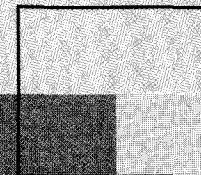
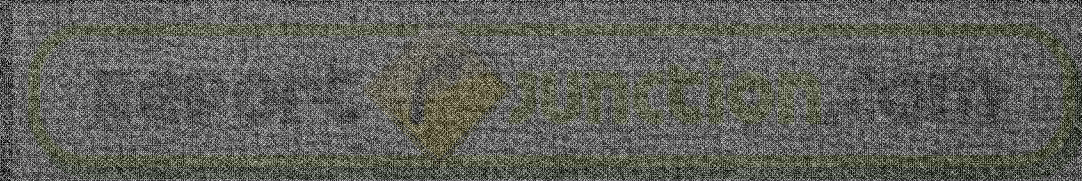


**Annual Report**  
**2001-2003**



**building the blocks**



**NAVNEET PUBLICATIONS (INDIA) LIMITED**



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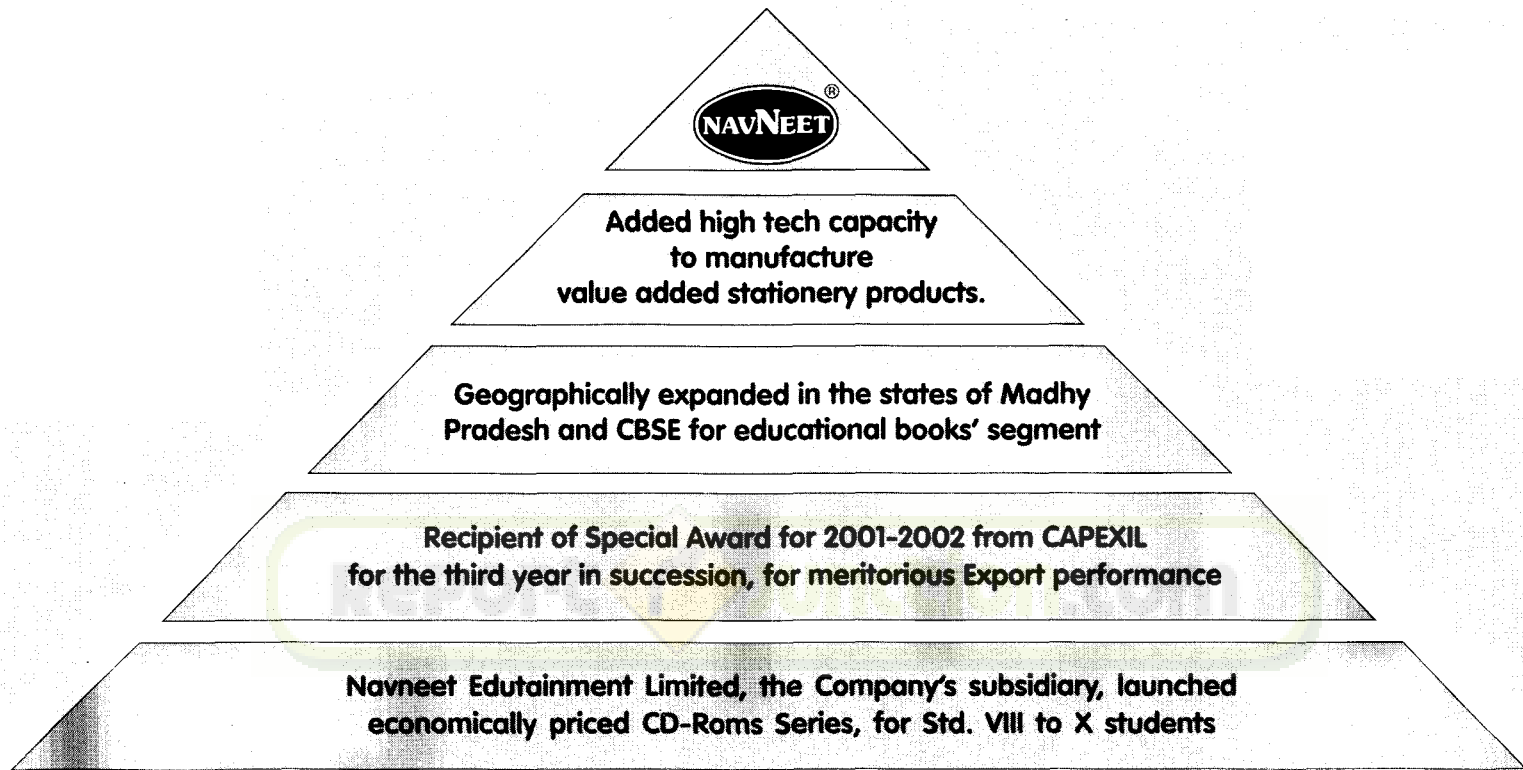
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# Highlights



2001-2003

## Corporate Information

NAVNEET PUBLICATIONS (INDIA) LIMITED

### Board of Directors

Shivji K. Vikamsey	Chairman
Amarchand R. Gala	Managing Director
Jaisinh K. Sampat	Joint Managing Director
Dungarshi R. Gala	Director – Educational Books Publishing
Shantilal R. Gala	Director – Educational Books Publishing
Harakhchand R. Gala	Director – Sales & Distribution
Jitendra L. Gala	Director – Marketing
Ashok M. Nadkarni	Director
Kamlesh S. Vikamsey	Director
Liladhar D. Shah	Director
Dr. R. Varadarajan	Director
Vijay Rai	Director

### Company Secretary

Manoj J. Thakar

### Auditors

Ghalla & Bhansali  
Chartered Accountants, Mumbai

### Branch Auditors

Nitin K. Shah & Co.  
Chartered Accountants, Ahmedabad

### Bankers

Bank of India  
UCO Bank  
ICICI Bank Ltd  
Bank of Nova Scotia  
BNP Paribas

### 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.
- Gokhiware, Chinchpada,  
Vasai (East), Dist. Thane.
- Village Sayali, Silvassa.

### e-mail

[investors@navneet.com](mailto:investors@navneet.com)

### Website

[www.navneet.com](http://www.navneet.com)

**Chairman's Communiqué****NAVNEET PUBLICATIONS (INDIA) LIMITED****Dear Shareowners,**

It gives me immense pleasure to give you an update on the performance of the Company in the 18 months' period ended 31st March, 2003. The Indian economy witnessed slowdown in the growth rate in 2001-2002 and 2002-2003. The overall economic growth dropped to 4.3% in 2002-2003 against 5.6% in 2001-2002. During the period under review, there was overall slowdown in the global economies and the recessionary trend continued even in the US and other developed countries of the World. However in the first quarter of the current year, due to good monsoon, the economy has looked up and the industrial output for the first quarter has also mustered good growth.

The Company has changed the Accounting Year by extending the Financial Year by 6 months and accordingly the Accounting Year was stretched to 18 months' period. Your Company being in the business of Educational Book Publishing has seasonality in the nature of its business and accordingly the overheads are in respect of more than one season and the major revenues are in respect of only one peak season leading to drop in the operating margins.

The Company has implemented SAP during the period under review which would be helpful in unprecedented flow of data that would enable swift decision-making due to complete connectivity of Corporate head quarter with manufacturing plants, its Offices and despatch depots, coming together at the 'click of mouse'. The areas that will benefit most out of the ERP Software solutions are Sales & Marketing, Cost Controls, Production Plans, Materials Management and Finance and Accounting. Finally the SAP implementation would empower the Company to manage the growth effectively and smoothly.

The Company has taken a lot of fresh initiatives for boosting the sales of the Book Publishing Division, such as adding the titles in respect of curriculum of CBSE and Madhya Pradesh. The Book Publishing Division gets a high level growth whenever the syllabus is changed for the School Students in States of Maharashtra and Gujarat, because the market for used books would end due to change in syllabus. Syllabuses of States of Maharashtra and Gujarat have not been revised, extensively since the past several years and the same is expected in the near future. The Company has also taken a new initiative of churning out titles in the Children's and General Books category which is customised to the needs of Non-Resident Indian Citizens residing in Foreign Countries, and the initial response is very encouraging.

The Company has also expanded its marketing reach by appointing C&F Agents and by appointing a number of field staff. The Company has also been repeatedly getting Export Orders for the high quality, premium range of stationery products which are innovatively created especially for the export markets.

The subsidiary of the Company has launched highly successful series of CD-ROMs targeted at students of Std. VIII to X including the students of CBSE curriculum. The CD-ROMs have been becoming very popular. The Company has given the quality content at very economical and affordable prices.

With these initiatives, the Company is expected to post a good growth in its business. And so Your Company is moving slowly and steadily towards fulfilling its mission.

**Shivji K. Vikamsey**

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

### **Content Creation**

The Company always places the highest emphasis on quality of content that goes into each and every title published by the Company. Over the years, a separate team of dedicated authors are vetting each and every title very meticulously and focusing on richness of language and vocabulary, yet easy to understand and in simple language for the students. The authors are paid royalty for upgrading and updating the title every year, which results into a high quality content published by the Company at affordable prices.

### **Market Reach**

The Company has increased its marketing and distribution network across 23 states of India and is in the process of putting in place the remaining states of India within its reach. The Company has also increased its field staff across the 23 states of India.

The country-wide marketing network helps in positioning the new titles. The marketing staff, also visit schools across the country, to obtain the valuable feedback from the educational fraternity on the new titles introduced. 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 stationery products to high quality children's books, which is yielding higher margins.

### **Brand Magic**

Navneet which has been a household name in the states of Gujarat and Maharashtra because of the publication of educational books in these two states over the past four decades, and three generations of students. In the past three years the company has expanded in a very big way and has penetrated across 23 states in India and has made "NAVNEET" a national brand. The students and educational fraternity bank heavily upon 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**

The success of Navneet lies in building the blocks of relationship and creation of trust with its authors, customers, distributors, suppliers, lenders, retailers, shareholders and employees over the period. Navneet is committed to creating shareholder value without prejudicing the interest of any of its stake holders, as navneet believes in long-term relationships. The Company always believes in pricing its products in such a way that the consumers get a quality product at an economical and affordable price.



## Management Discussion and Analysis

NAVNEET PUBLICATIONS (INDIA) LIMITED

### Creating Shareholders' Value

The focus of the Company has always been to create the shareholders value. The Company has taken two initiatives during the period under review, as a step towards that direction. Firstly, the Company has implemented business solutions from SAP. The Company is confident that once the SAP is fully implemented the Company would be able to utilise its resources to the optimum level which will in turn lead to reduction in costs.

Secondly, the Company has implemented a Japanese Technique known as "Kaizen Practices" in the production processes at all its manufacturing units which would also enable the Company to reduce the carrying cost of the inventory, and smoothening of overall operations.

### Navneet's Policy on Dividend

The Company continues to have the liberal dividend policy. 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 Company had paid 85% dividend (by way of an interim dividend) for the 18 months period under review, amounting to Rs.16.20 Crores.

The Dividend pay out for last three years were as follows :-

Year	Dividend (Rs. In Lacs)
1998-1999	9.62
1999-2000	7.81*
2000-2001	10.48

\* On Expanded Equity

### Brand Initiatives

The Company organised various Navneet's drawing competitions. The Company tied up with various Multinational Corporations by way of cross promotions of products. The Company also published books to lift the national spirits of young students who are the torch-bearers of the country. The Company also strengthened its distribution through C&F networking which ensures that the products are made available within 24 hours to its customers anywhere across India.

### Business Overview

The Company has basically two major Business Divisions, namely 'Book Publishing' and 'Paper Stationery Division'.

### Book Publishing Divisions

The Book Publishing Division comprises two major categories of books, 'Educational Books' and 'Children's Books and General Books'. The Company has established its strong foothold in the educational publications in the States of Gujarat and Maharashtra and has become household name in these two States. The Company has during the period under review, decided to expand geographically and has already initiated publishing the Educational Books in the nature of Guides for the students of the State of Madhya Pradesh. The Company will create a wide range of educational titles on the curriculum of the state of Madhya Pradesh, and CBSE (Central Board of Secondary Education).

The Company's Children and General Book Publishing Division constantly focusses on churning out the titles which could be marketed all over India. The titles under this division can broadly be categorized as Activity Books, General Knowledge Books, Story Books and Health Books.

Apart from growing business within the country, the Company has received very good response from the Non-resident Indian citizens for these Children & General Books. The exports of such Children's Books have gained momentum and the Company is confident of exporting these books in good numbers, from the current year.

The Company has set up a dedicated in-house creative team to conceptualise various publications particularly targeted at European Markets. The component of sales of Book Publishing divisions in the total turnover for the period under review was 56%.

# Management Discussion and Analysis

**NAVNEET PUBLICATIONS (INDIA) LIMITED**

## Paper Stationery Division

The Paper Stationery Division has two different markets, Domestic & International.

### 1) International Market

The Company has been a landmark in producing the high quality premium range of stationery for the International Market. This has enabled the Company to export the Stationery Products in a competitive global market. U.S.A. contributes a major part of the total Exports turnover followed by African Countries.

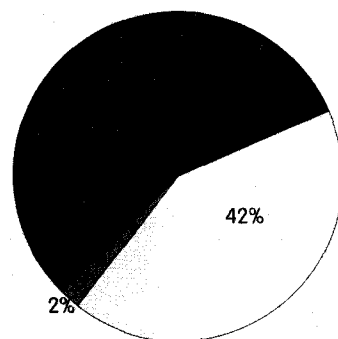
### 2) Domestic Market

After a thumping success in the International Market, the Company had introduced the premium quality range of Paper Stationery Products in India in an otherwise unorganised domestic Paper Stationery Market. The Company has established its Brand and has increased its presence in the Paper Stationery Markets across 23 States in India. The Company has been able to create goodwill in the Paper Stationery Market by giving the high quality and Eco-friendly range of Paper Stationery products for School and College students. The Company also manufactures high quality premium range of Office Stationery.

The turnover of Paper Stationery Divisions accounted for 42% of the total turnover of the Company during the period under review.

### Composition of Turnover for the period under review

Book Publishing Division	56%
Paper Stationery Division	42%
Others	2%



## NAVNEET EDUTAINMENT LIMITED an e-initiative of NAVNEET

Navneet Edutainment Limited believes that there exists a great potential in the interactive education sector. With the convergence of education and technology, electronic learning products are gaining importance. Navneet Edutainment recognizes this, and is aligning its efforts towards making a significant contribution to these sectors. Navneet Top Scorer products and [www.connectschool.com](http://www.connectschool.com) are initiatives in response to the challenges and opportunities presented by this convergence of education and technology. Navneet Edutainment has a team of young, enthusiastic professionals, driven by the desire to succeed and innovate in the constantly changing world of education and technology.

### Business Overview

As stated in the previous annual report, during the period under review, Navneet Edutainment launched a wide range of syllabus-based educational CD-ROMs for CBSE and Maharashtra Board students of Standard VIII, IX and X for Science, Mathematics and Social Studies. The launch of Navneet Top Scorer CD-ROMs has met with considerable success.

Navneet Top Scorer CD-ROMs offer the 4C advantage to the students. These CD-ROMs completely cover the syllabus through content that is correct in all aspects. Convenient to use, they make a student more confident to score top-class marks in the exams.

During the period under review, the company launched three highly successful ranges of CD-ROMs, viz. Navneet Top Scorer Digest Plus, Navneet Top Scorer Workbook Plus and Navneet Top Scorer 21 Plus. With a huge question bank comprising over 35,000 questions and over 7,000 visuals, the Navneet Top Scorer range of CD-ROMs offers real value for money. A highlight of these CD-ROMs is the unique feature of "textbook-image-based animations with voice-overs". Students can also take unlimited number of chapter-wise objective question tests and obtain quick feedback on their performance.