

CS	✓	✓	✓
FC	✓	✓	✓
TRA	✓	✓	✓
ZIM	✓	✓	✓
✓	✓	✓	✓



NAVNEET PUBLICATIONS (INDIA) LIMITED

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ANNUAL REPORT 1997-98

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**ANNUAL
REPORT
1997-98**

Board of Directors

Mr. A. R. Gala	Chairman & Managing Director
Mr. J. K. Sampat	Jt. Managing Director
Mr. D. R. Gala	Executive Director
Mr. H. R. Gala	"
Mr. S. R. Gala	"
Mr. J. L. Gala	"
Mr. N. N. Shah	"
Mr. B. A. Gala	"
Mr. A. D. Gala	"
Mr. G. D. Gala	"
Mr. R. H. Gala	"
Mr. D. C. Sampat	"
Mr. K. S. Vikamsey	Director

COMPANY SECRETARY :

Mr. M. J. Thakar

AUDITORS :

M/s Ghalla & Bhansali, Chartered Accountants, Mumbai.

BRANCH AUDITORS :

M/s Nitin K. Shah & Co. Chartered Accountants, Ahmedabad.

BANKERS :

- Bank of India
- UCO Bank
- Centurion Bank Ltd.
- ICICI Banking Corporation Ltd.

REGISTERED OFFICE :

Navneet Bhavan, Bhavani Shankar Road, Dadar (W), Mumbai-400 028.

AHMEDABAD OFFICE :

Navneet House, Gurukul Road, Memnagar, Ahmedabad 380 052.

WEB SITE: www.navneet.com

e-mail: navneet1@bom4.vsnl-net.in

MANUFACTURING UNITS :

- Village Dantali, Behind Kasturi Nagar, Taluka & Dist. Gandhi Nagar, Gujarat.
- Ponafel Industrial Estate, Gokhiware, Chinchpada, Vasai (East), Thane.
- Somnath Road, Village Dabhel, Kachigaon, Nani Daman.
- Sayali Village, Silvassa

Thirteenth Annual General Meeting will be held on Friday, the 5th March, 1999 at 4.00 p.m. at Sunville Conference Hall, 3rd floor, Near Hotel Mela, 9, Dr. Annie Besant Road, Worli, Mumbai-400 018.

CONTENTS

Page No.	
2	Notice
5	Directors' Report
8	Auditor's Report
10	Balance Sheet
11	Profit and Loss Account
12	Schedules forming part of the Balance Sheet
18	Schedules forming part of the Profit and Loss Account
20	Notes forming part of the Accounts
25	Shareholder's Information
26	Financial Profile
27	Highlights
28	Balance Sheet Abstract and Company's General Business Profile
29	Cash flow Statement

Notice

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF NAVNEET PUBLICATIONS (INDIA) LIMITED will be held on Friday, the 5th March, 1999 at 4.00 p.m. at SUNVILLE Conference Hall, 3rd floor, Near Hotel Mela, 9, Dr. Annie Besant Road, Worli, Mumbai-400 018 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended 30th September, 1998 and the Balance Sheet as at that date together with the schedules thereto.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri J. K. Sampat, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri G. D. Gala, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri D. C. Sampat, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint a Director in place of Shri K. S. Vikamsey, who retires by rotation and being eligible offers himself for re-appointment.
7. To appoint M/s. Ghalla & Bhansali, Chartered Accountants, as Auditors of the Company and to fix their remuneration.
8. To appoint M/s. Nitin K. Shah & Co., Chartered Accountants, as Branch Auditor for the Ahmedabad Branch and to fix their remuneration.

SPECIAL BUSINESS

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT in supersession of the resolution passed at the Seventh Annual General Meeting of the Company held on 30th September, 1992, and in accordance with the provisions of Section 293 (1) (e) and all other applicable provisions, if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to contribute and/or subscribe to any national, charitable, benevolent, public or other such funds, association or institutions not directly relating to the business of the Company or the welfare of the employees, upto a sum of Rs. 2 crores (Rupees two crores only) in any financial year, notwithstanding that such amounts in any financial year may exceed 5% of the Company's average net profits as determined in accordance with the provisions of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater."

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

"RESOLVED THAT pursuant to the provisions of Section 61 of the Companies Act, 1956 and subject to such other approvals and permissions as may be required and in accordance with the SEBI guidelines issued for voluntary delisting, consent of the members be and is hereby accorded to delist the shares of the Company from the Ahmedabad and the Saurashtra Kutch Stock Exchanges.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to give necessary intimation to the respective stock exchanges and other authorities as required in compliance with SEBI guidelines and to take all such steps as required to give effect to these resolutions."

BY ORDER OF THE BOARD OF DIRECTORS,

PLACE : MUMBAI
DATE : 29th January, 1999.

MANOJ J. THAKAR
COMPANY SECRETARY



ANNUAL
REPORT
1997-98

NOTES

- A) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- B) The Register of Members and the Transfer Books of the Company will be closed from 2nd March, 1999 to 5th March, 1999 (both days inclusive).
- C) The Dividend on Equity Shares as recommended by the Board when declared, will be paid to those members whose names appear in the Company's Register of Members as on 5th March, 1999.
- D) Members are requested to promptly intimate to the Company, changes if any, in their registered address along with Pin code numbers.
- E) The Members are requested to note that there was unclaimed Dividend of Rs. 1,92,728/-, Rs. 3,05,782/- and Rs. 2,86,511/- as on 30th September, 1998, for the year 1994-95, 1995-96 and 1996-97 respectively. The Members who have not claimed it, may write to the Company. The Unclaimed dividend of Rs. 53,291/- for the year 1993-94 (final) was transferred to General Revenue Account of the Central Government on 19th June, 1998 as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have not claimed their dividend so far for the said financial year, may claim their dividend from the Registrar of Companies, Maharashtra, Mumbai, by submitting an application to them in the prescribed form. The unclaimed dividend for the year 1994-95 will be transferred to the General Revenue Account of the Central Government on 16th May, 2001.
- F) Members desiring any information, as regards the Accounts are requested to write to the Company atleast seven days before the meeting, so as to enable the management to keep the information ready.
- G) Members are requested to note that all correspondence they intend shall be done to the Registered Office of the Company by quoting their respective Registered Folio Nos.
- H) Members who have got their shares dematerialised are requested to correspond with the respective Depository participants with whom they have opened the demat Account.
- I) Members with Non-Resident Indian Status are requested to inform the NRE A / c. No. with Bank details, to enable the Company to credit their dividend therein.

Notice**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO. 9 :**

As per the provisions of Section 293 (1) (e) of the Companies Act, 1956, the Board of Directors of a public company shall not except with the consent of the members at the general meeting, contribute to any charitable or other funds / institution / associations, etc. not relating to the business of the Company or the welfare of its employees, an amount in excess of Rs. 50,000/- or 5% of the average net profits of the Company, during the three immediately preceding financial years, whichever is greater.

In view of the Company's enhanced focus towards social causes, your Directors propose to increase the existing limit from Rs. 50 lacs to Rs. 2 crores.

None of the Directors are concerned or interested in the resolution.

ITEM NO. 10 :

As per SEBI guidelines, voluntary delisting of securities from Stock Exchanges requires approval of members at the General Meeting by way of a special resolution. In view of the fact that the shares of the Company are hardly traded on the Ahmedabad and the Saurashtra Kutch Stock Exchanges, the directors recommend to delist the Company's securities from these stock exchanges. Shareholders are also requested to consider the fact that the Mumbai Stock Exchange as well as National Stock Exchange have Rajkot and Ahmedabad as centres. The Shareholders located at Ahmedabad and Rajkot can deal through National Stock Exchange or Mumbai Stock Exchange. Hence, transactions relating to the same are in no way inconvenienced by the delisting.

None of the Directors are concerned or interested in the resolution.

BY ORDER OF THE BOARD OF DIRECTORS,

PLACE : MUMBAI

DATE : 29TH JANUARY, 1999

MANOJ J. THAKAR
COMPANY SECRETARY

**ANNUAL
REPORT
1997-98**

TO THE MEMBERS,

Your Directors have pleasure in presenting their Thirteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th September, 1998.

(1) FINANCIAL RESULTS :

	(Rs. in Lacs) Current Year	(Rs. in Lacs) Previous Year
(a) Profit before Interest, Depreciation and Tax	2815.28	2575.14
(b) Less : Interest.....	68.86	412.36
(c) Profit before Depreciation and Tax	2746.40	2162.78
(d) Less : Depreciation.....	371.81	359.33
(e) Profit before Tax	2374.59	1803.45
(f) Less : Provision for Tax	600.00	515.00
(g) Profit after Tax	1774.59	1288.45
(h) (i) Add/(Less) : Provision of earlier year W/back.	130.74	(9.87)
(ii) Less : Provision for Diminution in value of shares	60.00	-
(iii) Add : Balance brought forward from last year	2057.75	1578.71
(i) Profit available for Appropriation.....	3883.08	2857.29

APPROPRIATIONS:

(a) Debenture Redemption Reserve.....	37.50	37.50
(b) Proposed Dividend.....	428.78	238.22
(c) Corporate tax on Proposed Dividend.....	42.88	23.82
(d) General Reserve.....	505.61	500.00
(e) Balance Carried to Balance Sheet.....	2788.31	2057.75
	3883.08	2857.29

(2) DIVIDEND :

Your Directors are pleased to inform you that, baring unforeseen circumstances, in-principle, they have decided to distribute 25% of profit after tax as dividend (inclusive of dividend tax) among shareholders in the current year as well as in coming years. Accordingly your Directors are glad to recommend a dividend of Rs. 4.50 per share. (Inclusive of Interim Dividend of Rs. 2/- Per Share already paid) against Rs. 2.50 per share in the previous year.

Dividend will be payable to the Members whose names appear on the Register of Members of the Company on 5th March, 1999.

(3) OPERATIONS :

- Your Company has achieved a turnover of Rs. 11,572 Lacs as against Rs. 11,126 Lacs in the previous year.
- The operating profit has increased to Rs. 2815 Lacs from Rs. 2575 Lacs in the previous year.
- After providing Rs. 371 Lacs (Rs. 359.33 Lacs) and Rs. 600 Lacs (Rs. 515 Lacs) for the Depreciation and tax respectively, the Net Profit after tax has increased to Rs. 1775 Lacs from Rs. 1288 Lacs in the previous year.

(4) YEAR IN RETROSPECT & FUTURE PROSPECTS :

(A) PUBLICATION DIVISION :

Apart from educational publications, (published mainly for states of Maharashtra & Gujarat) your company publishes various children's books & books of general interest. These books can be marketed all over India. The company has received good response from new areas for such publications & plans to expand nationally through various book exhibitions & through the opening of franchise book stores in key cities.

(B) EXPORTS DIVISION :

Despite an overall economic slowdown and a global recession the company could post a rise of around 14% in its exports to Rs. 12.17 crores from Rs. 10.71 crores in the previous year due to its dedication to quality and bringing out innovations in its existing products of stationery items.

Directors' Report

(C) LOCAL STATIONERY DIVISION :

After getting a very good response in the International market the company started focussing on bringing out innovative stationery articles and computer stationery articles.

Your company registered a growth of 111% in the local sales of Paper Stationery items against 109% in the previous year, this proves the quality and goodwill of the Brands established over three decades as also the continuous upgradation of the product ideas.

(5) NETWORTH AND BORROWING :

After pre-mature repayment, in the month of November '98, of Non-convertible Debentures of Rs. 3 crores shown as secured loan in the enclosed balancesheet as at 30th September, 1998, all the long term loans except from IREDA have been repaid thereby approaching a Debt-free status. This has resulted in reduction of Interest expenditure drastically during the year under review. The Net worth of company has gone up to Rs. 70.44 crores in 1997-98 against Rs. 5.15 crores in 1992-93.

(6) CREDIT RATING :

CRISIL has re-assigned its highest rating of P1 + (pronounced as P one plus) for the commercial paper programme of the company, indicating highest safety.

(7) SHAREHOLDERS' VALUE ADDITION :

The company has taken significant efforts for enhancing shareholders' value over past 5 years which is evident from the charts on page no. 27.

During the past five years the company's distributable profits have shown a Compounded Annual Growth Rate (CAGR) of 51.67% increasing to Rs. 17.75 crores in 1997-98, from Rs. 1.76 crores in 1992-93. The earning per share have also risen significantly to Rs. 18.62 from Rs. 10.34 in 1992-93.

(8) DIMINUTION IN VALUE OF INVESTMENTS :

Company does not foresee any better prospect in the near future for the Paper Industry as a whole, so a provision for diminution in Value of Investment in the partly-paid shares of Tamilnadu Newsprint & Papers Ltd. has been made.

(9) DIRECTORATE :

Shri J. K. Sampat, Shri G. D. Gala, Shri D. C. Sampat and Shri K. S. Vikamsey, Directors of the Company, retire by rotation and being eligible have offered themselves for re-appointment.

The Board recommends their re-appointments.

(10) DEMATERIALISATION OF SHARES :

Your company had signed the agreement with the National Security Depository Ltd. (NSDL)

An elaborate details about Depository mechanism was sent to all the shareholders in various languages. So far 3,34,905 shares have been De-materialised. Your Company has paid one-time custody charges to N.S.D.L. for the benefit of its shareholders. The trading by all Institutions and Mutual funds in shares of your company was made compulsory to be traded in demat form w.e.f. 15th December, 1998.

(11) FIXED DEPOSITS :

Your company has not accepted any fixed deposit during the year under review.

(12) STATUTORY INFORMATION :

(A) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information as required under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is given in Annexure 'A' to this Report.

(B) PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure 'B' to this Report. However as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the accounts are being sent to all shareholders of the Company excluding Annexure 'B'. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

(13) AUDITORS :

M/s. Ghalla & Bhansali, Chartered Accountants, Statutory Auditors and M/s. Nitin K. Shah & Co., Chartered Accountants, Branch Auditors of the Company hold the office till the conclusion of the ensuing Annual General Meeting. The Company has received a Certificate from both of them to the effect that their re-appointment, if made, would be within the prescribed limits of Section 224(1B) of the Companies Act, 1956.

The Board recommends their re-appointments.

ANNUAL
REPORT
1997-98

(14) INDUSTRIAL RELATIONS :

During the year under review, the Industrial Relations continued to remain harmonious and cordial.

(15) ACKNOWLEDGEMENTS :

Your Directors take this opportunity to place on record their warm appreciation of the valuable contribution, untiring efforts and spirit of dedication demonstrated by the employees and officers at all levels, in the sure and steady progress of the Company.

Your Directors also express their deep gratitude to the Bankers, Financial Institutions, Authorities of the States of Maharashtra and Gujarat. They are also thankful to the Shareholders and Customers for their co-operation and trust reposed in the Company.

On behalf of the Board of Directors,

MUMBAI :

DATED : 29th January, 1999.

AMARCHAND R. GALA

Chairman & Managing Director

Annexure 'A' to the Directors' Report

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) Conservation of Energy

Company's plant which is set up has been designed to achieve high efficiency in the utilisation of energy. The key areas with regard to reduction of energy have been identified by us and necessary steps taken.

(B) Technology Absorption

Efforts made in Technology Absorption :

The required information is given in Form B.

(C) Foreign Exchange Earnings and Outgo.

The Company's export turnover has increased from Rs. 1071.47 lacs to Rs. 1217.50 lacs showing growth of 14%.

Total Foreign Exchange used and earned :

(i) Foreign Exchange earned : Rs. 1142.73 lacs.

(ii) Foreign Exchange used : Rs. 19.04 lacs

On behalf of the Board of Directors

MUMBAI :

DATED : 29th January, 1999.

AMARCHAND R. GALA

Chairman & Managing Director

FORM-B

Form of Disclosure of Particulars with respect to Technology Absorption

Research & Development :

- | | |
|--|--|
| (1) Specific Areas in which R & D carried out by the Company | } Not Applicable as the Company has no R & D Department. |
| (2) Benefits Derived as a result of above R & D | |
| (3) Future plan of Action | |
| (4) Expenditure on R & D | |

(1) Efforts in brief towards technology absorption, adaptation & innovation.

The Company maintains a high level of information flow with various companies. Through visits of technical personnel to developed Western countries, the Company keeps abreast with the advanced Technology Development and through specific programmes introduces, adopts and absorbs these sophisticated technologies.

(2) Benefit derived as a result of the above efforts.

In view of the above, the Company has been able to achieve a higher production, accuracy and perfection in printing.

(3) In case of Imported Technology.

- | | |
|---|--|
| (a) Technologies Imported | } None, The Company has not imported any Technology. |
| (b) Year of Import | |
| (c) Has the technology been fully absorbed? | |

Auditor's Report

TO THE MEMBERS OF

NAVNEET PUBLICATION (INDIA) LIMITED

We have audited the attached Balance Sheet of Navneet Publications (India) Ltd., as at 30th September, 1998 and the Profit and Loss Account for the year ended on that date annexed thereto in which are incorporated the accounts of Ahmedabad Branch which have been audited by other auditors 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 give in the Annexure, a Statement on the matters specified in Paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph (1) above :
 - (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) Proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books and the audit report adequate for the purpose of our audit received from Branch Auditor which is considered in preparing our report.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account and the audit report of the Branch.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th September, 1998 and
 - (ii) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For GHALLA & BHANSALI
Chartered Accountants

Mumbai, Dated 29th January, 1999.

DINESH D. GHALLA
Partner

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date on the accounts for the year ended 30th September, 1998 of Navneet Publications (India) Ltd.)

1. The Company has maintained proper records showing full particulars including quantitative details and location of fixed assets. The fixed assets have been physically verified by the management during the year under review. As explained to us, no discrepancies were noticed on such verification.
2. The Company has not revalued any of its fixed assets during the year under review.
3. As explained to us stocks of finished goods, raw materials, stores and spare parts have been physically verified by the management at reasonable intervals.
4. In our opinion and according to the information and explanations given to us, 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.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not material and the same have been properly dealt with in the books of account.