




MONOTYPE INDIA LIMITED

24TH ANNUAL REPORT

1998-99

CERTIFIED TRUE COPY
for MONOTYPE INDIA LIMITED


S. P. GHOSH
Company Secretary

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**Directors**

P K CHOKSEY
Chairman

M. K. JALAN

H.M.PAREKH

Auditors

LODHA & CO

Bankers

ANZ GRINDLAYS BANK plc

CANARA BANK

Secretary

S. P. GHOSH

Registered Office

12 GOVERNMENT PLACE EAST
CALCUTTA - 700 069.

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the twenty fourth Annual General Meeting of the Company will be held at the Registered Office of the Company at 12, Government Place East, Calcutta - 700 069 on Thursday the 25th November, 1999 at 11 A. M. to transact the following business :

1. To receive, consider and adopt the accounts of the Company for the year ended 31st March, 1999 and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. H. M. Parekh who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider the Report of the Board of Directors of the Company to the Shareholders as to :
 - a.) The losses of the Company as at 31st March, 1999 having eroded more than 50% of the peak net worth of the Company during the immediately preceeding four financial years.
 - b.) The causes of such erosion.

Registered Office :

12, Government Place East,
Calcutta : 700 069

Dated :18th September, 1999

By order of the Board

S. P. Ghosh
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS STEAD AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies to be effective must be deposited at the Registered Office of the Company not less than FORTYEIGHT hours before the time of the meeting.
2. Members are requested to bring their copy of Annual Report and the Attendance Slip to the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from 19th November, 1999 to 25th November, 1999 both days inclusive.
4. The unclaimed dividends upto the Company's financial year ended on 31st March,1990 have been transferred to the General Revenue Account of the Central Government and such dividends can be claimed by the shareholders from the Registrar of Companies, West Bengal at 234/4, Acharya Jagadish Chandra Bose Road,Calcutta - 700 020.
5. Nomination facility is now available to the members in respect of the Shares held by them as per provisions of the amended Companies Act, 1956. Members intending to avail the facility may obtain Form2B from the Secretarial Department.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act,1956 in respect of the Special Business of the meeting is annexed hereto.



ANNEXURE**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.4.

The Company has incurred a loss of Rs. 193.18 lacs as at 31st March, 1999 which exceeds 50% of the peak net worth of the Company during the immediately preceeding four financial years. In terms of Section 23 of the Sick Industrial Companies (Special Provision) Act, 1985 the Company is required to place the report of the Board of Directors of the Company on erosion of net worth and the causes thereof to the members and report to the Board of Industrial & Financial Reconstruction (BIFR). A copy of the report on the erosion of the net worth is enclosed.

None of the Directors are concerned or interested in the said resolution except those Directors who are holding shares in the Company to the extent of their shareholding in the Company.

Registered Office :

12, Government Place East,
Calcutta : 700 069

Dated : 18th September, 1999

By order of the Board

S. P. Ghosh
Company Secretary



REPORT OF THE
DIRECTORS FOR THE
YEAR ENDED 31ST MARCH
1999

The Directors present herewith the Annual Report with the Audited Accounts of the Company for the Financial Year ended 31st March 1999.

Financial Results : (Rupees in Lakhs)

	Year to 31st March 1999	Year to 31st March 1998
Profit/(Loss) for the period before Depreciation and Taxation	(169.54)	(98.29)
Less Depreciation	23.64	4.99
Provision for Taxation	—	—
Net Profit/(Loss)	(193.18)	(103.28)
Balance of Profit/(Loss) brought forward from the previous year	(152.29)	(49.01)
Carried to Balance Sheet	(345.47)	(152.29)

PERFORMANCE

The total income of the Company was Rs. 286.05 Lacs as against Rs. 350.45 lacs for the previous year. The Company has incurred a net loss of Rs. 193.18 lacs as against net loss of Rs. 103.28 lacs for the previous financial year.

DIVIDEND :

Due to accumulated loss in the books of accounts, the directors are not recommending any dividend.

OPERATIONS

For the year under review, the continued recession in the engineering industry has adversely affected the operations of your Company. Apart from insufficient orders and under utilisation of the manufacturing capacity, the prices of the products were also subject to severe competitive pressure resulting in decrease of sales and margin. Your Directors regret that

due to reasons stated hereinabove the operation of Bangalore factory had to be suspended with effect from 31st August, 1999 mainly due to lack of orders. The matter was discussed with the Worker's Union and a Memorandum of Settlement was signed by both sides. The activities of the Regional Marketing Centres at Bangalore, Calcutta, Chennai, Mumbai and New Delhi are also suspended.

**MONOTYPE CORPORATION
PLC, UK**

There has not been any further progress in this matter since last year's report except that efforts are being made by the Receiver to sell off 3,63,528 equity shares of Rs. 10 each registered in the name of Monotype Corporation PLC, UK after complying with the necessary formalities. Please refer to Note to the Accounts Item No. 17(IV) for details.



GOING CONCERN BASIS

Your Company has suffered substantial losses during the year leading to erosion of more than 50% of its net worth as on 31.3.1999. The Company is in the process of preparing a proposal for restructure of finances and operations. In view of the above, the Company has prepared the accounts for the period ended 31st March, 1999 as a going concern basis.

POTENTIALLY SICK INDUSTRIAL COMPANY

The accumulated loss of your Company amounted to Rs. 296.56 Lacs as at 31st March, 1999 which has exceeded 50% of the peak net worth of your Company during the immediately preceeding four financial years. This has made your Company a Potentially Sick Industrial Company in terms of provisions of Section 23 of the Sick Industrial Company (Special Provisions) Act, 1985 (SICA). A separate Report of the Directors on the erosion of your Company's net worth is enclosed.

CAPITAL EXPENDITURE

The total capital expenditure during the year amounted to Rs. 33.19 Lacs which includes expenditure on account of research and development activities.

AUDITORS OBSERVATION

With regard to the observations of the Auditors in their report, the details contained in the notes on the Balance Sheet and notes to the accounts are self-explanatory and do not call for any further comments from the Directors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUT GO :

a) Conservation of Energy

In view of increase in the power tariff, the Company has taken necessary steps for improvement in energy conservation.

b) Technology Absorption

The specific areas of R&D activities are :

- i) Development of Rotaprint Offset Machine.
- ii) Development and upgradation of multilingual softwares.

Benefit derived from R&D activities are successful development of value added products and reduce cost of inputs.

No separate account of expenditure on R&D is maintained.

c) Information regarding foreign exchange earning and out go is given in the Notes forming part of Accounts.

PUBLIC DEPOSIT

The total amount of the deposits held by your Company as at 31st March 1999 stood at Rs. 2.69 Lacs. The entire amount of fixed deposit has been matured but lying unclaimed except a sum of Rs. 50,000 which is claimed and under process for repayment.

STATUS OF Y2K

Your Company has taken



necessary steps to make all key business activities Y2K complaine including matters relating to MIS and controls. All internally developed softwares are fully compliant.

Most of the hardwares are Y2K compliant and necessary steps have been taken to make the remaining hardwares Y2K compliant as soon as possible. The cost involved in Y2K activities is not yet estimated and it is hoped that the same would be reasonable. Your Company does not foresee any disruption in its activities and ensures that contingency plans will be put in place wherever relevant.

LISTING AGREEMENT COMPLIANCE

In pursuance of Clause 31 of the Listing Agreement, it is stated that the Company's Equity Shares are listed at

- (a) i) The Calcutta Stock Exchange Association Ltd.
- ii) The Stock Exchange, Mumbai
- (b) The Company has paid annual listing fee to each of the above Stock Exchanges.

PARTICULARS OF EMPLOYEES

Information about the particulars of Employees required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not given in Annexure to the Director's Report as no employee's remuneration attracts

the aforesaid provisions.

DIRECTORS

Mr. H. M. Parekh will retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

EXTENTION OF TIME FOR HOLDING ANNUAL GENERAL MEETING

The Registrar of Companies, West Bengal has granted your Company an extention of time for a period of two months i.e. upto 30th November, 1999 for holding the Annual General Meeting due to be held within 30th September, 1999.

INDUSTRIAL RELATION

During the year under review, industrial relations in the Company continued to be satisfactory.

AUDITORS

The retiring Auditors, Lodha & Co. Chartered Accountants, are eligible and have indicated their willingness to act if reappointed. The Company has received from them a Certificate to the effect that the proposed reappointment, if made, will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Directors wish to thank the investors, Company's Bankers, and Employees for the consistent support received from them throughout the year.

On behalf of the Board of Directors.

Place : Calcutta

Date : 18th September, 1999

P K CHOKSEY

CHAIRMAN



DIRECTOR'S REPORT ON EROSION OF NET WORTH TO THE MEMBERS

Section 23 of Sick Industrial Companies(Special Provisions)Act, 1985 (SICA) provides that if the accumulated losses of an industrial company as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceeding four financial years,such company shall,within a period of sixty days from the date of finalisation of the duly audited accounts of the Company for the relevant financial year,inter alia,hold a general meeting of its shareholders for considering such erosion and the Board of Directors shall forward to every members of the Company,a report as to erosion in the peak net worth of the Company and the causes of such erosion.

The Directors hereby report that the accumulated losses of your Company amounted to Rs. 296.56 lacs as at 31st March, 1999 which exceeds fifty percent of the peak net worth(i.e. Rs. 342.93 lacs) of your Company during the immediately preceeding four financial years.This has made your Company a potentially Sick Industrial Company as per provision of Section 23 of Sick Industrial Companies(Special Provisions) Act, 1985.

Causes for erosion in Net Worth

1. Heavy expenditure on small offset printing machine project.
2. Interest cost on borrowing.
3. Financial liability towards standing charges, statutory wage cost etc.
4. Loss of production and business on account of continued rescission in the Industry leading to insufficient order and under utilisation of manufacturing capacity.

Plan for the future

For the past 2/3 years,the industry has been passing through adverse market conditions mainly on account of over capacity and depressed demand leading to cut throat competition.The future of the printing industry being linked to general upswing in the economy, the immediate recovery of demand cannot be perceived. The Board of Directors, however, has taken several steps to restructure and reorganise the finances and operations of the Company . The more important of these are the decision for suspension of manufacturing operation at Company's Factory at Bangalore and also marketing operations at various Regional Centres, disposal of surplus assets and properties and on-going cost reduction and rationalisation programme. The Company has heavy borrowings mainly due to huge losses incurred over the past years and it is necessary to retire substantial part of this debt as soon as possible by disposal of surplus assets and properties.

The Company shall continue to deal in small offset printing machine and would like to add Pack to Pack printing machinery in its product line.There is a good demand for Pack to Pack machine because of the rising trend towards computerisation which requires continuous stationery printing. The stoppage of production is only temporary in nature and it will be resumed shortly. In view of the aforesaid,the Company will continue as a going concern and will carry on its identified areas of business.

A report stating the fact of such erosion will be sent to the Board of Industrial and Financial Reconstruction(BIFR) in compliance of SICA.

For and on behalf of the Board of Directors

Place : Calcutta

Dated : 18th September, 1999

P. K. Choksey
Chairman