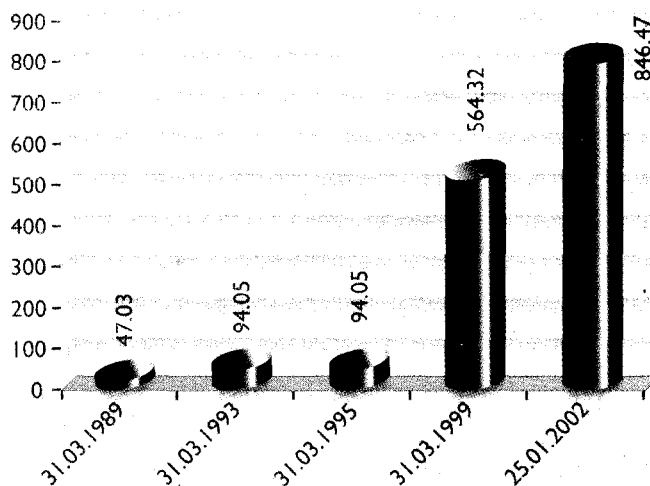


SHAREHOLDER VALUE

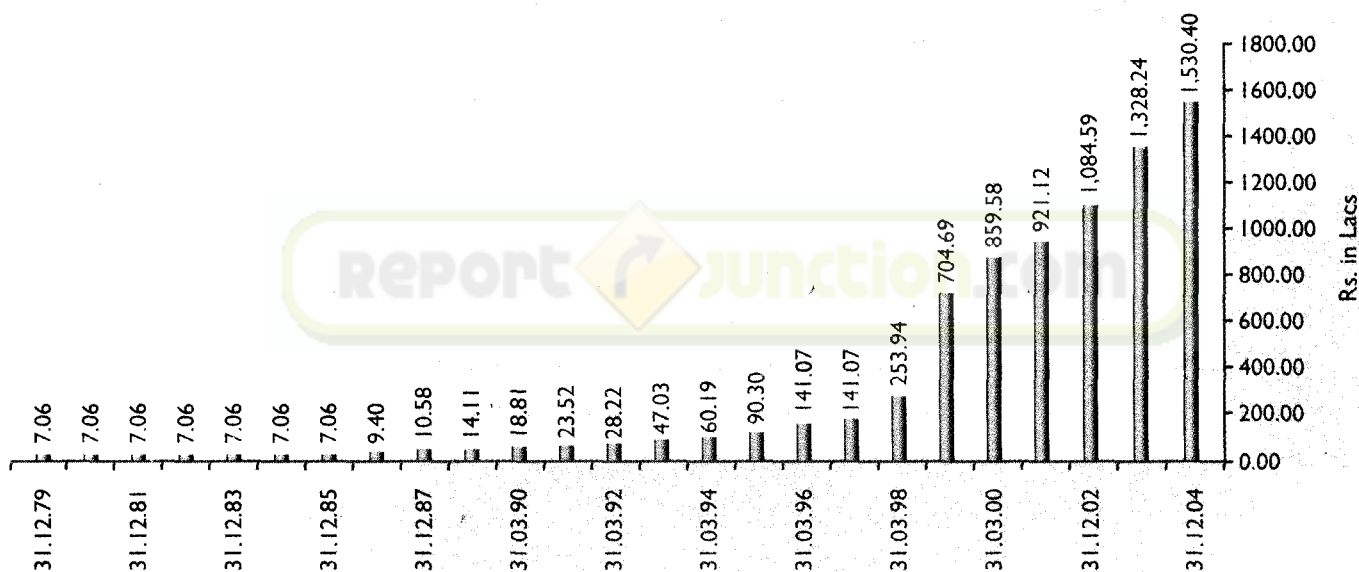
Bonus Issued

	CAPITAL Rs. In lacs	BONUS ISSUED Rs. In lacs	ON CURRENT CAPITAL RATIO	No. of times on original capital
25.01.2002	1692.94	846.47	1 : 1	36
31.03.1999	846.47	564.32	2 : 1	18
31.03.1995	282.15	94.05	1 : 2	6
31.03.1993	188.10	94.05	1 : 1	4
31.03.1989	94.05	47.03	1 : 1	2

Rs. In Lacs

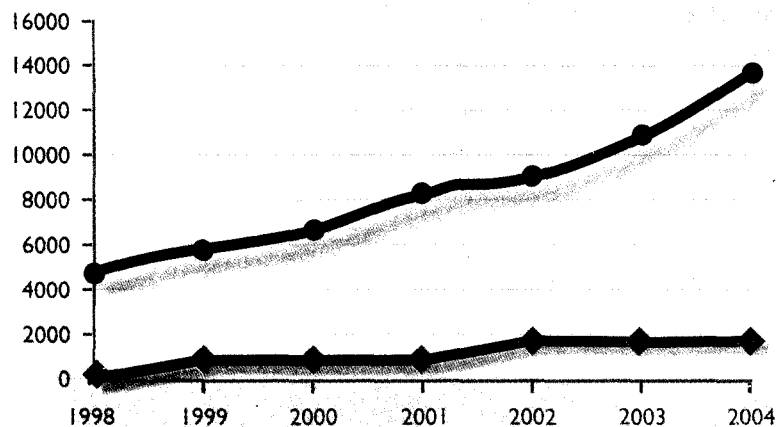


DIVIDEND PAID



SHARE CAPITAL & RESERVES

Rs. In Lacs



Reserves

Share Capital

REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the **Thirty-fifth Annual Report together with the Accounts** for the year ended 31st December 2004.

Accounts

The profit for the year is as under.

	Rs in Lacs	
	Year ended	Year ended
	31.12.2004	31.12.2003
Profit for the year after depreciation and taxation	4,336.67	3,105.12
To which is added:		
Surplus brought forward from previous year	6,319.67	5,042.79
	<u>10,656.34</u>	<u>8,147.91</u>
Appropriations:		
Interim dividend already paid	588.69	504.60
Proposed Final Dividend	756.89	672.79
Corporate Tax on Dividend	184.81	150.85
Transfer to General Reserve	500.00	500.00
Surplus carried forward	8,625.95	6,319.67
	<u>10,656.34</u>	<u>8,147.91</u>

Dividend

An interim dividend of 35% was already paid. The Directors have recommended a final dividend of 45% for the financial year ended 31st December 2004 which if approved at the forthcoming Annual General Meeting would be paid to all those Members whose names appear on the Register of Members as on 30th June 2005.

PROGRESS OF THE BUSINESS

The overall sales for the year was Rs 126 crores as against Rs 102 crores in the corresponding previous year recording an increase of 24%. The post tax profit was Rs 43.36 crores as against Rs 31.05 crores in the

previous year recording an increase of 40%. The EPS also went up to Rs 25.78 from Rs 18.46. Macmillan India Limited (the Company) has set the pace on a number of fronts in 2004, from the development of new technology through to the launch of new imprints and innovative services. With its newly formed subsidiary MPS Technologies Limited the Company is poised to offer high technology publishing services globally. During the year a 23,000 sq. ft. office space has been added to house 320 additional staff for its export division. Detailed analysis, discussion and progress are given in the segmental reporting section in the Management Discussion and Analysis Report of the Annual Report.

Overall Company aims

The Company's current strategy remains unchanged:

- To build its lead as the country's foremost educational publisher at all levels of education, both by continuing to increase the scope and quality of its textbook publishing and by building a new reputation as a leader in distance education through e-learning.
- To increase the size, scope and technological advantage of its business as a global high added-value IT-enabled service provider for publishers. Our intention is to remain in the forefront of this area and to play a major part in the harnessing of India's skills, abilities and cost-advantages and in assisting in India's domination of IT-enabled services in the coming years.

Subsidiary company

The accounts of the subsidiary company Brigade Marketing Company Limited pursuant to Section 212 of the Companies Act, 1956 are annexed to this Report.

REPORT OF THE BOARD OF DIRECTORS

The premises of the subsidiary company have been used for the business of your Company. The amalgamation petition for the amalgamation of the Brigade Marketing Company Limited with the Company is pending before the Hon'ble High Court at Chennai. The members of both the Company and Brigade Marketing Company Limited have approved the amalgamation in their respective court convened members meetings on 7th January 2005.

Pursuant to clause 41 of listing agreement with the Stock Exchanges and as prescribed by Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the audited consolidated financial statement is attached.

The first accounts of the MPS Technologies Limited would be for the period ending 31st December 2005 and therefore the same has neither been attached nor included in the consolidated financial statement.

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

During the year under review, foreign exchange earned through exports was Rs 8,237 lacs as against Rs 6,037 lacs for the year ended 31st December 2003. The outgo of foreign exchange was Rs 1,694 lacs. Thus the net foreign exchange earned by the Company was Rs 6,543 lacs. The details of earnings and outgo are given in the Notes forming part of the Accounts for the year ended 31st December, 2004.

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.

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a compliance report on Corporate Governance together with a certificate from the statutory auditors confirming compliance with the conditions of corporate governance stipulated in the said clause is annexed to this report.

Directors

Under Articles 139 to 142 of the Articles of

Association of the Company Mr. Charkin and Mr. Barnard retire by rotation and being eligible, offer themselves for re-appointment. Mr. Contractor was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 read with Article 125 of the Articles of Association of the Company, with effect from 25th June, 2004 and holds office upto the date of forthcoming Annual General Meeting of the Members of the Company. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. Contractor as Director of the Company at the forthcoming Annual General Meeting.

Auditors

The Company's Auditors, Messrs. Fraser & Ross retire 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 December 2004 is annexed to this Report.

Directors Responsibility Statement

Pursuant to sub-section (2AA) of Section 217 of the Companies (Amendment) Act 2000, the Directors confirm that:

- (i) In preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable.
- (ii) The Directors have selected such accounting policies and applied them consistently, and made judgements 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 December, 2004 and the profit of the Company for the financial year ended 31st December, 2004.

REPORT OF THE BOARD OF DIRECTORS

(iii) The Directors 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.

(iv) The Directors have prepared the annual accounts on a 'going concern basis'.

Acknowledgements

The Company is dependent for its success on the support of its Members, its authors, its customers and above all its management and staff. The Directors wish to place on record their appreciation of this support during another successful year in 2004.

For and on behalf of the Board

RICHARD CHARKIN
Chairman

Place: New Delhi

Date: 21st April 2005

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