



42

Annual Report

2011-12

Your reliable
publishing solutions
partner

MPS

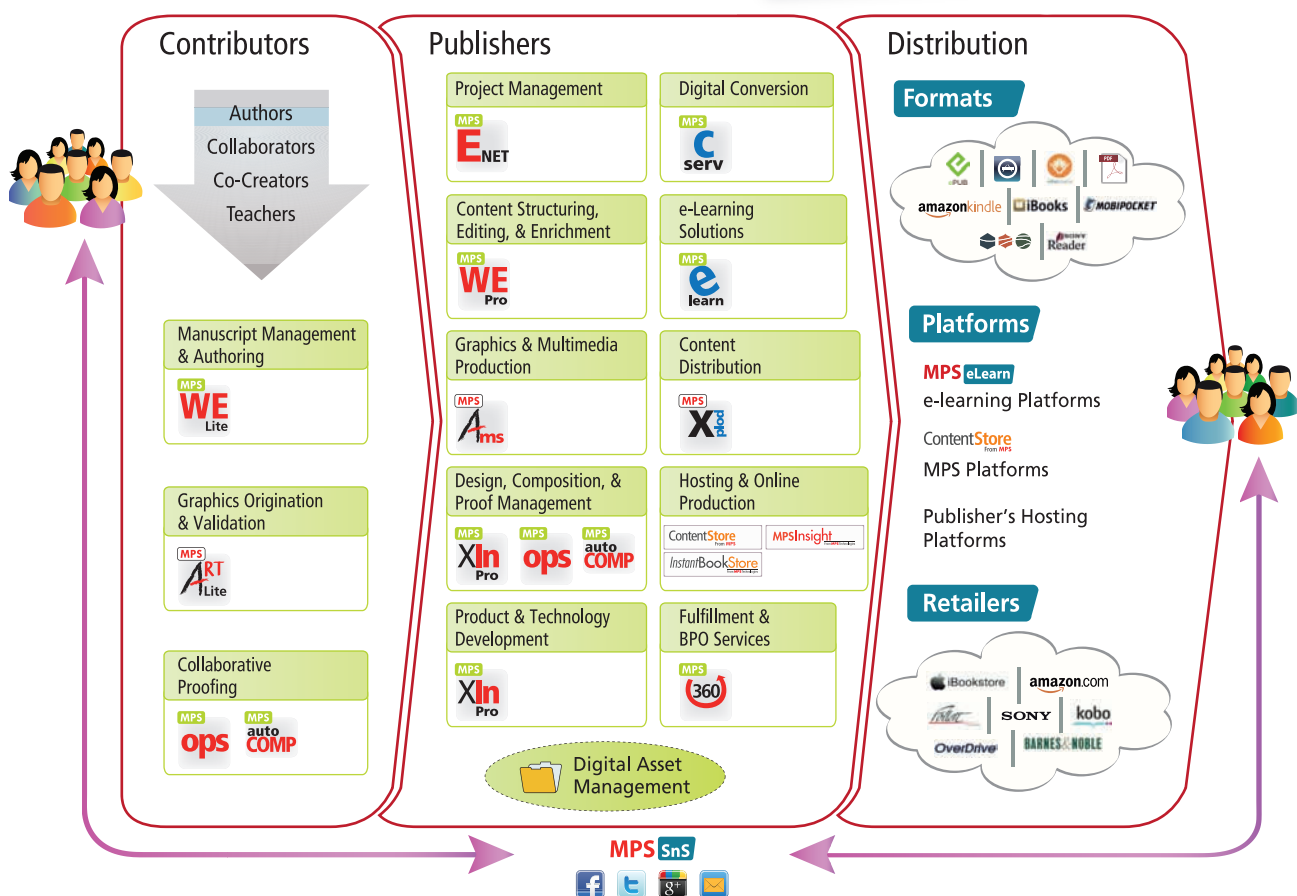


End-to-end project management for book production

We have leveraged our long experience in book production, digital services, and technology platforms to develop end-to-end digital first workflows for content production and distribution

Key differentiators...

- Experienced onshore and offshore project managers
- Editorial resources for social sciences, humanities, management, economics, science, technology, and medicine
- Talented composition and proofreading resources for school, college, and professional books
- CreativeStudio for artwork and graphics design
- Expertise with XML-based workflows
- Content transformation and conversion services including EPUB3 and HTML5
- Animation and interactive content development
- Online ContentStore for hosting and distribution of eBooks



KEY INFORMATION

BOARD OF DIRECTORS

CONTENTS

Items	Page No.
Board of Directors	3
AGM Notice	6
Report of the Board of Directors	18
Management Discussion & Analysis	23
Corporate Governance Report	27
Auditors Report on Corporate Governance	35
Auditors Report to the Members of the Company	37
Balance Sheet, Profit & Loss Account with Schedules	39
Notes on Accounts	50
Balance Sheet Abstract	63
Attendance Slip	65

Chairman & Managing Director

Chairman

Vice Chairman

Director

Director

Director

Managing Director

Mr. Nishith Arora (Chairman wef January 17, 2012, Chairman & Managing Director wef April 19, 2012 and Additional Director from December 7, 2011)

Mr. Lawrence Jennings (up to January 17, 2012)

Mr. D. E. Udawadia

Mr. Ashish Dalal

Mr. Vijay Sood (wef January 17, 2012)

Mr. W. Hansan Farries (up to January 17, 2012)

Mr. Rajiv K. Seth (up to April 18, 2012)

Company Secretary

Mr. Supriya Kumar Guha

Legal Advisors

Udawadia Udeshi & Argus Partners

Solicitors & Advocates

Elphinstone House, 1st Floor, 17, Murzban Road, Mumbai – 400001

Auditors

Messrs Deloitte Haskins & Sells

Deloitte Centre, Anchorage II

100/2 Richmond Road, Bengaluru - 560025

Bankers

BNP PARIBAS

Landmark Building, 3rd Floor, 21/15, M. G. Road, Bengaluru – 560001

Corporate Office

HMG Ambassador, 137, Residency Road, Bengaluru – 560025

Registered Office

27 G N Chetty Road, T Nagar, Chennai – 600017

Other Offices

HMG Ambassador, 137 Residency Road, Bengaluru - 560025

Midford Crescent, 53/1, Richmond Road, Bengaluru – 560025

69, Eldams Road, Teynampet, Chennai – 600018

865, Udyog Vihar, Phase V, Gurgaon – 122016

Ground Floor, NSIC Bhavan, STP Complex,

Okhla Industrial Estate, New Delhi - 110020

USA

810, SE, Sherman Suite B, Portland, OR 07214, USA

Registrars and

Share Transfer Agents

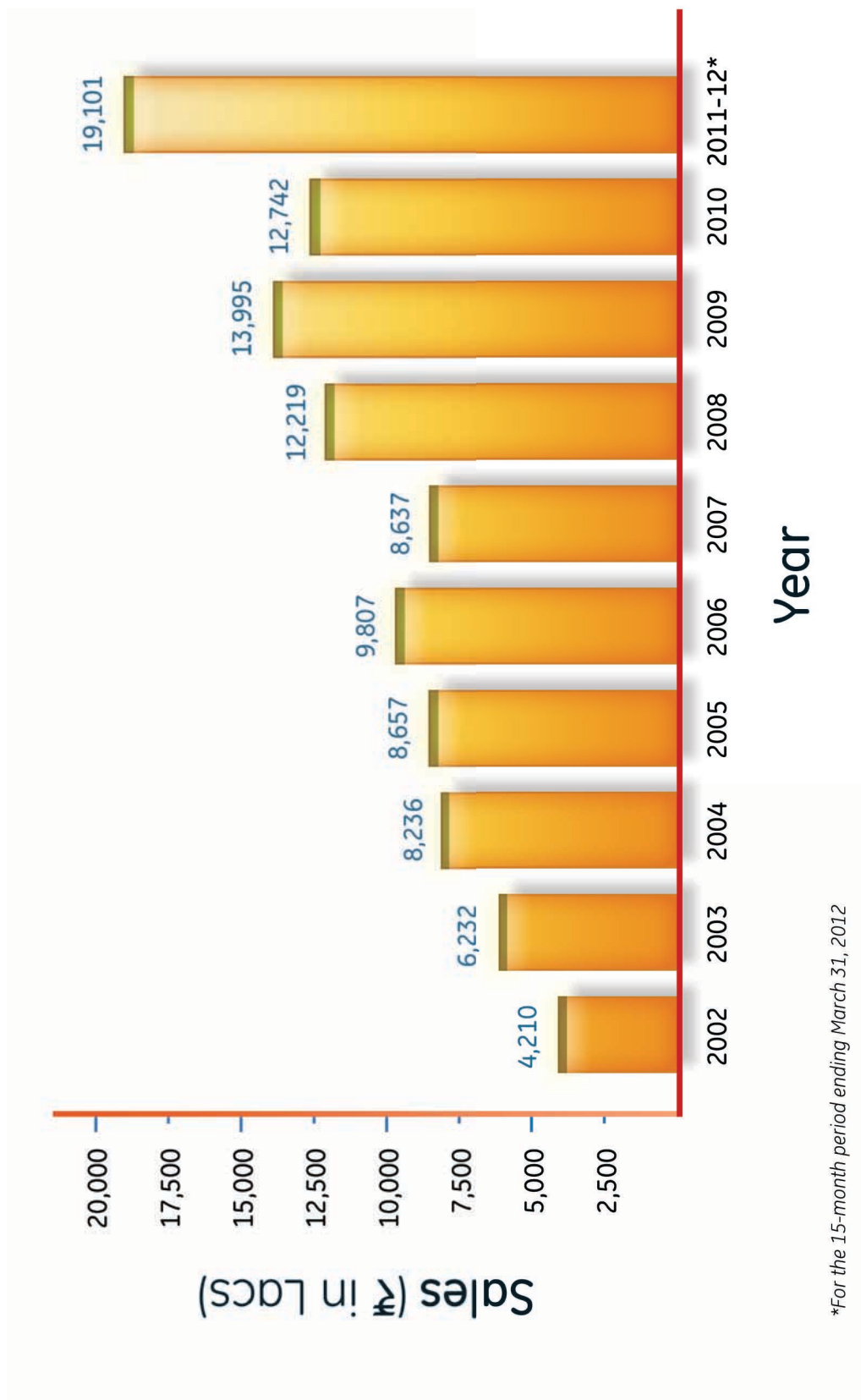
Cameo Corporate Services Limited

Subramanian Building, 1, Club House Road, Chennai – 600002

*For the 15-month period ending March 31, 2012

MPS LTD –

10 YEARS SALES TREND



*For the 15-month period ending March 31, 2012

MPS LIMITED -

KEY FINANCIALS

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011-12*
₹ In Lacs										
INCOME										
Sales										
Publishing Services	4,210	6,232	8,236	8,657	9,807	8,637	12,219	13,995	12,742	19,101
Publishing	3,936	3,938	4,330	4,833	4,889	6,103	4,031	-	-	-
Total Sales	8,146	10,170	12,566	13,490	14,696	14,740	16,250	13,995	12,742	19,101
Interest	200	340	305	292	227	199	44	26	27	37
Other Income	339	238	73	251	285	544	139	251	874	635
Total Income	8,685	10,748	12,945	14,034	15,209	15,484	16,433	14,273	13,643	19,773
EXPENDITURE										
Expenditure	5,522	6,831	7,873	9,357	11,180	12,775	13,491	12,772	13,945	17,250
Depreciation	397	431	435	482	485	571	613	632	667	1,068
Total Expenditure	5,920	7,262	8,308	9,840	11,665	13,347	14,104	13,404	14,612	18,318
Profit before Extraordinary items	2,767	3,485	4,636	4,193	3,543	2,137	2,328	868	(969)	1,455
Less: Provision for diminution in value of investments										
Profit before Taxation	2,767	3,485	4,636	4,193	3,543	2,137	2,328	868	(969)	1,455
Provision for Taxation	379	380	300	100	40	321	512	156	(88)	368
Profit After Taxation	2,386	3,105	4,336	4,093	3,502	1,816	1,816	712	(881)	1,087

*For the 15-month period ending March 31, 2012

MPS LIMITED

Registered Office. 27 G N Chetty Road, T Nagar, Chennai 600 017

NOTICE TO MEMBERS

NOTICE is hereby given that the Forty-second Annual General Meeting of the Members of the Company will be held at on Friday, the 3rd day of August, 2012 at My Fortune Chennai, 10, Cathedral Road, Chennai 600086 at 3 pm to transact the following business: -

1. To consider and adopt the audited Balance Sheet as at 31st March, 2012, the Profit and Loss Account for the fifteen months period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To approve payment of Final dividend
3. To appoint a Director in place of Mr. D.E. Udwardia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.
5. To appoint a Director in place of Mr. Nishith Arora, who was appointed as an Additional Director of the Company under Article 125 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and being eligible, offers himself for re-appointment and in respect of whom a notice in writing has been received at the Registered Office of the Company from a Member signifying his intention to propose Mr. Nishith Arora as a candidate for the office of Director under Section 257 of the said Act.
6. To appoint a Director in place of Mr. Vijay Sood, who was appointed as an Additional Director of the Company under Article 125 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and being eligible, offers himself for re-appointment and in respect of whom a notice in writing has been received at the Registered Office of the Company from a Member signifying his intention to propose Mr. Vijay Sood as a candidate for the office of Director under Section 257 of the said Act.
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Special Resolution**:

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956 read with Schedule XIII thereto, and other applicable provisions, if any, of the said Act, consent be and is hereby granted to the appointment of Mr. Nishith Arora, as Managing Director of the Company, for a period of three years, from 19th April, 2012 upto 18th April, 2015 (both days inclusive) at the remuneration including perquisites and upon and subject to the terms and provisions contained in the draft Agreement between the Company and Mr. Nishith Arora, placed before this meeting and initialed by Mr. D. E. Udwardia, Vice Chairman for the purpose of identification.

AND RESOLVED THAT, subject to the approval of the Central Government, if necessary, consent be and is hereby granted that in the event of loss or inadequacy of profits in any financial year during the tenure of Mr. Nishith Arora as Managing Director, the remuneration including perquisites as set out in the said draft Agreement, be paid or granted to him as minimum remuneration and perquisites.

AND RESOLVED THAT Mr. D. E. Udwardia, Vice Chairman of the Company and Mr. Supriya Kumar Guha, Company Secretary be and are hereby authorized to enter into an Agreement on behalf of the Company with Mr. Nishith Arora, in terms of the aforesaid draft Agreement and that the Common Seal of the Company be affixed to the Agreement in the presence of the aforesaid persons, who shall also sign in token thereof."

8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Special Resolution**:
"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and 311 of the Companies Act, 1956, read with Schedule XIII thereto and other applicable provisions, if any, of the said Act consent

be and is hereby granted to the re-appointment of Mr. Rajiv K Seth, as Managing Director of the Company, from 15th November, 2011 upto 18th April, 2012 (both days inclusive) at the remuneration including perquisites and upon and subject to the terms and provisions contained in the Agreement dated 21st December, 2011 between the Company and Rajiv K Seth, placed before this meeting.

AND RESOLVED THAT, consent be and is hereby granted, for the payment of abovementioned remuneration as minimum remuneration during the aforesaid tenure of Mr. Rajiv K Seth as Managing Director, as set out in the said Agreement."

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby granted to Mr. Rahul Arora, son of Mr. Nishith Arora (Chairman and Managing Director of the Company), holding an office or place of profit under the Company as the Chief Marketing Officer, from 6th August, 2012, upon the terms and conditions contained in the draft Agreement between the Company and Mr. Rahul Arora, placed before this meeting and initialed by a Director of the Company for the purpose of identification."

10. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 309 (4) and other applicable provisions, if any, of the Companies Act, 1956, so long as the Company has a Managing and/or Whole-time Director, such sum by way of commission as may be determined by the Board in no case exceeding in the aggregate 1% of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 1956 for each of the five financial years of the Company commencing on and from 1st April, 2011, be paid to and distributed amongst the Directors of the Company (including Alternate Directors but excluding Whole-time Directors and/or Managing Directors), the proportion and manner of such payment and distribution to be as the Board may from time to time decide.

AND RESOLVED THAT if at any time during the aforesaid period of five years commencing on and from 1st April, 2011, the Company does not have a Managing Director and / or a Whole-time Director, such sum by way of commission in no case exceeding in the aggregate 3% of the net profits of the Company, computed in the manner laid down in the said Section 198 as may be determined by the Board, be paid to and distributed amongst the Directors of the Company (including Alternate Directors but excluding Whole-time Directors and/or Managing Directors), for the residual unexpired part of the aforesaid period of five years, the proportion and manner of such payment and distribution to be as the Board may from time to time decide."

11. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government under Section 268 of the said Act, the Articles of Association of the Company be altered in the manner and to the extent hereinafter set out:

- (1) The word "Macmillan" appearing in the present Article 2(1) be deleted and in its place the following be inserted:

" "ADI BPO" means ADI BPO Services Limited, a company incorporated under the Act and having its registered office at N-49, Greater Kailash-1, New Delhi 110 048."

- (2) The word "Macmillan" appearing in the marginal note of the present Article 2(1) be deleted and in its place the name "ADI BPO" be inserted.

- (3) The words "Macmillan Director" appearing in the present Article 2(1) be deleted and in their place the following be inserted :

" "ADI BPO Director" means the Director appointed pursuant to Article 122 hereunder."

- (4) The words "Macmillan Director" appearing in the marginal note of the present Article 2(1) be deleted and in their place the name and word "ADI BPO Director" be inserted.

- (5) The word "Macmillan" wherever occurring in the present Article 122 be deleted and in its place the name "ADI BPO" be inserted therein.

- (6) The words "Macmillan Director" wherever occurring in the present Article 139 be deleted and in their place the name and word "ADI BPO Director" be inserted therein.

42nd Annual Report

NOTES:

1. **A Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy need not be a Member of the Company** (Proxy form enclosed). **The proxy form duly completed and signed must be received at the Registered Office of the Company not less than 48 hours before commencement of the meeting.**
2. An Explanatory Statement in terms of Section 173 (2) of the Companies Act, 1956 in respect to Item Nos. 4, 5, 6, 7, 8, 9 and 10 of the Notice set out above is annexed herewith.
3. The relevant details as required by the clause 49 of the Listing Agreement executed with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 3, 4, 5, 6, 7 and 8 are contained in Annexure I to the Explanatory Statement.
4. The Register of Members and Share Transfer Books shall remain closed from **Tuesday, 24th July, 2012 upto Friday, the 3rd August, 2012 (both days inclusive).**
5. The dividend, if any, that may be declared at the meeting will be paid on or before 31st August 2012 to those Members entitled thereto whose name appears in the Register of Members of the Company at the close of business hours on 2nd August 2012.
6. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the meeting so as to enable the management to keep the information ready.
7. Members may please note as per Sections 205A (5) and 205C of the Companies Act, 1956, all amounts transferred to the Unpaid Dividend Account of the Company for dividend declared up to the financial year ended December 31, 2004 and remaining unpaid or unclaimed for a period of seven years from the date of such transfer has been transferred to the Investor Education and Protection Fund (IEPF). Members shall not be able to register their claims in respect of their un-encashed dividend with regard to the above dividend. Members who have not so far claimed their dividends for the year ended December 31, 2005 and any subsequent year(s) are requested to make a claim to the Company.
8. Members are advised to avail of the Electronic Clearing Service (ECS) facility for dividends that may be declared. To avail of this facility, those Members holding shares in physical form, are requested to return the duly filled in ECS Form enclosed herewith to the Company's Registrar & Share Transfer Agents viz, Cameo and Corporate Services Limited (RTA), Subramanian Building, 1, Club House Road, Chennai-600 002. Members holding shares in demat mode are requested to provide the details to National Securities Depositories Limited (NSDL) and Central Depositories Securities Limited (CDSL), as the case may be, through their respective Depository Participant (DP).
9. Members holding shares in physical form are requested to notify immediately any change of address and change of bank account details/ECS particulars to the Company's RTA.
10. Members holding shares in the demat mode are requested to notify any change of address and change of bank account/ECS particulars to their respective DP and ensure that such changes are recorded by them correctly.
11. For the convenience of Members and for the proper conduct of the meeting, entry to the place of meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members/Proxies attending the meeting are kindly requested to complete the enclosed Attendance Slip and affix their signature at the place provided thereon and hand it over at the entrance.
12. Members are requested to bring their copies of the Annual Report at the time of attending the meeting.
13. As per the Companies Act, 1956, facility for making nominations is now available to individuals holding shares of the Company. The Nomination Form 2B prescribed by the Central Government can be obtained from the RTA of the Company.
14. The Securities and Exchange Board of India (SEBI) vide circular ref no. MRD/Dop/CIR 05/2007 dated April 27, 2007 made PAN the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transaction.
15. In continuation of the said circular, it is hereby clarified that for securities market transactions and off-market/private transactions involving transfer of shares in listed companies in physical form, it shall be mandatory for the transferee(s) to furnish a copy of the PAN card to the Company/RTA for registration of such transfer of shares.
16. The Ministry of Corporate Affairs (vide Circular nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively) has undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their email addresses, in respect of shares held in dematerialized form with their respective DP and in respect of shares held in physical form with the Company's RTA.

Place: Mumbai
Date: 28th May, 2012

Registered Office:
27, G N Chetty Road, T Nagar
Chennai 600017

On behalf of the Board,
Sd/-

Supriya Kumar Guha
Company Secretary

Explanatory statement pursuant to section 173(2) of the companies act, 1956

Item nos. 5 and 7

Mr. Nishith Arora ("Mr. Arora") was appointed as an Additional Director of the Company on 7th December, 2011 by a circular resolution of the Board. Mr. Arora was a non Executive Director from 7th December, 2011 upto 18th April, 2012.

In accordance with Section 260 of the Companies Act, 1956 ("the Act") read with Article 125 of the Articles of Association of the Company, Mr. Arora will hold office up to the date of the ensuing Annual General Meeting. In terms of Section 257 of the Act, a notice in writing has been received from a Member of the Company signifying his intention to propose Mr. Arora as a candidate for the office of Director, along with a deposit of ₹500/- (Rupees five hundred only) which amount shall be refunded to the Member, if Mr. Arora is appointed as a Director.

At a meeting of the Board held on 3rd February, 2012, the Board approved Mr. Nishith Arora's appointment as Managing Director of the Company for a period of three years from 19th April, 2012, subject to the consent of the Members in General Meeting.

At a meeting of the Board held on 28th May, 2012 the Board approved, subject to the consent of the Members in General Meeting, a draft Agreement ("the Agreement") setting out the terms and conditions of Mr. Arora's appointment as Managing Director, including the remuneration and perquisites to be paid or granted to him.

The approval of the Members is now being sought to the appointment of Mr. Arora as a Director pursuant to the resolution at Item No. 5 and also to his appointment as Managing Director as aforesaid, and to the terms and conditions of his appointment, including his remuneration and perquisites during his tenure as Managing Director, as set out in the Agreement referred to in the resolution at Item No. 7.

The material terms of the Agreement are as under:-

Salary:

- a. Salary: ₹3,50,000 per month, or such other sum not exceeding ₹5,00,000 per month as may be determined by the Board from time to time, at its discretion;
- b. Annual Bonus – 20% of salary as applicable to other employees of the Company;
- c. Annual performance Bonus: Not exceeding 15 months' salary as the Board may determine in its discretion;

Provided that the total amount of remuneration payable to Mr. Arora, including other allowances as mentioned in sub paragraph (2) below, not to exceed 5% of the net profit as specified in Section 198 of the Act.

Other allowances:-

- a. the use of a furnished residential accommodation taken on lease or on leave and license basis by the Company, the cost of which to be ₹200,000 per month or such other sum not exceeding 60% of Salary as may be determined by the Board from time to time at its discretion; reimbursement by the Company of all charges in connection with gas, electricity, water, maintenance and furnishing at Mr. Arora's residence, if Mr. Arora stays in leased accommodation hired by the Company. The expenditure incurred by the Company to be valued as per the Income Tax Rules, 1962 for the time being in force;
- b. in the event Mr. Arora decides to stay at an accommodation arranged by him, he is to be entitled to House Rent Allowance of 60% of basic salary;
- c. special allowance of ₹140,000 per month;
- d. reimbursement of medical expenses actually incurred by Mr. Arora and his family, in accordance with the rules of the Company for the time being in force, which is currently ₹15,000 per annum;
- e. leave travel concession for Mr. Arora and his family in accordance with the rules of the Company for the time being in force;
- f. membership of two clubs, the monthly subscription thereto being borne and paid by the Company;
- g. the benefit of a Personal Accident Insurance Policy effected by the Company, the premium not to exceed ₹15,000/- per annum as per rules of the Company;
- h. the benefit of the Group Medi-claim policy effected by the Company, as per the rules of the Company the premium not to exceed a half month's salary per annum;

Perquisites

- i. the use of a telephone for business purposes at the residence of Mr. Arora, the rent, call charges and other outgoings in respect thereof being paid by the Company; save and except for personal long distance calls which are to be billed by the Company to, and payable by, Mr. Arora directly;

42nd Annual Report

- ii. the use of one chauffeur driven motorcar for business purposes, all expenses for running and upkeep of such motorcar as also the salary of the chauffeur being borne and paid by the Company; use of motor car for personal purposes is to be billed by the Company to Mr. Arora;
- iii. the benefit of the Company's Provident Fund scheme in accordance with the rules of the Scheme for the time being in force, subject to the condition that the Company's contribution thereto not to exceed 12% of the salary of Mr. Arora as laid down in the Income Tax Rules, 1962 for the time being in force;
- iv. gratuity at the rate of 15 days salary for each completed year of service as Managing Director;
- v. the benefit of the Company's Superannuation Scheme in accordance with the rules of the Scheme for the time being in force provided that the Company's contribution hereto together with the Company's contribution to the Provident Fund not to exceed 27% of Mr. Arora's salary as laid down in the Income Tax Rules, 1962 for the time being in force;
- vi. leave on full remuneration as per the rules of the Company for the time being in force. In case of leave not availed of, Mr. Arora be entitled to encash the same at the end of his tenure under the Agreement;
- vii. casual and sick leave on full remuneration including all benefits in accordance with the rules of the Company for the time being in force; and
- viii. reimbursement of travelling and entertainment expenses reasonably incurred by him exclusively for the business of the Company and approved by the Board.

In the case of loss or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Arora to be subject to the provisions of Section II of Part II of Schedule XIII to the Act.

Income tax, if any, on or in respect of the aforesaid remuneration to be borne and paid by Mr. Arora.

During Mr. Arora's employment under the Agreement, he is not to directly or indirectly engage himself in any other business, occupation or employment whatsoever, provided however that it be permissible for Mr. Arora with the previous sanction of the Board to hold any non-executive directorship or directorships, share or shares of any other company or companies, and the holdings of any such permitted directorships or shares not to be deemed a contravention of the clause. Mr. Arora may, however, hold share or shares quoted on a recognized Stock Exchange without the consent of the Board.

The foregoing may also be treated as an abstract of the terms of appointment of Mr. Arora under Section 302 of the Act.

It is proposed that in the event of loss or inadequacy of profits in any financial year during the tenure of Mr. Arora as Managing Director, the remuneration as set out in the Agreement, be paid or granted to him as minimum remuneration.

The Board is of the opinion that Mr. Arora's expertise and experience will be beneficial to the Company. The Board considers the remuneration payable to Mr. Arora to be fair and commensurate with his responsibilities. The Board recommends passing of the resolutions at Item Nos. 5 and 7.

Details of Mr. Arora required to be furnished as per Clause 49 (IV) (G) of the Corporate Governance Guidelines are set out in Annexure I which is attached to the Explanatory Statement. The information required as per Category C of Section II of Part II of Schedule XIII to the Act for appointment of Mr. Arora as Managing Director is set out in Annexure II which is attached to the Explanatory Statement.

The aforesaid Agreement will be available for inspection by Members at the Registered Office of the Company during business hours on any working day except Saturday.

Mr. Arora is interested in the resolutions at Item Nos. 5 and 7 of the Notice since they relate to his appointment as a Director and as Managing Director respectively and the remuneration payable to him as Managing Director.

Item No. 6

Mr. Vijay Sood ("Mr. Sood") was appointed as an Additional Director of the Company on 17th January, 2012 by the Board. Mr. Sood is a non Executive Independent Director of the Company.

In accordance with Section 260 of the Companies Act, 1956 ("the Act") read with Article 125 of the Articles of Association of the Company, Mr. Sood will hold office up to the date of the ensuing Annual General Meeting. In terms of Section 257 of the Act, a notice in writing has been received from a Member of the Company signifying his intention to propose Mr. Sood as a candidate for the office of Director, along with a deposit of ₹500/- (Rupees five hundred only) which amount shall be refunded to the Member, if Mr. Sood is appointed as a Director.

The Board is of the opinion that Mr. Sood's expertise and experience will be beneficial to the Company. The Board recommends his appointment as a Director of the Company. Approval of the Members of the Company is sought to his appointment.

Details of Mr. Sood required to be furnished as per Clause 49 (IV) (G) of the Corporate Governance Guidelines are set out in the Annexure I which is attached to the Explanatory Statement.