

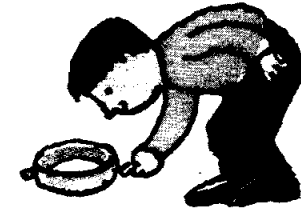
Annual Report  
2000-2001



building the blocks

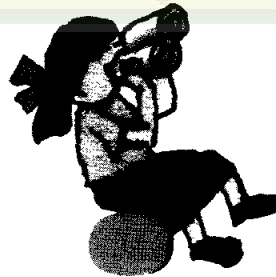
NAVNEET PUBLICATIONS (INDIA) LIMITED





To provide the highest  
quality of educational products  
and services to  
all Indian customers in the  
language/media of their choice

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# mission



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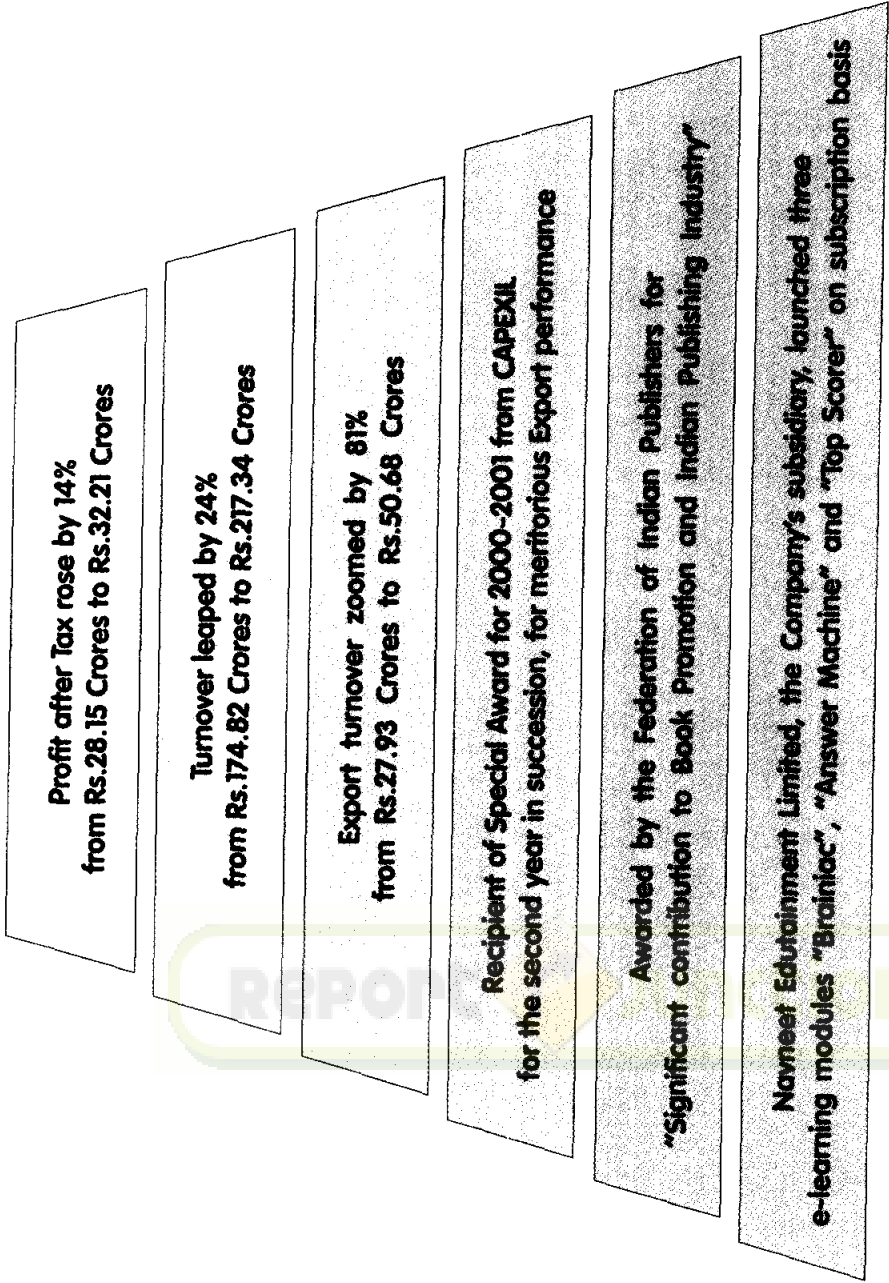
Navneet Publications India Limited

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2000-2001

## Corporate Information

### Board of Directors

Shivji K. Vikamsey	Chairman
Amarchand R. Gala	Managing Director
Jaisinh K. Sampat	Joint Managing Director
(in alphabetical order)	
Anil D. Gala	Director – Children's Books Publishing (Upto 28/01/02)
Ashok M. Nadkarni	Director
Bipin A. Gala	Director – Projects (Upto 28/01/02)
Dilip C. Sampat	Director – Exports (Upto 28/01/02)
Dungarshi R. Gala	Director – Educational Books Publishing
Gnanesh D. Gala	Director – Finance (Upto 28/01/02)
Harakhchand R. Gala	Director – Sales & Distribution
Jitendra L. Gala	Director – Marketing
Kamlesh S. Vikamsey	Director
Liladhar D. Shah	Director
Navin N. Shah	Director – Production (Upto 28/01/02)
Dr. R. Varadarajan	Director
Raju H. Gala	Director – Marketing (Upto 28/01/02)
Shantilal R. Gala	Director – Educational Books Publishing

### Company Secretary

Manoj J. Thakar

## NAVNEET PUBLICATIONS (INDIA) LIMITED

### Auditors

Ghalla & Bhansali  
Chartered Accountants, Mumbai

### Branch Auditors

Nitin K. Shah & Co.  
Chartered Accountants, Ahmedabad

### Bankers

Bank of India  
UCO Bank  
ICICI Bank Ltd.

### Registered Office

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

### Ahmedabad Office

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

### Works

- Village Dantali, Behind Kasturi Nagar,  
District and Taluka - Gandhinagar, Gujarat.
- Ponafel Industrial Estate, Gokhiware,  
Chinchpada, Vasai (East), Thane.
- Village Sayali, Silvassa.

### Webmail

investors@navneet.com

### Website

www.navneet.com

## Chairman's communiqué

NAVNEET PUBLICATIONS INDIA LIMITED

Dear Shareowners,

2001 began on a sad note with the earth-shattering events on Republic Day. The devastating Gujarat earthquake claimed the lives of many fellow Indians and left many more with a heavy loss of property. Industry and trade were also badly affected. Your Company, along with several social and charitable organisations, helped in the relief efforts of the earthquake-ravaged state.

The year has also seen an overall recession in the world economy. Like in the case of most world economies, the Indian economy too felt its impact, resulting in a lower GDP growth rate. In this state of economic depression, your Company has posted a growth of 24% in top line and 14% in bottom line.

This has been possible due to a combination of factors, which include the unstinted efforts of employees in every SBU, the enthusiastic participation of employees across all levels in the activities of the Company, the dynamic marketing network and of course the strength of your Company's brand. All these have helped to maintain the continued growth of the Company.

Education plays a decisive role in the development and building of a nation. It is vital in personality development and in upholding values and culture in society. An educated citizen is an asset to the country. The Government of India has recognised this and in September 2001, has amended the Indian Constitution to make Education a Fundamental Right of the Indian citizen. This decision has far reaching implications on the Indian society because of the expected increase in literacy. This and similar literacy drives of the government will open new vistas for your Company's business.

Your Company has decided to shed its conventional family-run style of management to a broad based professional company. Towards this end, it has appointed eminent personalities from the Educational, Financial and Legal fields, on its Board.

In addition to consolidation of the market reach of its publications in the Western region of the country, your Company has been making concerted efforts for wider penetration by reaching out to new geographical markets across India. Likewise, your Company's focus on value-added stationery products are yielding fruits year after year.

Other areas of our experimental activities that have been showing encouraging results are, selling copyrights for publishing some of our prestigious titles and designing special publication products specific to the needs of some European countries. We see a vast potential to be tapped in these areas.

Your Company believes in the multi-faceted use and benefits of Information Technology in the field of education. With the slow but sure penetration of the technology, we are confident of being there with our best offerings for our customers when this market expands exponentially.

In conclusion, I wish to reiterate that your Company continues to strive to create and enhance value for its stakeholders.

**Shivji K. Vikamsey**



## Frequently Asked Questions

NAVNEET PUBLICATIONS (INDIA) LIMITED

**(1) How was the performance of the Company in the year under review ?**

In an overall recessionary scenario, the Company has been able to muster a commendable top line growth of 24.32%.

**(2) How were the operating margins ?**

The operating margin was down from 23.82% to 23.38% compared to previous year. This is attributable to the higher growth in Paper Stationery Division than in Book Publishing Division, where the margins are better.

**(3) What initiative did the Company take to leverage its existing strength ?**

The Company has been actively focusing on increasing the titles in the Children's and General Book Publications which can be marketed all over India by using the existing sales force and leveraging its marketing network. The Company has started publishing academic books on ICSE Curriculum in the current year.

**(4) What factors accounted for deviation from projected performance in Education Books Division?**

The competition's focus on pricing has been continuously keeping pressure on this Division. Also, the earthquake in Gujarat restricted the sales targeted in that region.

**(5) What has been the performance of the Export Division ?**

The Export Division of the Company has performed well in the year under review, registering an impressive growth of 81% with the turnover rising from Rs.28 crores to Rs.51 crores. The Company has strategically shifted its focus mainly to US and European market considering business volumes and better margins.

**(6) What has been the progress of 'connectschool.com' ?**

Connectschool.com, an interactive website delivering on-line educational content, has had an eventful year. The highly experienced and dedicated content and production team have invested several thousand man-hours to produce innovative

e-learning courses and services and have launched three e-learning modules namely 'Brainiac', 'Answer Machine' and 'Top Scorer', on subscription basis. These courses are designed to provide students with interactive content, focused on learner-centric and knowledge-oriented experience. The Company has launched the modules on Mathematics and Science subjects for the students of Standard X of CBSE and Maharashtra State Board. These products are made available in a kit form through existing retail outlets. Though the quality of the product is appreciated by the education fraternity, the usage has been low mainly because of low internet penetration and recurring costs.

**(7) What initiatives has the Company taken to strengthen Corporate Governance ?**

The Company has appointed four Independent Directors, who are luminaries in their respective fields, on its Board. One is a senior educationist, two are senior professionals from the field of finance, accounts and auditing and the fourth brings with him his vast experience in the legal profession.

**(8) What has been the recent trend in the paper prices ?**

The paper prices have been softening and are expected to remain so for at least a year.

**(9) What are the capex plans of the Company for the year ending September, 2002 ?**

The Company has undertaken a major expansion at its Silvassa Plant for increasing manufacturing capacity of Paper Stationery, mainly for exports to US. The Company plans to spend around Rs.10 to 13 crores for this expansion.



## Navneet's Core Strengths

The core strengths of Navneet are Content Creation, Market Reach, Established brands and Ethical Business values.

### Content Creation

The company's existing titles are updated every year with the help of experienced teachers, who are experts in their respective fields. Simultaneously, the company focusses on introduction of new titles which the Company can market with ease due to the four decades of experience it has in this activity. Every title is a result of painstaking work done by a team of dedicated senior authors and illustrators. Each title introduced by the Company passes through this rigorous process.

### Market Reach

The Company's country-wide marketing network enables swift feedback from the customers, which in turn helps in marketing the new titles. The marketing staff, who visit schools across the country, also gather the valuable feedback from the educational fraternity on the new titles introduced. The Company is constantly expanding its marketing staff to give focussed attention to each category of product. Accordingly, when a new category of product is developed, a separate marketing team is set up to give due attention to the consumers.

The Company with its large repertoire of Children's and General Books and numerous types of innovative Stationery Products, has been increasing its presence throughout India. On the export front, the Company is shifting its focus from low margin yielding to high margin yielding markets. In this direction, the Company has met with enormous success in the U.S. markets.

### Brand Magic

Navneet is undisputedly a popular, branded educational material provider in India with students across three generations using Navneet's products. Each generation has banked on the researched content, right pricing and the rich quality of educational products delivered consistently by Navneet.

In fact, the Company's brands are so well established that the Company has only to create awareness about the introduction of new products, the brand does the rest.

### Business Ethics

Navneet is committed to generating a fair return on the capital employed in its business without prejudicing the interest of either its employees, customers, distributors, lenders or shareholders.

Navneet feels it is essential to deliver quality educational products and services even to remote villages and interior parts of the states. Due care is taken to ensure that pricing and affordability are given appropriate weightage.

Among other factors, the unique royalty system of payment to authors and the clean copyright record has enabled the building of trust and transparency in the Company's dealings.

# Management Discussion and Analysis

## Creating Shareholder Value

The creation of Shareholder Value is the topmost agenda of the management. The Company has constantly increased shareholder value by taking continuous steps to ensure that the process goes on. The Company utilises the available resources to the optimum level so as to deliver good results even in times of overall economic slowdown.

## Market Value Added

MVA – the value that the market places on the Company is derived by adding the current value of debt and the value of equity. From this is deduced the Economic Book Value (Share Capital + Free Reserves + Debt)

Particulars	(Rs. in crores)	
	2000-2001	1999-2000
Market Capitalisation	319.97	358.52
Debt	0.38	0.77
Total	320.35	359.29
Less - Economic Book Value	123.25	102.68
Market Value Added (MVA)	197.10	256.61

Against the backdrop of a weak BSE Sensex, which was down by 47% from 4135.55 (Oct. 3rd, 2000) to 2811.60 (Sept. 28th, 2001), the MVA of the Company was not much impacted. The Company's market capitalisation was down by only 10% in the same period.

## Navneet's Policy on Dividend

The Company has a very liberal dividend policy. Since 1997-98 the Company has adopted a policy of distributing at least 25% of Profit after tax, by way of dividend each year, barring unforeseen circumstances. The dividend payout for 1999-2000 and 1998-99 was Rs.7.81 Crores and Rs.9.62 Crores respectively.

## Brand Overview

Navneet is all about knowledge, its creation and its dissemination. This is reflected in every activity of the Company.

With its product line, the Company is strategically placed to play a key role in shaping the future of children. The Company's publications help children score and get ahead. Having been in the market across three generations, Navneet emotionally connects with the teacher, the parent and the child. Initiatives are taken at all times, to ensure that the trust continues.

## Brand Strategy

The brand's winning proposition is highly researched content and right pricing with a high distribution efficiency. The positioning platform for brand communication is that Navneet is all about disseminating knowledge in the best and simplest possible form at the most competitive price. Navneet believes in directly connecting with its community and talking to them to understand their further needs and wants.

## Brand Initiatives

Some of the conscious initiatives that the Company has embarked upon are:

**Distinct Properties** : Efforts are constantly made to create distinct properties that will enhance the positioning of 'where knowledge is wealth'. One such property that is building up exponentially, is the all India 'Navneet Drawing Competition'.

**C&F Network** : Navneet is very close to networking the entire country with C&F agents. Stock is now delivered in 24 hours time to the dealers - a giant step towards Customer Relationship Management (CRM).

**Strengthening the Positioning Platform** : Some wonderful products like the Examination Kit have been launched, which have further strengthened the knowledge positioning amongst the target audience. Similarly, all the web-based products from Navneet are in sync with the brand culture and cement the positioning further. Continuous efforts are made to bring about consistency in communication resulting in a better and unique brand identity.