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Annual Report

2011-12

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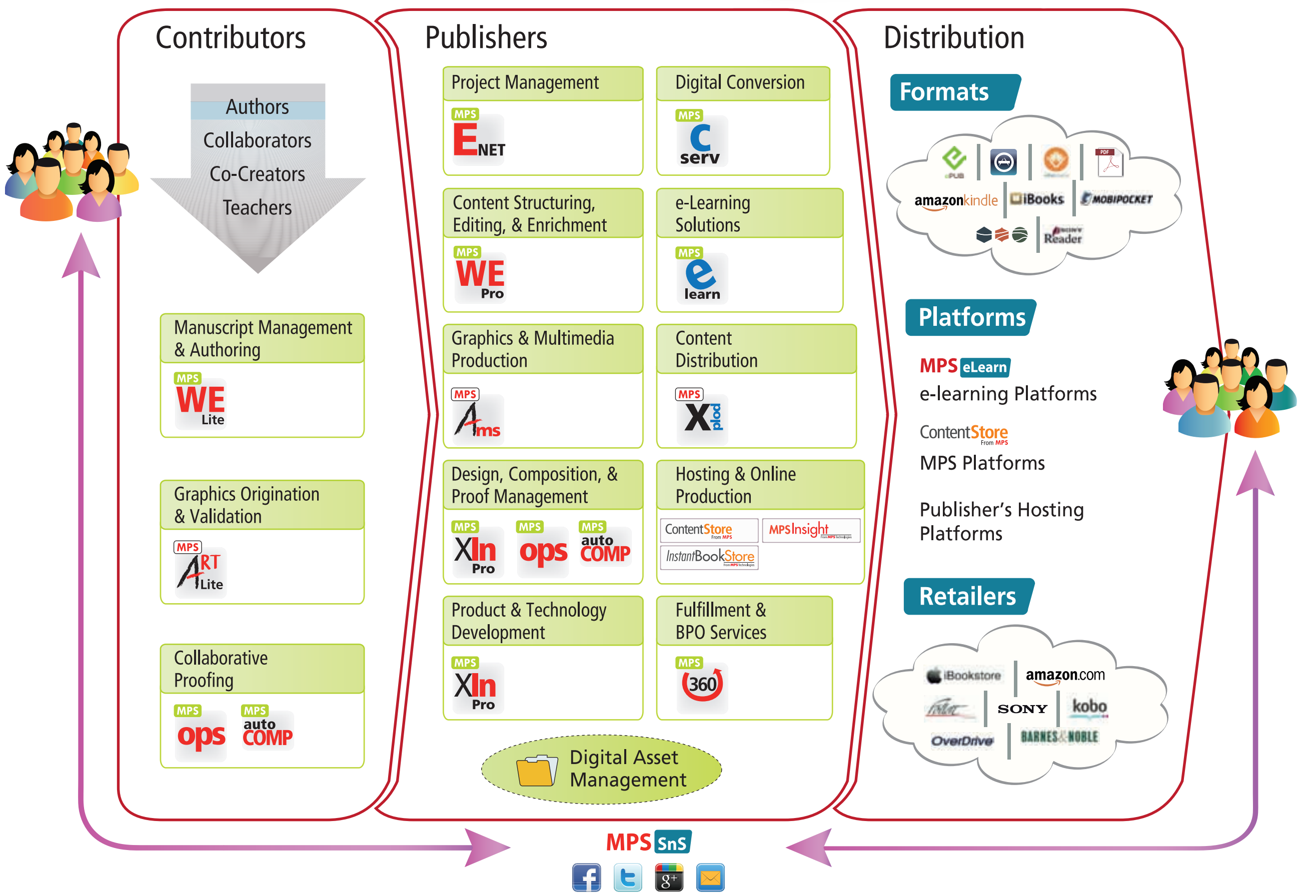

MPS

MPS Limited
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Website: www.adi-mps.com

For further information about DigitalFirst please contact:

usa.sales@adi-mps.com
uk.sales@adi-mps.com
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CONTENTS

KEY INFORMATION

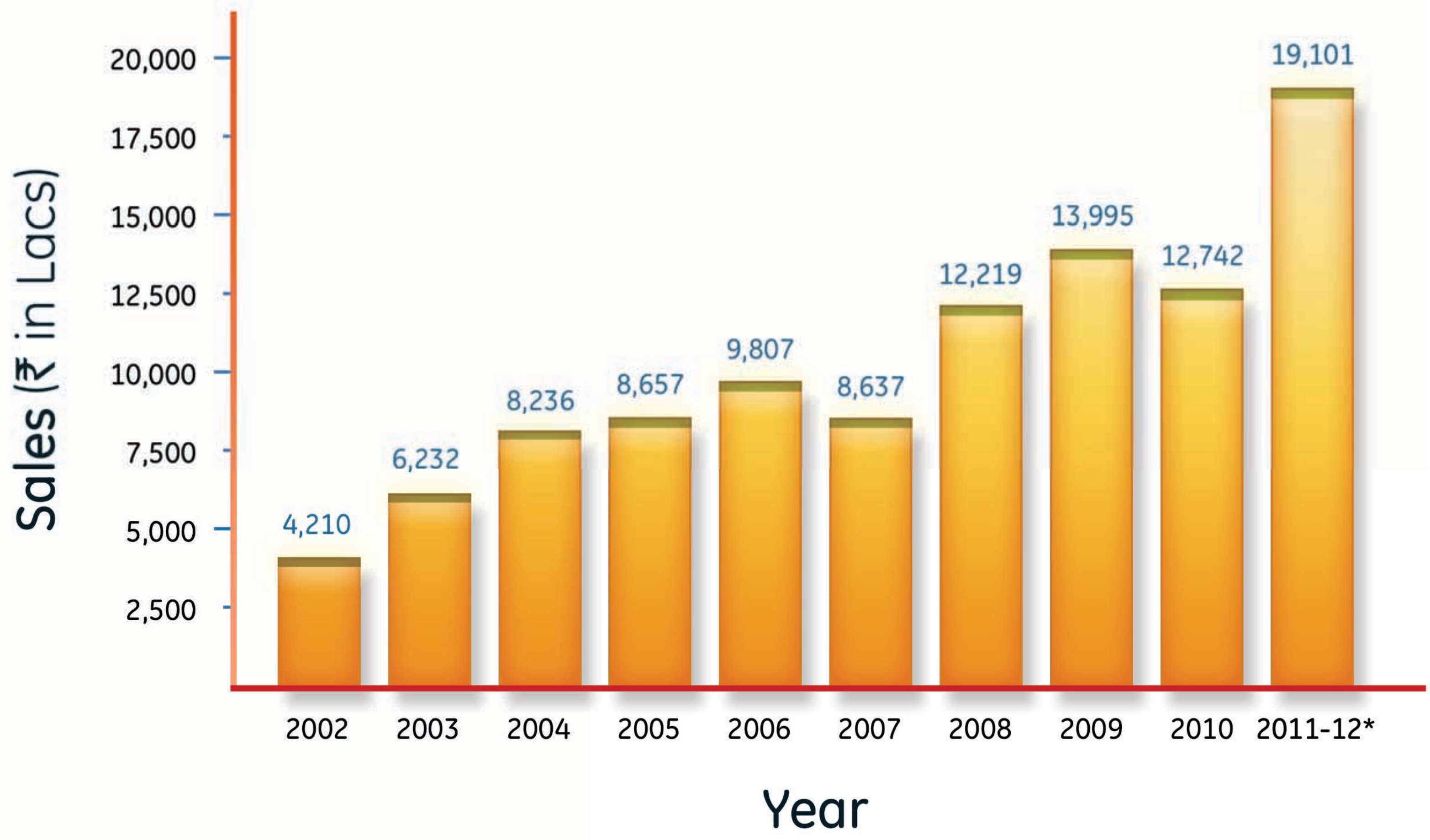
BOARD OF DIRECTORS

Chairman & Managing Director	Mr. Nishith Arora (Chairman wef January 17, 2012, Chairman & Managing Director wef April 19, 2012 and Additional Director from December 7, 2011)
Chairman	Mr. Lawrence Jennings (up to January 17, 2012)
Vice Chairman	Mr. D. E. Udwadia
Director	Mr. Ashish Dalal
Director	Mr. Vijay Sood (wef January 17, 2012)
Director	Mr. W. Hansan Farries (up to January 17, 2012)
Managing Director	Mr. Rajiv K. Seth (up to April 18, 2012)
Company Secretary	Mr. Supriya Kumar Guha
Legal Advisors	Udwadia 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 diminuation 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. Udwadia, 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. Udwadia, 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. Udwadia, 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.

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 though 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;

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.

Mr. Sood is interested in resolution at Item No. 6 of the Notice since it relates to his appointment as a Director.

Item no. 8

Mr. Rajiv K Seth ("Mr. Seth") was appointed as Managing Director of the Company from 1st February, 2009 upto 31st January, 2012. His appointment as Managing Director and the remuneration payable to him were approved by the Members at the 39th Annual General Meeting held on 23rd June 2009. The Board decided to reappoint Mr. Seth as Managing Director of the Company from 15th November, 2011 upto 31st December, 2012 (both days inclusive), subject to the approval of the Members in General Meeting. An Agreement dated 21st December, 2011 was entered into between the Company and Mr. Seth for his reappointment as Managing Director from 15th November, 2011 upto 31st December, 2012 (both days inclusive) ("the Agreement"). The reappointment and terms of remuneration were subject to the approval of the Members in General Meeting. Mr. Seth, however, resigned as Managing Director and Director from the close of business hours of the Company on 18th April, 2012.

The approval of Members is now being sought to the re-appointment of Mr. Seth as Managing Director from 15th November, 2011 upto 31st December, 2012 (both days inclusive) and remuneration and perquisites payable and granted to him during his tenure as Managing Director, as set out in the Agreement referred to in the resolution at Item No. 8.

The material terms of the Agreement are as under:

Mr. Seth to exercise such powers and perform and discharge such duties, functions and responsibilities as the Board from time to time in its absolute discretion determines and entrusts to him. Mr. Seth to promptly and faithfully obey, observe and comply with all orders and directions as may from time to time be given to him by the Board. Mr. Seth, subject to such restrictions on his powers and authorities as the Board may in its absolute discretion determine, to have the general control of the business of the Company with power to appoint and dismiss employees, to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all acts and things, which in the ordinary course of business, he may consider necessary or proper in the interests of the Company.

Mr. Seth to devote his whole time and attention during business hours to the business of the Company and to use his best endeavors to promote its interests and welfare.

Mr. Seth to undertake such travel, in and outside India, as may be necessary in the interest of the Company's business as may, from time to time, be required or directed by the Board in connection with or in relation to the business of the Company.

The Company to pay Mr. Seth in consideration of the proper performance of his duties and functions as Managing Director:

i. Salary: ₹352,073 per month, or such other sum not exceeding ₹600,000 per month as may be determined by the Board from time to time, at its discretion.
ii. Special Allowance: ₹139,664 per month, or such other sum not exceeding ₹200,000 per month as may be determined by the Board from time to time, at its discretion.
iii. Annual Bonus of 20% of the salary as applicable to other employees of the Company.
iv. Annual Performance Bonus: Such Amount to be determined by the Board subject to a ceiling of 15 months' salary as may be determined by the Board from time to time at its discretion.

In addition to the above, Mr. Seth to be entitled to:-

a. the use of a furnished residential accommodation taken on lease or on leave and license basis by the Company, the cost of which would be ₹100,000 per month or such other sum not exceeding 50% of Salary as may be determined by the Board from time to time at its discretion;
b. reimbursement by the Company of all charges in connection with gas, electricity, water, maintenance and furnishing at Mr. Seth's residence, if Mr. Seth 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;
c. in the event Mr. Seth decides to stay at an accommodation arranged by him, he be entitled to House Rent Allowance of 50% of basic salary, which at present will be ₹176,036 per month;
d. reimbursement of medical expenses actually incurred by Mr. Seth 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. Seth 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 ₹20,000/- per annum;

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;
i. the use of a telephone for business purposes at the residence of Mr. Seth, the rent, call charges and other outgoings in respect thereof being paid by the Company; save and except for personal long distance calls which is to be billed by the Company to, and payable by, Mr. Seth directly;
j. the use of two chauffeur driven motorcars 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;
k. 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. Seth as laid down in the Income Tax Rules, 1962 for the time being in force;
l. 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. Seth's salary as laid down in the Income Tax Rules, 1962 for the time being in force;
m. gratuity at the rate of 15 days salary for each completed year of service as Managing Director;
n. 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. Seth to be entitled to encash the same at the end of his tenure under the Agreement;
o. casual and sick leave on full remuneration including all benefits in accordance with the rules of the Company for the time being in force;
p. reimbursement of travelling and entertainment expenses reasonably incurred by him exclusively for the business of the Company and approved by the Board.

The perquisites set out above in clauses (b), (c), (d), (e), (f) and (g) to be restricted to an amount not exceeding ₹50, 00,000 per annum.

In the case of loss or inadequacy of profits in any financial year of the Company, the remuneration payable to Mr. Seth to be subject to the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956.

Income Tax, if any, on or in respect of the aforesaid remuneration to be borne and paid by Mr. Seth. Mr. Seth not to directly or indirectly engage himself in any other business, occupation or employment whatsoever, provided however that it be permissible for Mr. Seth, 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 be deemed a contravention of this clause. Mr. Seth may, however, hold share or shares quoted on a recognised Stock Exchange without the consent of the Board.

During the continuance of his employment hereunder or at any time thereafter, Mr. Seth not to divulge, publish or disclose to any person whomsoever or make use whatsoever for his own purpose or for any other purpose other than that of the Company of any information, knowledge, methods, trade secrets or any confidential information relating to the business and affairs of the Company, obtained by him during his employment with the Company and Mr. Seth to, during the continuance of his employment, use his best endeavors to prevent any other person from doing so.

In either of the following events, the Company be entitled by notice in writing to Mr. Seth to terminate the Agreement with immediate effect if Mr. Seth:

i. be guilty of inattention or negligence in the conduct of the business of the Company or of any other act or omission inconsistent with his duties as Managing Director or of any misconduct or breach of the Agreement, as, in the opinion of the Board, renders his retirement from the office of Managing Director desirable; or
ii. becomes disqualified as a Director for any reason other than an inadvertent breach of the provisions of Section 283 of the Companies Act, 1956, or failure through inadvertence or oversight to secure leave of absence from meetings of Directors (in either of which latter events he be re-appointed as a Managing Director).

Notwithstanding anything to the contrary herein contained and subject to the provisions of Section 318 of the Companies Act, 1956:

i. the Company be entitled to terminate the Agreement at any time by giving Mr. Seth 90 days prior notice in writing without assigning any reason or upon payment to Mr. Seth of salary and his other emoluments then due and payable for 90 days in lieu of such notice.
ii. Mr. Seth be entitled to terminate the Agreement at any time by giving to the Company 90 days prior notice in writing without assigning any reason.

Upon termination of the Agreement as hereinabove provided, Mr. Seth to cease to be the Managing Director of the Company and also ipso facto cease to be a Director of the Company.

The termination or determination of the Agreement for any reasons whatsoever not to affect the rights and claims which may have accrued to either party prior to the effective date of such termination or determination.

Upon termination of his services, Mr. Seth to hand over charge to such person nominated for that purpose by the Company and to deliver to such person such papers, documents and other property of the Company as may be in his possession, custody, control or power.

The Board recommends passing of the resolution at Item No. 8.

Details of Mr. Seth 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 reappointment of Mr. Seth 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 the Members at the Registered Office of the Company during business hours on any working day, except Saturday.

Item no. 9

At a meeting of the Board held on 28th May 2012, the Board appointed Mr. Rahul Arora, the son of Mr. Nishith Arora, the Chairman & Managing Director of the Company, as Chief Marketing Officer from 6th August 2012, upon the terms and conditions contained in the draft Agreement between the Company and Mr. Rahul Arora ("the Agreement") referred to in the special resolution at Item No. 9 of the Notice.

Section 314(1) of the Companies Act, 1956 ("the Act") inter alia, provides that except with the consent of the company by a special resolution, no relative of a Director of a company shall hold any office or place of profit either under the company carrying a total monthly remuneration of not less than ₹50,000/-.

Since Mr. Rahul Arora's monthly remuneration would be more than ₹50,000 /- he would be holding an office or place of profit under the Company by virtue of the said Section 314(1) requiring the consent of the Company in General Meeting to be obtained. Hence the special resolution at Item No. 9 of the Notice.

The material terms of the Agreement are as follows:

1. REMUNERATION:

Total remuneration shall be ₹2,49,167/- (two lac forty nine thousand one hundred sixty seven Only) per month including performance bonus.

2. STATUTORY BENEFITS:

Eligible for the statutory benefits viz., Provident Fund and Gratuity, as per the applicable laws in India.

3. LEAVE AND HOLIDAYS:

As applicable to the employees of in his cadre in the Company.

4. NOTICE PERIOD:

4.1 Employment may be terminated by either party at any time by giving to the other three months' prior written notice or by payment of three months' basic salary in lieu of such written notice. However, the management reserves the right to relieve Mr. Rahul Arora either earlier than the notice period or only on completion of notice period. The salary payable during notice period shall be calculated on Basic salary only.

4.2 In case Mr. Rahul Arora relinquishes his employment with the Company without any written notice, the Company shall have the right to deduct three month's salary from any payment including the Bonus that might be due to him from the Company or recover it otherwise, as the case may be.

5. TRANSFER/DEPUTATION:

During the tenure of Mr. Rahul Arora's employment, his services are liable to be transferred/deputed from one place to another, one job to another, one department to another, one unit to another, one branch to another, one collaborator's factory/office to another, from one associate company to another and back, to locations/places wherever the Company's interest/s exists whether in India or abroad, existing or future, at the discretion of the management.

6. RETIREMENT:

6.1 Mr. Rahul Arora will retire from the services of the company on attaining the age of 60 years (sixty years).

6.2 At the time of his retirement, the management at their sole discretion may or may not give extension, subject to his being found behaviorally good, work wise efficient and medically fit.

The Board recommends passing of the resolution at Item No. 9.

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. Nishith Arora, Chairman & Managing Director is interested in the special resolution at Item No. 9; he being the father of Mr. Rahul Arora.

Item no. 10.

By a special resolution passed at the 36th Annual General Meeting held on 23rd June, 2006 the Directors of the Company, other than the Managing Director and the Whole-time director, were authorized to receive commission not exceeding in the aggregate of 1% of the net profits of the Company for a period of five years from 1st April, 2006 upto 31st March, 2011. The aforesaid special resolution ceased to be in force on and from 31st March, 2011. The approval of the Members is once again sought to the payment of commission to the Non-Whole-time Directors of the Company for a period of five years from 1st April, 2011, in the manner and to the extent indicated in the first paragraph of the special resolution set out at Item No. 10 in the Notice.

The Company presently has a Managing Director. In view thereof the Commission payable to Non-Whole-time Directors pursuant to Section 309 (4) of the Companies Act, 1956 ("the Act") cannot exceed 1% of the net profits of the Company.

The second paragraph of the special resolution set out in the Notice deals with a situation where the Company not to have a Managing Director and/or Whole-time Director at any time during the period of five years commencing from 1st April, 2011, in which case the maximum commission payable to the Non-Whole-time Directors pursuant to Section 309(4) of the Act would be 3% of the net profits of the Company.

All the Directors of the Company, save and except Mr. Nishith Arora, Managing Director may be deemed to be interested in the special resolution to the extent of the commission that may be determined to be payable to them.

Item No.11.

H M Publishers Holdings Limited, a company incorporated in the United Kingdom and having its registered office at Hampshire, England, UK, is empowered, under the present Article 122 of the Company's Articles of Association, to appoint up to three Directors on the Board of the Company so long as it holds not less than two fifths in nominal value of the issued share capital of the Company for the time being.

"H M Publishers Holdings Limited" is defined in the present Article 2(1) to mean "Macmillan", and "Macmillan Director" has been defined therein to mean a Director appointed by Macmillan pursuant to Article 122.

As Members are aware, H M Publishers Holdings Limited (defined as "Macmillan" under the present Articles of Association), who were the original promoters of the Company, sold their entire shareholding in the Company on 12th October, 2011 to ADI BPO Services Private Limited (presently ADI BPO Services Limited). Consequent upon such sale, Macmillan ceased to be a Member of the Company effective 12th October, 2011 and the Company became a subsidiary of ADI BPO Services Private Limited (presently known as ADI BPO Services Limited).

All references to "Macmillan" and "Macmillan Director" wherever occurring in the Articles of Association need, as a consequence of the aforesaid sale, to be replaced by "ADI BPO" and "ADI BPO Director", respectively.

Hence, Articles 2(1), 122(1) and 139 are proposed to be altered pursuant to Section 31 of the Companies Act, 1956, by the deletion of the words "Macmillan", and/or "Macmillan Director" wherever occurring therein and their replacement by "ADI BPO" and "ADI BPO Director", respectively.

Consequent upon the aforesaid sale the present Article 122(1) which confers on Macmillan the right to appoint upto three Directors, so long as it holds not less than two fifths in the nominal value of the share capital of the Company for the time being, is sought to be replaced by ADI BPO. The Director or Directors so appointed by ADI BPO pursuant to the proposed Article 122(1) would not be liable to retire by rotation. The approval of Central Government will be sought under Section 268 of the Companies Act, 1956 for the aforesaid proposed alterations to the Articles of Association after the approval of the shareholders.

The resolution at Item No. 11 is proposed as a special resolution in view of Section 31 of the Act.

A print of the present Articles of Association will be available for inspection by Members at the Registered Office of the Company during business hours on any working day except Saturday.

On behalf of the Board

Supriya Kumar Guha
Company Secretary

Place: Mumbai
Date: 28th May 2012
Registered Office:
27, G N Chetty Road, T Nagar
Chennai 600017

ANNEXURE I

Information pertaining to Directors seeking appointment or re-appointment at the 42nd Annual General Meeting as required by Clause 49 (IV) (G) of the Corporate Governance Guidelines.

Particulars	Mr. D.E. Udwadia	Mr. Nishith Arora	Mr. Vijay Sood	Mr. Rajiv K. Seth
Date of Appointment	29th November, 2010	7th December, 2011	17th January, 2012	15th November, 2011
Qualifications	Mr. Darius E Udwadia is a post graduate from University of Bombay. He is an Advocate and Solicitor of the Bombay High Court. He is also a Solicitor of the Supreme Court of England. Mr. Udwadia was a partner of Crawford Bayley & Co., Mumbai, one of the India's leading law firms for nearly 22 years. He is a founder partner of Udwadia & Udeshi, Advocates and Solicitors, Mumbai. Consequent upon the reconstitution of the firm, its name was changed to Udwadia Udeshi & Argus Partners effective 1st April 2012. His firm and he are legal advisors to several Indian and multinational companies and foreign banks having a presence in India.	B.A. (Hons) Economics, Delhi University, PGDM, IIM Ahmedabad. Also completed the 3-year Owner President Management program at Harvard Business School in 2009.	B.A. (Hons) Economics, Delhi University, PGDM, IIM Ahmedabad, Associate Member, Institute of Cost Accountants of India, AMP, The Wharton School.	B. Tech, PGDM
Expertise in specific functional area	He has during his nearly 49 years of active law practice acquired valuable knowledge, experience and expertise in the areas of corporate law, mergers, acquisitions and take overs, corporate restructuring foreign collaboration, joint ventures, project and infrastructure finance, intellectual property, international loans and finance related transactions and financial instruments, mutual funds, real estate and conveyancing.	Mr. Arora is an entrepreneur based in India with long years of experience in international and domestic outsourcing. Founder of International Typesetting and Composition (subsequently sold and renamed as Glyph) and ADI BPO/Neuetype, he is also a co-founder of ADI Media Private Limited, a leading B2B magazine publisher.	He earlier worked in reputed firms like Renaissance Services SAOG, Credit Agricole Indosuez, WI Carr Indosuez, HSBC India and ANZ Grindlays India etc.	Mr. Seth had over 35 years of experience in the Industry. As a professional, he held many senior level positions before joining the Company. His last assignment before joining the Company was as President, Cyber Media India Limited, Delhi.
Directorships held in other Public Companies (excluding foreign companies)	1. ABB Ltd 2. AstraZeneca Pharma India Ltd 3. The Bombay Burmah Trading Corporation Ltd 4. Development Credit Bank Ltd 5. Eureka Forbes Ltd 6. ITD Cementation India Ltd 7. JM Financial Ltd 8. WABCO India Limited 9. IRD Mechanalysis Ltd 10. Wyeth Ltd 11. Nitesh Estates Ltd	ADI BPO Services Ltd.	1. Taurus Asset Management Company Limited 2. HB Stock Holdings Limited	None
Membership/ Chairmanships of Committees of other public companies (includes only Audit Committee (AC) and Shareholders/ Investors Grievance Committee(SGC))	AC and SGC of: 1. ABB Ltd - ACs of: 2. AstraZeneca Pharma India Ltd 3. The Bombay Burmah Trading Corporation Ltd 4. Development Credit Bank Ltd 5. Eureka Forbes Ltd 6. ITD Cementation India Ltd 7. JM Financial Ltd 8. WABCO India Ltd 9. IRD Mechanalysis Ltd 10. Wyeth Ltd 11. Nitesh Estates Ltd	NIL	**AC of:** 1 Taurus Asset Management Company Limited.	NIL
Shareholding in the Company (No. of shares)	NIL	NIL	9731 shares	NIL

On behalf of the Board

Supriya Kumar Guha
Company Secretary

Place: Mumbai
Date: 28th May 2012
Registered Office:
27, G N Chetty Road, T Nagar
Chennai 600017

ANNEXURE II

Statement containing the required information as per Category C of Section II of Part II of Schedule XIII to the Companies Act, 1956 for Item No. 7 and 8

I. GENERAL INFORMATION

NATURE OF INDUSTRY	The Company is in the Information Technology Enabled Services industry and its business includes copy editing, typesetting, issue management, project management, data conversion, ad production, subscription fulfillment, digitizing and electronic warehousing services.
DATE OF COMMENCEMENT OF COMMERCIAL PRODUCTION	The Commercial operations relation to the publishing services business of the Company was started in 1976. The Company is the pioneer of the concept of e-publishing services catering to the export markets.
FINANCIAL PERFORMANCE BASED ON GIVEN INDICATORS	Since the Company has initiated steps for increasing the volume of business and diversifying the scope of its operations, accelerated results in terms of increased profitability and healthy increase of shareholders wealth are expected to accrue in the years to come. From a loss of ₹8.81 crores in 2010, the Company has turned around and posted a net profit after tax of ₹10.87 crores for 15 months' period ended 31st March, 2012
EXPORT PERFORMANCE AND NET FOREIGN EXCHANGE COLLABORATIONS	The Company earned foreign currency income of ₹190.87 crores for the fifteen months period ended 31st March, 2012. The Company has not entered into any foreign collaboration with any entity or venture.
FOREIGN INVESTMENTS OR COLLABORATIONS, IF ANY	As of 31st March, 2012, 0.15% of the total paid up and issued equity capital of the Company is held by foreign entity.

II. INFORMATION ABOUT THE APPOINTEE - MR. NISHITH ARORA

BACKGROUND DETAILS	Graduate in Economics and an Alumni of IIM, Ahmedabad. He has also completed the 3-year Owner President Management program at Harvard Business School in 2009. Mr. Arora is an entrepreneur based in India with long standing experience in international and domestic outsourcing. Founder of International Typesetting and Composition (subsequently sold and renamed as Glyph) and ADI BPO/Neuetype, he is also a co-founder of ADI Media Private Limited, a leading B2B magazine publisher. He is a member of the Shareholders Grievance Committee of the Company. He has vast and rich experience in the ITES/BPO industry sector.
PAST REMUNERATION	An aggregate monthly remuneration of ₹2.48 lacs for the year 2011-12 and ₹3.56 lacs for the period 1st April till 18th April 2012.
RECOGNITION OR AWARDS	No such recognition or awards
JOB PROFILE AND HIS SUITABILITY	Mr. Arora is proposed to be appointed as the Managing Director of the Company and will be responsible for the overall day-to-day operations of the Company, delivery and strategic growth initiatives. He is well qualified and experienced and is suitable for the position.
REMUNERATION PROPOSED	The remuneration, proposed and approved by the Board, to be paid to Mr. Arora upon his appointment as Managing Director for a period of three years from 19th April, 2012 is as set in the said draft Agreement to be entered into between Mr. Arora and the Company. The material terms of the said draft Agreement is as set out in the explanatory statement to Item No. 7.
COMPARATIVE REMUNERATION PROFILE WITH RESPECT TO INDUSTRY, SIZE OF THE COMPANY, PROFILE OF THE POSITION AND PERSON:	The proposed remuneration is at the prevailing remuneration profile in the industry for similarly placed persons and was also being paid to the previous Managing Director.
PECUNIARY RELATIONSHIP DIRECTLY/ INDIRECTLY WITH THE COMPANY OR MANAGERIAL PERSONNEL, IF ANY;	Mr. Arora owns majority of the shares of ADI BPO Services Limited, which is the promoter of the Company. He may directly or indirectly be deemed to be interested at all the contracts entered into with ADI BPO Services Limited.

II. INFORMATION ABOUT THE APPOINTEE - MR. RAJIV K SETH

BACKGROUND DETAILS	Bachelor of Technology, PGDM . Mr. Seth has over 35 years of experience in the industry. His last assignment before joining the Company was as President, Cyber Media India Ltd.
PAST REMUNERATION	An aggregate monthly remuneration of ₹5.93 lacs.
RECOGNITION OR AWARDS	No such recognition or awards
JOB PROFILE AND HIS SUITABILITY	Mr. Seth as Managing Director of the Company till 18th April, 2012 was responsible for the overall day-to-day operations of the Company. He was well qualified and experienced and was suitable for the position.
REMUNERATION PROPOSED	The remuneration, proposed and approved by the Board, and paid to Mr. Seth as Managing Director from 15th November 2011 till 18th April, 2012 was as set out in the Agreement dated 21st December, 2011. The material terms of the said Agreement is as set out in the explanatory statement to Item No. 8.
COMPARATIVE REMUNERATION PROFILE WITH RESPECT TO INDUSTRY, SIZE OF THE COMPANY, PROFILE OF THE POSITION AND PERSON:	The proposed remuneration is at the prevailing remuneration profile in the industry for similarly placed persons and was also being paid to him previously.
PECUNIARY RELATIONSHIP DIRECTLY/ INDIRECTLY WITH THE COMPANY OR MANAGERIAL PERSONNEL, IF ANY;	NIL

III. OTHER INFORMATION:

REASONS FOR LOSS OR INADEQUATE PROFITS	Due to the general slowdown in the global economic situation, there is an impact on short term growth in profitability. It is expected that there would be a recovery in key markets which are serviced by the Company in 2014. Given the current sluggish market scenario, it is possible that the Company has no profits or inadequate profits in any financial year, as computed under Section 198 read with Sections 349 & 350 of the Companies Act, 1956 ("**the Act**") during the tenure of Mr. Arora as Managing Director to pay him the remuneration and perquisites as set out in the draft Agreement approved by the Remuneration Committee and the Board at its meeting held on 28th May, 2012. In such case, the ceiling on remuneration payable to Mr. Arora prescribed under of Schedule XIII of the Act would become applicable. In the event of the aforesaid situation and as a matter of abundant caution, the approval of the Members is being sought by a special resolution, that subject to the approval of the Central Government, if necessary, payment of the aforesaid remuneration and perquisites to Mr. Arora be paid to him as minimum remuneration and perquisites. The remuneration paid to Mr. Seth during his tenure as Managing Director from 15th November, 2011 till 18th April, 2012 be treated as minimum remuneration as approved by the Remuneration Committee and the Board at its meeting held on 15th November, 2011. In pursuance of the Act, approval of the shareholders is being sought by a special resolution for the remuneration paid to Mr. Seth.
STEPS TAKEN OR PROPOSED TO BE TAKEN FOR IMPROVEMENT	A number of measures are being taken to increase business volumes including strengthening of sales presence in hitherto unrepresented geographies. Restructuring activities have been undertaken across the Company to increase productivity at each of the facilities and is expected to yield positive results on the sales revenue as well as reducing cost and thereby lead to economies of scale that will boost the profitability in the years to come.
EXPECTED INCREASE IN PRODUCTIVITY AND PROFITS IN MEASURABLE TERMS	Due to the aforesaid measures, it is expected that the profits of the Company would be well sufficient for payment of managerial remuneration in the future years, on the terms specified for Mr. Arora without attracting the requirements of Schedule XIII of the Act.

On behalf of the Board

Supriya Kumar Guha
Company Secretary

Place: Mumbai
Date: 28th May, 2012
Registered Office:
27, G N Chetty Road, T Nagar
Chennai 600017

REPORT OF THE BOARD OF DIRECTORS

The Directors are pleased to present the **Forty Second Annual Report** together with the Accounts for the fifteen-month period ended 31st March 2012.

The profit for the fifteen-month period ended is as under:

₹ in lacs

Accounts	15 months period ended 31.03.2012	Year ended 31.12.2010
Profit / (Loss) for the year after depreciation and taxation	1,087.13	(880.71)
Surplus brought forward from previous year	5,043.47	8,666.82
	6,130.60	7,786.11
Adjustments / Appropriations:		
Adjustment for Subsidiary Companies profits/losses on amalgamation	-	2,742.64
Interim Dividend Paid	336.45	-
Tax on interim dividend	54.58	-
Proposed Final Dividend	336.45	-
Corporate Tax on Dividend	54.58	-
Transfer to General Reserve	108.71	-
Surplus carried forward	5,239.83	5,043.47
	6,130.60	7,786.11

Dividend

The Board had declared an Interim Dividend of ₹2 per share on 3rd February 2012. The said dividend was paid out on 18th February 2012. The Board has now proposed a Final dividend of ₹2 per share. The Final Dividend, if declared, will be paid out to all shareholders whose names appear on the register of members on 3rd August 2012. Cash outflow for the Final dividend, if declared, will be ₹336.45 lacs and dividend tax on the same will be ₹54.58 lacs and consequently the total cash outflow on account of dividend for the year would aggregate to ₹782.06 lacs. This will translate into a payout of 71.94% (including the dividend distribution tax) of the net profit of the Company for the current year.

Acquisition of shares by ADI BPO Services Limited

The erstwhile promoter of the Company, namely HM Publishers Holdings Limited, UK, (HMPHL) sold its entire shareholding in the Company to ADI BPO Services Limited (ADI – erstwhile ADI BPO Services Private Limited). In accordance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 (SAST regulations), ADI made an open offer to acquire up to 20% of the balance share capital of the Company. ADI in the open offer acquired a further 14.81% of the share capital of the Company. ADI consequently owns 76.27% of the Company's capital as on date. This open offer was in accordance with SAST regulations that were prevailing before 20th October 2011 i.e. before the subsequent amendments came into force.

Progress of the Business

Sales for the fifteen-month period ended were ₹191.00 crores as against ₹127.42 crores for the corresponding previous year. The Profit after Tax was ₹10.87 crores giving an EPS of ₹6.46 per share as against a Loss of ₹8.81 crores and an EPS of ₹(5.24) per share in the previous period of 12 months.

The Company's business was restructured during the period with focus on cost reduction, outsourcing non value added items and reducing redundancy. Facilities were also restructured leading to savings in rentals and other costs.

Business outlook

Your Company continues to pursue its initiatives stated earlier. It is focused on establishing a seamless delivery mechanism to cater to a variety of demands of its key clients. There is a greater emphasis on improving efficiencies, automating processes for higher productivity and closer customer interface for volume growth. The drive for monitoring and controlling costs through better reporting and accountability has started showing results. The go-to-market strategy continues to be technology-driven to leverage on investments made and is being fruitful in driving sales for so-called commodity services like pre-press and digital services.

There is increased activity to establish the new entity in the market and this is manifested through the presence at many conferences and exhibitions catering to various domains which the Company service. As the publishers continue to evolve their digital strategy, the Company is at the right stage to exploit the upside in digital business. Since the Company is able to cater to the entire value chain of the publishing services domain, the Company is well-positioned to provide flexibility to clients to select services both upstream and downstream from the existing service relationship.

Though the Company closed its UK operations, the Company does not expect any adverse affect on business or relationships with the existing client base as relations are well established with the Company's delivery units. In the US the Company continue to push towards even better accountability from our on-shore operations and driving it through the profitability matrix. The Company is focused on expanding in tier II cities. Besides giving the cost advantage, this will also prove to be a lucrative opportunity for providing a viable and profitable alternative for many services currently being provided through the existing service centers. This is being diligently pursued and is certain to provide a healthy push to the profitability of some business lines. The Company is well-positioned to leverage the above mentioned factors both at the business end and the delivery side, and is reasonably confident to look at an even healthier bottom-line.

Overall Company Aims

The Company's current strategy remains:

To increase the size, scope and technological advantage of its business as a global, high value-add, IT-enabled service provider for publishing activities including e-Pub and be a leader in this area. The strategic intent is to play a major part in the harnessing of India's skills, abilities and cost-advantages and to contribute to India's domination of IT-enabled services in the coming years.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Out-going

The provisions regarding disclosure of particulars in Form A with respect to Conservation of Energy are not applicable to the Publishing Services industry as the operations are not energy-intensive. However constant efforts are made to make the infrastructure more energy efficient. Particulars regarding Technology Absorption, Research and Development in Form B are annexed to this report.

During the period under review, foreign exchange earned through exports was ₹19,087.34 lacs as against ₹12,742.27 lacs for the year ended 31st December 2010. The outgo of foreign exchange was ₹2,376.58 lacs as against the previous year outgo of ₹1,838.08 lacs. Thus the net foreign exchange earned by the Company was ₹16,710.76 lacs. The details of earnings and outgo are given in the Notes forming part of the Accounts for the period ended 31st March, 2012.

Directors

Following the sale of shares by HMPHL of its entire shareholding, Mr. Lawrence Jennings and Mr. Hanson Farries resigned from the Board of Directors of the Company on 17th January 2012.

The Board places on record its appreciation of valuable advice given by Mr. Lawrence Jennings and Mr. Hanson Farries, during their tenure as Directors of the Company and the committees that they were members of. The Company and the Board benefitted from the wisdom and advice of Mr. Lawrence Jennings and Mr. Hanson Farries during their tenure as Directors of the Company.

Mr. Nishith Arora, Director of ADI was appointed as an Additional Director of the Company on 7th December 2011 under Section 260 of the Companies Act 1956 read with Article 125 of the Articles of Association of the Company. Mr. Nishith Arora retires at the ensuing Annual General Meeting and being eligible offers himself for appointment as a Director. Notice has been received from a member signifying his intention to propose Mr. Nishith Arora as a Director of the Company.

The Board also appointed Mr. Vijay Sood as an Additional Director effective from 17th January 2012 under Section 260 of the Companies Act 1956 read with Article 125 of the Articles of Association of the Company. Mr. Vijay Sood retires at the ensuing Annual General Meeting and being eligible offers himself for appointment as a Director. Notice has been received from a member signifying his intention to propose Mr. Vijay Sood as a Director of the Company.

Auditors

The Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained a written certificate from Messrs. Deloitte Haskins & Sells, Chartered Accountants, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

Observations in the Auditor's Report

With regard to the Auditors observation in para 3 of their Report on Note no. 5b in Schedule 19, the Company has filed appeals with the concerned authorities against the service tax demands and disallowance of service tax refund. The matter is sub judice. For further details, please refer to note no. 5b of Schedule 19 to the accounts.

Particulars of Employees

Information as per sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 forming part of the Directors' Report for the fifteen-month period ended 31st March 2012 is annexed to this Report.

Clause 49 Requirement

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a compliance report on Corporate Governance together with a certificate from the statutory auditors confirming compliance with the conditions of corporate governance stipulated in the said clause, is annexed to this report.

The Board has laid down a "Code of Conduct" for all Board members and senior management of the Company and the "Code of Conduct" has been posted in the website of the Company, www.adi-mps.com.

CEO/CFO Certification

Mr. Nishith Arora, Managing Director and Mr. Ratul Shome, Vice President - Finance of the Company have given a certificate to the Board as contemplated in Clause 49 of the Listing Agreement.

Director's Responsibility Statement

Pursuant to sub-section (2AA) of Section 217 of the Companies (Amendment) Act 2001, the Directors confirm that:

(i) In preparation of the annual accounts for fifteen-month period ended 31st March 2012, the applicable accounting standards have been followed and proper explanations have been provided for material departures, wherever applicable.
(ii) The Directors have selected such accounting policies and applied them consistently, and made judgment and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and the profit of the Company for the fifteen-month period ended 31st March, 2012.
(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Company's Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The Directors have prepared the annual accounts on a 'going concern' basis.

Acknowledgments

The Directors wish to place on record their appreciation of the support and guidance received from ADI BPO Services Limited. The Company is dependent for its success on the support of its members, its authors, its customers and above all its management and staff and the Directors wish to place on record their deep appreciation of this support during the year.

For and on behalf of the Board of Directors

Mumbai
28th May 2012

Nishith Arora
Chairman & Managing Director

FORM B

Disclosure of Particulars with Respect to Technology Absorption, Research & Development:

1. Specific areas in which R & D was carried out by the Company	The Company continued its effort towards development of the following: Development of advanced editing tools Implementation of advanced graphics automation tools Implementation of workflows / processes with more automation Data delivery systems automation Integration with customers content management systems Centralized helpdesk using open source software Virtualization of servers Optimization of bandwidth and firewall implementation
2. Benefits derived from the above	Consolidation of IT resources Optimized bandwidth usage & management Improved business continuity at optimized cost Data security and protection for external treats Improved communication standards and cost efficiency Improvement in quality and consistency of service deliveries Improved productivity Improved competitive positioning
3. Future plan of action	Efficiency and optimization of print management services Further improvement in business continuity and disaster recovery plan Centralization of key processes for cost efficiency Improved process automation resulting in increased productivity
4. Expenditure on R & D result	Included in appropriate heads

Technology absorption, adaptation and innovation.

Efforts in brief made towards technology absorption, adaptation and innovation.	Adoption of PCI-DSS standards of security Implementation of ITIL process frame work and IS 27001 Adoption of batch pagination technologies
Benefits derived from the above	Improved productivity Standardization of measurement techniques and information flows Ability to produce and deliver larger value at existing resource level
Imported Technology	No technologies were imported

Information as per Section 217 of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 (as amended to date) and forming part of Directors Report for the fifteen-month period ended 31st March 2012.

Name	Designation, Nature of Duties	Age	Remuneration (₹lacs)	Qualification	Total Working Experience	Date of commencement of employment	Last employment held before joining the company (duration in years)
Patrick Casey	Director of Sales	57	88.95	BA	34	22.12.2008	Director of Sales ICC Macmillan, (3)
Rajiv Kumar Seth	MD & CEO	60	166.26	B.Tech, PGDBM	37	09.04.2007	President, Cyber Media India Limited (5)
Gautam Mukherjee*	CFO	50	75.28	B.Com(Hons), FCA	26	04.07.2007	Sr. Vice President – Corporate, Cyber Media India Limited (7)

Notes:

a. All employments are contractual, other terms and conditions as per Company's rules
b. Remuneration included salary, allowances, commission / bonus, medical reimbursement, leave travel assistance, contribution to provident fund, superannuation fund (where applicable) and gratuity funds and other perquisites, which have been evaluated as per the Income Tax rules in force.
c. None of the employees are related to any directors.

* Part of the year

By order of the Board

Nishith Arora
Chairman & Managing Director

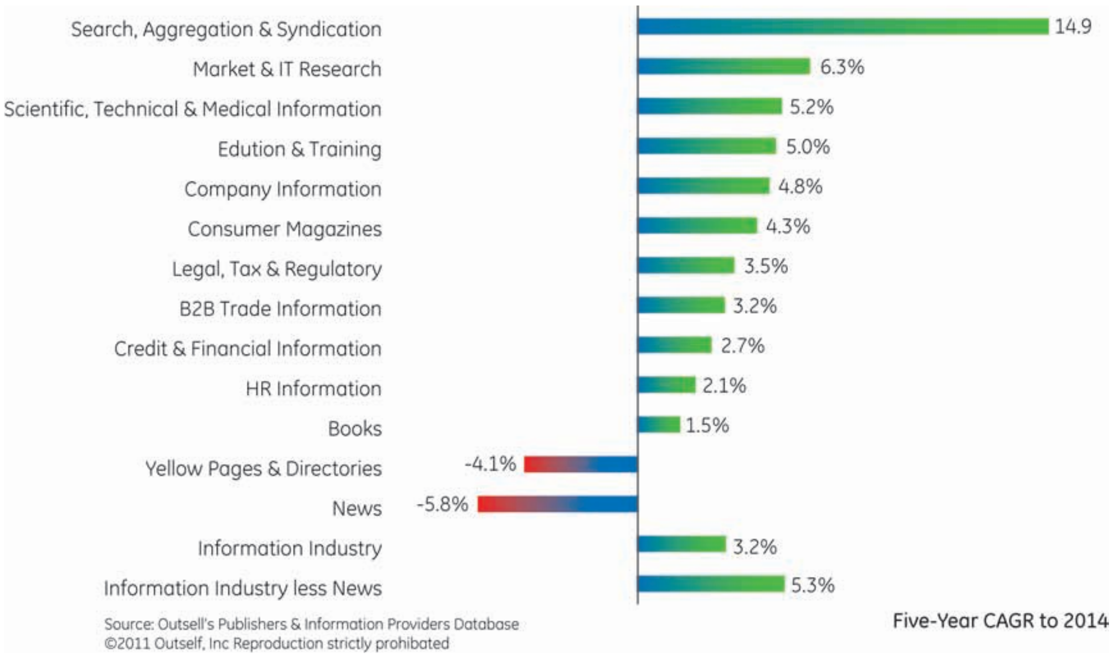
MANAGEMENT DISCUSSION & ANALYSIS

(A) INDUSTRY STRUCTURE AND BUSINESS DEVELOPMENT

The information industry has witnessed several technological and cultural changes in recent times. As the consumer preference for digital content grows steadily, publishing companies are under pressure to reduce costs while decreasing their production times. At the same time, lower technological and other barriers of entry have resulted in a mushrooming of competitors offering traditional prepress services in India. However, new opportunities have also been created by the change in consumer tastes, like demand for more interactivity in ebooks. Overall, with consumer spending climbing back, the information industry can look forward to a year of growth. In fact, the latest projections by a leading market research firm Outsell Inc. indicate that the overall industry revenues will grow back to the 2008-level by this year-end.

Growth is expected in almost all market segments that the Company serves. Our two largest consumer segments, STM and Education, will witness the highest growth rates of 5.2% and 5.0%. Trade books are expected to show a modest growth rate of 1.5%; however, the shift in consumption patterns from print to digital have created new sources of revenues for the Company within this segment. A decline in the Yellow Pages segment is expected and this trend will continue for the foreseeable future.

While Indian firms remain at the top of the outsourcing list for the Information industry, the Company's traditional prepress services are fast becoming commoditized. The low barriers to entry have resulted in a large number of competitors capable of providing basic prepress services. To remain competitive, the Company has developed comprehensive solution portfolios and packages for commoditized services with value-adds. Our proprietary automation tools provide us with a competitive edge and help us shorten our production times while keeping costs low.



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While North America and EMEA are still the major buyers of outsourcing services, Asia and Latin America are fast becoming important publishing centres in their own right. Asia's information industry has been growing at a faster rate than EMEA and within a few years Asia will move ahead of EMEA. While most of the publishing in Asia happens in non-English languages, changing consumer habits and the growth in global content consumption are set to create a lucrative English-language content market in Asia. MPS Limited has started preparing its business development efforts for these markets and currently works with the Asian divisions of some of the largest Global publishers.

The mobile and tablet market has matured in the last year and we have seen the release of various devices with faster processing capabilities than before. The acceptance of these smart personal devices has increased the market's demand for digital content in all its forms. While ebooks have majorly benefited from this market movement, publishers have also realized the potential for monetizing their content through mobile applications. MPS has the technological capability and the correct domain knowledge to help publishers in their application development efforts. As our customers try to fulfil the market demand for interactivity, we are set to gain from our application development and maintenance services. Another effect of the increasing number of devices is the increasing number of ebook file formats. While EPUB has become one of the preferred formats for publishers, devices like Amazon's Kindle Fire and Apple's iPad continue to push their own file formats. This continues to create demand for digitization and digital conversion services. The Company has developed more efficient processes and automated tools for servicing the digital conversion requirements of its clients while maintaining its margins.

The Company has been strongly marketing itself as a technology service provider for some time now. Publishers are starting to look at service providers as partners in developing the right workflows and strongly favour those capable of providing a complete bouquet of services ranging from traditional prepress to mobile application development. MPS's recent sales campaigns including its participation in leading trade shows have helped re-confirm the Company's status as an established player in its field. At the same time, sales efforts have been strengthened across all businesses for acquiring new clients. Information sharing between various businesses has been enabled for cross-selling of services to existing clients.

Further and ongoing efforts shall solidify MPS's position in the market and will help the Company in converting market movements into new business.

(B) OPPORTUNITIES AND THREATS

While there are ample opportunities in this industry, there are also factors that could impede growth.

Opportunities

Recent research conducted by Bowker Market Research on behalf of the US Federal Government's Book Industry Strategy Group (BISG) revealed that consumers are increasingly purchasing books—both print and e-book formats—online. The survey found that more than half of e-book readers also increased their use of apps to purchase books and more than one-third increased their use of general retail Web sites such as Amazon.com. These buyers have reduced their patronage of brick and mortar bookstores by about 29-35%. Against this backdrop, our Company's strategy to focus on our content management and distribution platforms is well-timed.

With the explosion in content and data available online, the demand for aggregation, abstracting, and indexing services continues to see growth from STM and professional database publishers. Online access has become the norm as most institutions spend 60%-70% of their budgets on digital products compared to print. Semantic search capabilities are required to make such databases more relevant to users and this continues to keep demand for metadata services.

The proliferation of personal smart devices like tablets and mobiles has introduced publishers to a new revenue stream of applications. While ebook sales have gone up, these devices have created a demand for interactive content delivered as applications or enhanced ebooks. The education segment is more active is developing such products for their consumers. MPS is seen as a market leader in providing enhanced ebooks through EPUB3 and HTML5 services. Our application development services are also keeping pace with the market and we will continue to see increase in demand for this service. We have also seen good response from the STM segment for developing applications for content delivery. With our existing client base and proven technological edge, we are well placed to capitalize of such opportunities.

Threats

The Company's operations are completely dependent on the smooth functioning of its hardware and software. Proper IT security systems and procedures have been implemented throughout the Company but a virus attack or a rapid change in technology could have an adverse effect on the business. Due to this the Company invests heavily in new and updated technology each year.

Typesetting and other traditional publishing services are becoming commoditised and profit margins from these services are decreasing. The Company is thus using automation to a far greater extent to increase efficiency and is diversifying into high-end, value-add services. Changes in consumer preferences pose a threat to specific lines of businesses like application development and ad studio.

(C) RISKS AND CONCERNS

The risks and concerns envisaged and their mitigation continue to be:

- Taxation risk: With the removal of tax holiday for STPI units by the Government of India, the post tax profits of the Company will be materially and adversely affected. The Finance bill of 2012-13 has introduced transfer pricing regulations for domestic transactions above certain threshold limits. This may also adversely affect contracts entered into between the Company and its promoter. The proposed Direct Tax Code is also expected to increase the effective taxation on the profits of the Company in relation to the transfer pricing regulations.
- Disaster and security risk: This is a major concern for all IT/ITES companies. This is being mitigated by identifying and using alternative sites for data storage and protection.
- Technological risk: Adoption of newer technologies by clients is expected to force service providers to adopt newer technology involving substantial investments in workflow and manpower management. However adoption of new technology platforms by clients is quite limited which helps to mitigate the risks.
- Currency risk: Currency fluctuation generally remains a big risk. This risk is mitigated to a certain extent by taking adequate foreign exchange cover.
- Industry risk: As the Company is dependent on overseas publishers, any downturn in a customer's business or in the industry generally in any country where the Company does business, could have an impact. This risk is mitigated by the diversification of business and customer base.
- Customer concentration risk: The Company depends on a relatively small number of key overseas publishers. This risk is being mitigated by expanding the customer base.
- Competition risk: With the increasing availability of equipment, processing knowledge, and low cost commoditisation, the barriers to entry into typesetting and other low-end services have eased significantly. This risk is being mitigated through updation of workflow technology and increased automation.
- Pricing risk: Pricing pressure is a big and constant risk due to increased competition. It is the Company's endeavour to reduce the impact of pricing pressures by increasing productivity, ramping up volumes, and moving up the value chain.

(D) SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE

The Company currently operates in a single segment of outsourced publishing services (for further details please refer to Note no. 14 of notes on accounts – Schedule 19).

(E) OUTLOOK

The digital consumer has matured in his reading habits and new consumer habits and spending patterns have emerged in recent times. Digitization is no longer an option and most publishers have moved to digital-first workflows and are releasing their digital products with or ahead of their print products. Some of the largest publishers have also established digital-only imprints in a sign of coming times. The Company's increased focus on packaging end-to-end services has been well-received by the market and we are increasingly being sought out by clients interested in high-end services like content management platforms and application development. Large publishers have rationalized their vendor base and prefer established and technologically superior partners like MPS over smaller organizations. The industry is set to post a modest overall growth this year and MPS is set to take advantage of all the new opportunities the market presents us.

(F) INTERNAL CONTROL SYSTEMS

The Company has well documented policy guidelines, defined authority levels, and an exhaustive budgetary control system to ensure adequate internal control levels. The Company has implemented SAP, an ERP System, to have adequate internal control. The Company is also in the process of implementing XBRL format for proper reporting as mandated by the Ministry of Corporate Affairs.

The Company appointed Ernst & Young as the Internal Auditors last year. The Internal Audit function ensures that the system of recording and reporting, internal controls and checks, safeguarding and protection of assets in time are adequate and proper. The Internal Auditor reports to the Audit Committee.

The Management as well as the Audit Committee of the Board review the findings and recommendations of the internal audit team and review periodically the adequacy of internal control, internal audit, and the management control systems, so as to be in line with changing requirements.

(G) DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's operations were affected by the trend in book typesetting businesses as well as Global pricing pressures in the Journals business. However, due to restructuring of the Company's business and also with cost reduction programmes, the financial performance of the Company for the fifteen-month period ended 31st March 2012 improved considerably when compared to the last financial year. The EPS of the Company for the period ending 31st March 2012 was ₹6.46 as compared to an EPS of ₹(5.24) for the last financial year. The Company was able to meet all its capital expenditure and working capital requirements through internally generated funds.

(H) MATERIAL DEVELOPMENTS IN THE HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT INCLUDING THE NUMBER OF PEOPLE EMPLOYED

Industrial relations remained cordial throughout the year. The aim continues to be to train, develop professional excellence, and improve competency level of the employees. The Company had 2143 employees as of 31st March, 2012.

Cautionary Statement

Certain statements in this analysis concerning the Company's objectives, expectations, estimates, projections and future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, intense competition in publishing services businesses including those factors which may affect our cost advantage, wage increase in India, reduced demand for services in our key focus areas, disruptions in telecommunication networks, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on acquiring companies or having offices outside India, unauthorised use of our intellectual property, and general economic conditions affecting our businesses over which the Company does not have any control.

The section on the Industry structure and business development is drawn from report on market intelligence data released by reputed market survey agencies like Outsell and industry organizations like IDPF.

CORPORATE GOVERNANCE REPORT

1. THE COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and voluntary practices that enable companies to perform efficiently & effectively and thereby maximize long term value for the Members, while ensuring fairness to all stakeholders. The Company has been practicing the principle of good corporate governance since its inception, not merely on account of regulatory requirements but as sound management practice for enhancing customer satisfaction and value for the Members. The Company confirms compliance of all the Secretarial Standards issued by the Institute of Company Secretaries of India as applicable, regarding the meetings of the Board of Directors, General Meetings, Dividend, maintenance of Registers and Records.

The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with the Members, employees, Government and other parties.

2. BOARD OF DIRECTORS

Composition of the Board

The Board of Directors of the Company presently consists of four Directors with one Managing Director and three Non Executive, Independent Directors. The Independent Directors are eminent professionals with experience in business, finance and law. Except the Managing Director all other Directors are subject to retirement by rotation.

The composition of the Board is as under:

Name of the Director & Designation	Category	No. of Directorships and Committee Memberships (including this Company)			
		Directorships		Committee Memberships	
		As Chairman	As Member	As Chairman	As Member
Nishith Arora, Chairman & Managing Director*	Executive & Promoter	1	Nil	Nil	1
D E Udwadia Vice Chairman	Independent Non-Executive	1	10	1	10
Ashish Dalal	Independent Non-Executive	Nil	1	1	1
Vijay Sood (from 17th January 2012)	Independent Non-Executive	Nil	3	Nil	3
Rajiv K Seth Managing Director (upto 18th April, 2012)	Executive	Nil	1	Nil	Nil

** Director from 7th December 2011, Non Executive Chairman from 17th January till 18th April, 2012 and Chairman & Managing Director from 19th April, 2012.*

Note: Excludes Directorships in Private Limited and Foreign Companies.

Details relating to Directors who have resigned during the period and upto the date of this report are given below:

Name of the Director & Designation	Category	No. of Directorships and Committee Memberships (including this Company)			
		Directorships		Committee Memberships	
		As Chairman	As Member	As Chairman	As Member
Lawrence Jennings Chairman (upto 17th January 2012)	Non Executive	1	1	1	1
W Hanson Farries (upto 17th January 2012)	Non-Executive	Nil	3	Nil	2
Rajiv K Seth Managing Director (upto 18th April, 2012)	Executive	Nil	1	Nil	Nil

The meetings of the Board are governed by a structured agenda. All major agenda items are backed by background information to enable the Board to take informed decisions. The Board also reviews periodically the information to be tabled under Annexure 1A to Clause 49 of the Listing Agreements with the Stock Exchanges.

3. DIRECTORS INTEREST IN THE COMPANY

Director	Relation with other Director	Business Relationship with the Company, if any	Loans & Advances Received from the Company	Remuneration During the 15 month period ended 31st March, 2012 (All figures in Rupees)			
				Sitting Fees	Salary Perks & Commission	Commission (Paid during the period and pertains to previous year)	Total
Nishith Arora	Nil	Promoter	Nil	Nil	Nil	Nil	Nil
Lawrence Jennings	Nil	Nil	Nil	Nil	Nil	Nil	Nil
D E Udwadia	Nil	*	Nil	400,000	Nil	Nil	400,000
W Hanson Farries	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rajiv K Seth	Nil	Nil	Nil	Nil	1,66,25,899	Nil	1,66,25,899
Ashish Dalal	Nil	Nil	Nil	360,000	Nil	Nil	360,000
Vijay Sood	Nil	Nil	Nil	60,000	Nil	Nil	60,000
A. Contractor	Nil	Nil	Nil	80,000	Nil	Nil	80,000

** During the 15 month period ended 31st March 2012, the Company paid ₹13,93,829 to the law firm M/s Udwadia & Udeshi as fees for professional services that were provided by them on specific legal matters entrusted by the Company to them for legal advice from time to time. Mr. D E Udwadia is a founder partner of the above firm. With effect from 1st April 2012, the above law firm was reconstituted with the merger of Argus Partners with it. The reconstituted law firm changed its name to Udwadia, Udeshi and Argus Partners effective 1st April 2012. The Board does not consider the firm's association with the Company to be of a material nature so as to affect the independence of judgment of Mr. Udwadia as a Director of the Company.*

Attendance Record of the Directors

Director	No. of Meetings		Attended last AGM on 13th September, 2011 in Chennai
	Held	Attended	
Nishith Arora (appointed w.e.f 7th December, 2011)	8	2	Not applicable
Lawrence Jennings (upto 17th Jan 2012)	8	5	Yes
D E Udwadia	8	8	Yes
W Hanson Farries (upto 17th Jan 2012)	8	2	Yes
Ardeshir Contractor (upto 12th July, 2011)	8	2	Not applicable
Rajiv K Seth	8	7	Yes
Ashish Dalal	8	7	Yes
Vijay Sood (appointed w.e.f 17th January, 2012)	8	2	Not applicable

Dates of Board Meetings

Date of Board Meeting	Place / City	No. of Directors Present
10th January, 2011	Mumbai	4
17th February, 2011	Mumbai	4
27th April, 2011	Mumbai	5
13th July, 2011	Mumbai	5
10th August, 2011	Bengaluru	4
15th November, 2011	Mumbai	4
17th January, 2012	Mumbai	5
3rd February, 2012	Bengaluru	4

4. AUDIT COMMITTEE

The power, role and terms of reference delegated to the Audit Committee is as specified under Clause 49 of the Listing Agreements with the Stock Exchanges. The Audit Committee also provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The Audit Committee is also empowered, pursuant to its terms of reference, inter alia, to a) investigate any activity within its terms of reference and to seek any information it requires from any employee, and b) obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary. At the meeting of the Audit Committee the statutory auditor, internal auditor and the Senior Management personnel, as required, are present. All the Directors forming part of the Audit Committee are Independent Directors. The Audit Committee presently consists of three Independent Directors viz. Mr. Ashish Dalal, Chairman, Mr. D. E. Udwadia and Mr. Vijay Sood. Mr. Lawrence Jennings and Mr. W Hanson Farries resigned as Directors and members effective 17th January 2012.

Dates of Audit Committee Meetings

Date of Audit Committee Meeting	Place / City	No. of Members Present
17th February, 2011	Mumbai	3
27th April, 2011	Mumbai	4
13th July, 2011	Mumbai	4
10th August, 2011	Bengaluru	3
15th November, 2011	Mumbai	3
15th December, 2011	Mumbai	2
3rd February, 2012	Bengaluru	3

Attendance Record of the Audit Committee Members

Audit Committee Member	No. of Meetings	
	Held	Attended
Mr. Ashish Dalal, Chairman	7	6
Mr. D E Udwadia	7	7
Mr. Lawrence Jennings (upto 17th January 2012)	7	5
Mr. W. Hanson Farries (upto 17th January 2012)	7	2
Mr. Vijay Sood (appointed w.e.f 17th January 2012)	7	1
Ardeshir Contractor (upto 12th July 2011)	7	1

The Company Secretary acts as the Secretary to the Audit Committee. The Managing Director, the Chief Financial Officer and the Statutory Auditor were also present at the meetings. The Internal Auditors were also present during their presentation to the Audit Committee.

5 REMUNERATION COMMITTEE

The Remuneration Committee recommends to the Board the compensation terms of the Wholetime Directors. The Remuneration Committee presently consists of Mr. D. E. Udwadia, Chairman, Mr. Ashish Dalal and Mr. Vijay Sood. Mr. Lawrence Jennings and Mr. W. Hanson Farries resigned from the Committee with effect from 17th January 2012 and Mr. Vijay Sood was appointed as a committee member with effect from 17th January 2012. The Remuneration Committee met four times during the period on 17th February 2011, 27th April 2011, 13th September 2011 and 15th November 2011. The Company's remuneration policy is aimed at attracting and retaining high caliber talent, taking into account the talent market, the remuneration trend and the competitive requirement of its business. Revised remuneration payable to Mr. Rajiv K Seth as Managing Director from 15th November 2011 till 18th April 2012 is subject to the approval of the Shareholders in General Meeting. While Mr. Rajiv K Seth was re-appointed as Managing Director from 15th November 2011 till 31st December 2012, Mr. Rajiv K Seth resigned from his office of Managing Director at the close of business hours on 18th April 2012.

6. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance Committee presently consists of Mr. Ashish Dalal as Chairman and Mr. Nishith Arora as member. Mr. Nishith Arora was appointed as a member effective 17th January 2012. Mr. Rajiv K Seth resigned as a member of the Committee on 17th January 2012.

The Committee looks into redressing of shareholder and investors complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend and related matters.

The Company Secretary acts as Secretary to the Committee and was also appointed as the Compliance officer. The Shareholders/Investors Grievance Committee met once during the period on 10th August 2011 in which Mr. Ashish Dalal and Mr. Rajiv K. Seth were present. All complaints received (total number - 2 complaints) from members during the period were fully resolved and there are no pending complaints.

7. CODE OF CONDUCT

The Company has posted the Code of Conduct for Directors and Senior Management on its website. A declaration of Code of Conduct from Managing Director affirming the compliance of Board of Directors and the Senior Management personnel of the Company is enclosed and forms a part of this report.

8. DISCLOSURES

i. The statutory disclosure requirements relating to related party transactions have been complied with in the Annual Accounts (Note 15 of Schedule 19). There are no material related party transactions of the Company which have potential conflict with the interest of the Company at large.

ii. Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years i.e. 2009, 2010 & 2011-12 – NIL.

iii. The Company has adopted all the mandatory requirements under Clause 49 of the Listing Agreements with Stock Exchanges and fulfilled the following non-mandatory requirements as prescribed in Annexure 1 D to Clause 49 :

  (a) The Company has set up a Remuneration Committee, details of which have been given earlier in this report.

  (b) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report their concerns about unethical behavior. No person has been denied access to the Audit Committee.

iv. The Management Discussion and Analysis report is included elsewhere in this Annual Report.

9. CEO & CFO CERTIFCATION

The Chairman and Managing Director and Vice President – Finance of the Company have given annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreements with the Stock Exchanges.

10. SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted equity share capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The secretarial audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. These reports are filed with Stock Exchanges quarterly.

11. SHAREHOLDERS INFORMATION

1. a. Date, time and location of the Annual General Meeting

Date: Friday, 3rd August 2012

Time: 3pm

Place: My Fortune Chennai, 10, Cathedral Road, Chennai 600086

b. Date, time and location of the last three Annual General Meetings

Year	Date and Time of Meeting	Venue	Special Resolutions approved
2008	Tuesday, 23rd June 2009, at 3:30 p.m	The Trident No. 1/24, GST Road, Meenambakkam, Chennai – 600027	1 Variation in the terms of appointment of Mr. Rajiv K Seth as Managing Director and remuneration payable to him subject to Central Government approval 2. Change in the name of the Company from Macmillan India Limited to MPS Limited.
2009	Thursday, 8th July 2010, at 3.30 pm	Sheraton Park Hotel & Towers, 132 T.T.K. ROAD, Chennai – 600 018	Alteration of Articles of Association relating to appointment and remuneration of Managing Director (s)
2010	Tuesday, 13th September, 2011	GRT Grand, T Nagar, Chennai 600017	Nil

c. Date, time and location of the last Court Convened Shareholders Meeting

Year	Date and Time of Meeting	Venue	Special Resolution approval
2008	Friday 2nd August 2008, at 3:30 p.m	Hotel Palmgrove No. 5, Kodambakkam High Road, Nungambakkam Chennai – 600034	To consider and approve the Scheme of Arrangement involving merger of Charon Tec Ltd. and Macmillan-ICC Publishing Solutions Pvt. Ltd. with the Company and demerger of the publishing business of the Company into Macmillan Publishers India Ltd.

All resolutions placed before the Members at the last Annual General Meeting of the Company were passed with the requisite majority.

Postal ballot

No special resolution requiring postal ballot was proposed last year. No special resolution requiring postal ballot is being proposed for the ensuing Annual general meeting.

d. Financial Calendar

– Reporting for the quarter ending June 30, 2012	August 2012
– Reporting for the quarter ending September 30, 2012	November 2012
– Reporting for the quarter ending December 31, 2012	February 2013
– Reporting for the quarter ending March 31, 2013 & Annual accounts	End May 2013
– AGM for the year ending March 31, 2013	September 2013

The Financial results are normally published in News Today, and in the Tamil daily, Maalai Sudar and are also available on the Company's website www.adi-mps.com apart from being disseminated via the Stock Exchanges where the shares are listed.

e. Dividend Payment Date

The Company declared Interim Dividend for the 15 month period ended 31st March 2012 and the same was paid out on 18th February 2012. Final Dividend, if any, declared will be paid out on or before 31st August, 2012, to those shareholders whose names appear on the Register of members as on 3rd August 2012.

f. Registered Office	27, G N Chetty Road, T Nagar, Chennai 600017
g. Web site address	www.adi-mps.com
h. Listing on Stock Exchange at	**Madras Stock Exchange Ltd.** Exchange Building, Post Box No. 183, 11, Second Line Beach, Chennai 600 001. **National Stock Exchange of India Ltd.** (Scrip code – MPSLTD) Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 **Bombay Stock Exchange Ltd.** (Scrip Code 532440), PJ Towers, Dalal Street, Mumbai 400 001
i. Dematerialization of shares and liquidity	The shares of the Company are Compulsorily traded in demat form and are available for trading under both the Depository Systems in India –NSDL and CDSL As on 31st March 2012, a total of 1,67,89,087 shares of the Company which forms 99.80% of the Share Capital, stood dematerialized.
j. Members Information	Members holding shares in the Electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants. There are no pending cases relating to disputes over title shares in which the Company has been made a party.

STOCK MARKET DATA

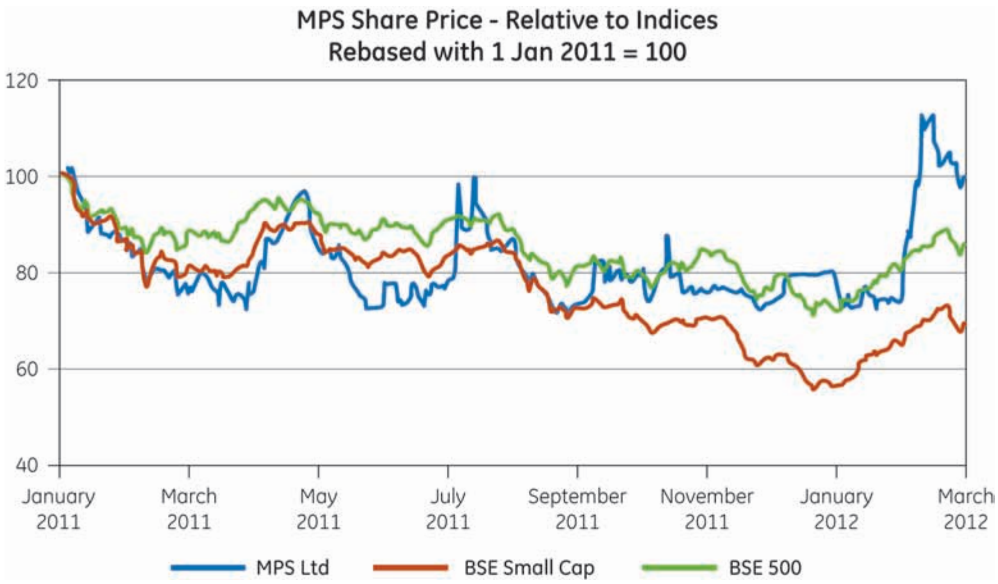
National Stock Exchange (NSE)

Month	High (₹)	Low (₹)	Close (₹)	Volume No.
Jan 2011	47.00	38.25	38.80	71458
Feb 2011	40.65	32.00	34.65	57940
Mar 2011	37.95	32.40	34.40	120087
Apr 2011	45.00	34.40	38.45	67684
May 2011	39.55	31.80	33.00	74278
Jun 2011	41.90	31.50	34.70	73494
Jul 2011	47.90	35.00	38.10	399192
Aug 2011	40.50	31.25	34.00	44754
Sep 2011	38.90	32.05	36.00	23308
Oct 2011	41.90	33.05	34.50	87443
Nov 2011	35.50	32.00	33.50	161112
Dec 2011	36.50	33.65	35.50	374638
Jan 2012	39.25	32.15	38.20	67692
Feb 2012	54.10	36.70	45.65	153854
Mar 2012	46.90	39.10	43.55	52039

Bombay Stock Exchange (BSE)

Month	High (₹)	Low (₹)	Close (₹)	Volume No.
Jan 2011	47.05	38.00	39.25	175,776
Feb 2011	40.00	31.20	35.15	105,005
Mar 2011	40.90	32.50	34.10	395,906
Apr 2011	44.80	34.25	39.50	89,670
May 2011	39.90	32.15	33.10	79,431
Jun 2011	36.15	32.70	34.70	94,509
Jul 2011	48.00	34.75	38.65	382,031
Aug 2011	39.55	31.20	33.40	57,747
Sep 2011	38.40	32.30	36.70	27,827
Oct 2011	41.75	33.15	34.45	124,112
Nov 2011	35.35	32.00	33.50	138,291
Dec 2011	39.75	33.65	35.55	330,865
Jan 2012	39.15	27.25	38.10	48,881
Feb 2012	52.20	37.20	45.50	223,972
Mar 2012	46.75	38.00	43.35	33,942

There was no trading of the Company's shares in the Madras Stock Exchange (MSE) during the year. The Company's shares can be sold through Stock Exchanges only in demat form.



Per Share Data

Year	31.03.12 (15 months)	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Net Earnings (₹Lacs)	1,087.13	(880.71)	712.65	1,816.09	1,816.46
EPS (₹)	6.46	(5.24)	4024	10.80	10.80
Dividend per Share (₹)	4.00	Nil	1.00	Nil	2.50
Dividend Payout (%)	71.94	Nil	10	-	25
Book Value per Share (₹)	42.00	39.98	64.49	61.42	125.79
Price to Earnings	7.71	(8.62)	15.61	5.31	21.77
Price to Book Value	6.50	1.13	1.03	0.93	1.87

Note: Book Value per share as on 31-12-2007 includes the value of domestic publishing services business prior to demerger.

SHAREHOLDING PATTERN

Distribution of ShareHolding

Category of Shareholdings		No. of Share holders	% of total	Share Amount (in ₹)	% of total
From	To				
Upto	5,000	6,407	85.14	81,88,560	4.88
5,001	10,000	546	7.26	45,17,700	2.68
10,001	20,000	280	3.72	42,91,690	2.55
20,001	30,000	95	1.26	24,60,260	1.46
30,001	40,000	45	0.60	16,01,060	0.96
40,001	50,000	50	0.66	23,58,080	1.40
50,001	100,000	61	0.81	44,46,570	2.64
100,001	10,00,000	40	0.54	1,20,47,800	7.16
10,00,001	And Above	1	0.01	12,83,14,960	76.27
	Total	**7,525**	**100.00**	**16,82,26,680**	**100.00**

Category of Shareholding as on 31st March 2012

Category	No.of Holders	No. of Shares	% to Share Capital
Promoters	1	1,28,31,496	76.27
Resident Individuals	7,144	32,31,658	19.21
Corporate Bodies	265	5,17,456	3.08
Non-Resident Indians	97	2,12,168	1.26
FIIs & OCBs	1	25,000	0.15
Mutual Funds & Banks	0	0	0.00
Others	17	4,890	0.03
Total	**7,525**	**1,68,22,668**	**100.00**

Shareholding Pattern physical vs demat as on 31st March 2012

Category	No.of Holders	No. of Shares	% to Share Capital
PHYSICAL	114	33,581	0.20
NSDL	4,738	1,54,76,457	92.00
CDSL	2,673	13,12,630	7.80
Total	**7,525**	**1,68,22,668**	**100.00**

Publishing Services Locations

Chennai Book Unit	69 Eldams Road, Teynampet, Chennai 600018
Chennai Journals Unit, Digital Service and Learning & New Media Services Unit and Registered Office	27, G. N. Chetty Road, T.Nagar, Chennai 600017
Bengaluru Journals Unit	HMG Ambassador, 137, Residency Road, Bengaluru 560025
Fulfillment Services	865, Udyog Vihar, Phase V, Gurgaon 122016
Bengaluru Book, Digital Services& Ad-Studio Unit	Midford Cresent, 53/1, Richmond Road, Bengaluru 560025
Delhi Book Composing Unit	Ground floor, NSIC Bhavan, STP Complex, Okhla Industrial Estate, New Delhi 110020
Noida Book Composing Unit	SDF K Block nos 6 & 7, NSEZ, Noida Dadri Road, Phase II, Noida 201305

Address for Correspondence

Registrars and Transfer Agents (Share transfer and communication regarding share certificates, dividends and change of address)	**Cameo Corporate Services Limited** Subramanian Building, 1 Club House Road, Chennai – 600002 Phone no. 044 – 28460390 Contact person: Mr. Narasimhan
Compliance Officer	**Supriya Kumar Guha** Vice President & Company Secretary 137, HMG Ambassador, Residency Road, Bengaluru 560025 E-mail: supriya.guha@adi-mps.com Phone 080 41784025; Fax no. 42004400 **K. Ramachandran** Senior Manager Compliance 137, HMG Ambassador, Residency Road, Bengaluru 560025 E-mail: ramachandran.k@adi-mps.com Phone 080 41784026; Fax no. 42004400

CORPORATE GOVERNANCE CERTIFICATE OF THE AUDITORS

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges and the same is annexed hereto.

The Certificate from the Statutory Auditors will also be sent to the Stock Exchanges along with the Annual Report to be filed by the Company.

For and on behalf of the Board

Mumbai
28th May 2012

Nishith Arora
Chairman & Managing Director

TO THE MEMBERS OF MPS LIMITED

We have examined the compliance of conditions of Corporate Governance by MPS Limited, ("the Company") for the 15 month period ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No 008072S)

Monisha Parikh
Partner
(Registration No 47840)

Place: Mumbai
Date: 28th May 2012

DECLARATION OF CODE OF CONDUCT

To

The Members of MPS Limited

This is to confirm that the Board has laid down a code of conduct for all Board Members and Senior Management personnel of the Company.

It is further confirmed that all the Directors and Senior Management personnel of the Company have affirmed compliance with the code of conduct of the Company during the 15 month period ended 31st March 2012, as envisaged in Clause 49 (I) (D) (ii) of the Listing Agreement.

Place: Mumbai
Date: 28th May 2012

Nishith Arora
Chairman & Managing Director

CEO/ CFO Certification as required under Clause 49 of the Listing Agreement

I, Nishith Arora, Chairman & Managing Director and I, Ratul Shome, Vice President – Finance certify to the Board of Directors of MPS Limited that:

(a) We have reviewed the financial statements and the cash flow statement for the 15 month period ended on 31st March, 2012 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee

   i. Significant changes in internal control during the period, wherever applicable;
   ii. Significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements where ever applicable; and
   iii. There are no instances of fraud of which we became aware or the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

(Nishith Arora)
Chairman & Managing Director
Place: Mumbai
Date: 28th May 2012

(Ratul Shome)
Vice President - Finance

AUDITORS' REPORT TO THE MEMBERS OF MPS LIMITED

1. We have audited the attached Balance Sheet of **MPS LIMITED** ("the Company") as at 31st March, 2012, the Profit and Loss Account and the Cash Flow Statement of the Company for the period 1st January, 2011 to 31st March, 2012, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to Note No. 5b of Schedule 19 regarding the disallowance of input credit of service tax claims against which the Company has filed/ is in the process of filing appeals with the respective authorities and service tax demand on overseas commission, against which the Company has filed an appeal with the concerned authority.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the paragraph 3 above and Annexure referred to in paragraph 4 above, we report as follows:
   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   (e) 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 in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the period 1st January, 2011 to 31st March, 2012 and
      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period 1st January, 2011 to 31st March, 2012.
6. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 008072S)

Monisha Parikh
Partner
(Membership No.47840)

MUMBAI, 28th May, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses ii, iii (b) to (d), iii (f) and (g), v, vi, viii, xii, xiii, xiv, xix, xx of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) The Company has neither granted nor taken any loans to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the rendering of services. During the course of our audit, we have not observed any major weakness in such internal control system. The activities of the Company do not involve purchase of inventory and sale of goods.

(v) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(vi) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues applicable to it with the appropriate authorities, except for delays in remittances of service tax and professional tax.

(b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable, except for ₹23,072 relating to service tax which could not be deposited pending registration of services in the nature of commercial training / coaching.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lacs)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	2004-05 and 2006-07	149.16
		Commissioner of Income Tax (Appeals)	2006-07 and 2007-08	450.44
The Finance Act	Service Tax	Customs and Excise Service Tax Appellate Tribunal	April 06 to September, 2008	191.47

(vii) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year but has incurred cash losses in the immediately preceding financial year.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There are no borrowings from financial institutions and the Company has not issued any debentures.

(ix) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(x) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the period for long- term investment.

(xii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

(xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 008072S)

Monisha Parikh
Partner
(Membership No.47840)

MUMBAI, 28th May, 2012

MPS Limited

BALANCE SHEET AS AT MARCH 31, 2012

	Schedule No.	As at 31-Mar-12 ₹ in Lacs		As at 31-Dec-10 ₹ in Lacs	
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
Share Capital	1	1,682.27		1,682.27	
Reserves & Surplus	2	5,348.54		5,043.47	
			7,030.81		6,725.74
2. Loan Funds	3				
Secured Loan		80.02		1,086.32	
Unsecured Loan		503.43		-	
			583.45		1,086.32
3. Deferred Tax Liability (Net)			8.64		17.63
(Refer Note III (18b) of Schedule 19)					
			7,622.90		**7,829.69**
II. APPLICATION OF FUNDS					
1. Fixed Assets	4				
Gross Block		8,071.78		8,714.67	
Less : Accumulated Depreciation / Amortization		5,421.59		5,149.78	
Net Block		2,650.19		3,564.89	
Capital work in progress		-		137.54	
			2,650.19		3,702.43
2. Investments	5		1,220.19		-
3. Current Assets, Loans and Advances					
Inventories	6	924.95		1,124.66	
Sundry Debtors	7	2,423.53		2,904.78	
Cash and Bank Balances	8	913.41		2,573.85	
Loans and Advances	9	2,270.61		2,274.79	
Total Current Assets		6,532.50		8,878.08	
Less: Current Liabilities	10	2,008.47		4,674.00	
Provisions	11	771.51		76.82	
Total Current Liabilities / Provisions		2,779.98		4,750.82	
Net Current Assets			3,752.52		4,127.26
			7,622.90		**7,829.69**
Notes on Accounts	19				

Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Monisha Parikh
Partner

Place: Mumbai
Date: May 28, 2012

For and on behalf of Board

Nishith Arora
Chairman

Vijay Sood
Director

Supriya Kumar Guha
Company Secretary

Place: Mumbai
Date: May 28, 2012

MPS Limited

PROFIT AND LOSS ACCOUNT FOR THE PERIOD JANUARY 1, 2011 TO MARCH 31, 2012

	Schedule No	For the period ended 31-Mar-12 ₹ in Lacs		For the year ended 31-Dec-10 ₹ in Lacs	
INCOME					
Service Income		19,235.56		12,856.38	
Less: Discounts		134.77	19,100.79	114.11	12,742.27
Interest Income	12		37.33		26.63
Other Income	13		634.93		873.88
			19,773.05		**13,642.78**
EXPENDITURE					
Decrease / (Increase) in Work in Progress	14	199.71		97.31	
Direct Cost / Raw Materials Consumed	15	1,559.33		2,059.76	
Staff Costs	16	10,686.56		8,403.19	
Other Expenditure	17	4,335.05		3,330.94	
Marked to Market Loss on Forward Contracts		338.79		-	
Interest expense	18	129.99		53.21	
Depreciation / Amortization	4	1,068.10		667.43	
			18,317.53		14,611.84
Profit / (Loss) before taxation			1,455.52		(969.06)
Provision for taxation					
Current Tax (Refer Note III (18a) of Schedule 19)		377.38		4.45	
Deferred Tax		(8.99)		(87.50)	
Fringe Benefit tax		-		(5.30)	
			368.39		(88.35)
			1,087.13		(880.71)
Profit / (Loss) after taxation			**1,087.13**		**(880.71)**
Brought forward from previous year			5,043.47		8,666.82
Less: Debit Balance (Net) in Profit and Loss account of erstwhile subsidiaries as on 31-December-2010 (Refer Note I of Schedule 19)			-		1,916.06
Less: Adjustment made on amalgamation (Refer Note I of Schedule 19)			-		826.58
Profit available for Appropriations			6,130.60		5,043.47
Appropriations:					
Transfer to General Reserve			108.71		-
Dividend on Equity Shares					
Interim Dividend			336.45		-
Corporate tax on Interim Dividend			54.58		-
Proposed Final Dividend			336.45		
Corporate tax on Proposed Final Dividend			54.58		
Surplus carried to Balance sheet			**5,239.83**		**5,043.47**
Notes on Accounts	19				
Basic and diluted earnings per share (Face value ₹10)			6.46		(5.24)

Schedules referred to above form an integral part of the Profit and Loss account

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of Board

Monisha Parikh
Partner

Nishith Arora
Chairman

Vijay Sood
Director

Supriya Kumar Guha
Company Secretary

Place: Mumbai
Date: May 28, 2012

Place: Mumbai
Date: May 28, 2012

MPS Limited

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2011 TO MARCH 31, 2012

Description	For the period ended 31-Mar-12 ₹ in Lacs		For the year ended 31-Dec-10 ₹ in Lacs	
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (Loss) before tax		1,455.52		(969.06)
Adjustments for:				
Depreciation	1,068.10		667.43	
Interest income	(37.33)		(26.63)	
Income from Mutual Funds	(20.19)		-	
Interest expenses	129.99		53.21	
Loss on Sale / write-off of fixed assets (net)	175.73		(0.31)	
Provision for doubtful advances written back	(12.39)		-	
Liabilities/Provisions no longer required written back	(160.59)		(174.30)	
Provision for doubtful debts	25.50		70.23	
Bad debts written off	97.09		70.92	
Unrealised exchange difference (net)	85.37		(197.60)	
Unrealised Marked to Market loss on Forward Contracts	338.79		-	
		1,690.07		462.95
Operating profit before working capital changes		3,145.59		(506.11)
Adjustments for:				
(Increase)/decrease in Work in Process	199.71		97.31	
(Increase)/decrease in Sundry debtors	402.69		518.42	
(Increase)/decrease in Loans and advances	78.66		53.65	
Increase/(decrease) in Current liabilities and provisions	(2,939.17)		(14.65)	
		(2,258.11)		654.73
Cash generated from operations		887.48		148.62
Direct taxes paid		(206.89)		123.57
Net cash from operating activities		680.59		272.19
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(228.22)		(919.00)	
Proceeds from disposal of assets	46.86		14.65	
Purchase of Investments - Others	(1,220.19)		-	
Interest received	37.23		19.94	
Investment in Lien / Guarantee	(0.62)		0.45	
Dividends received	20.19		-	
Net cash from investing activities		(1,344.75)		(883.96)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Secured Loans	921.91		658.68	
Repayment of Secured Loans	(1,928.21)		(19.20)	
Proceeds from Unsecured Loans	653.43		-	
Repayment of Unsecured Loans	(150.00)		-	
Interest paid	(47.06)		(35.40)	
Loan repayment received from subsidiary	-		85.88	
Dividend paid	(337.29)		(168.23)	
Dividend tax paid	(54.58)		(29.04)	

(Continued...)

MPS Limited

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1, 2011 TO MARCH 31, 2012 *(...continued)*

Description	For the period ended 31-Mar-12 ₹ in Lacs		For the year ended 31-Dec-10 ₹ in Lacs	
Net cash used in financing activities		(941.80)		492.69
Net Cash Flows during the year (A) + (B) +(C)		(1,605.96)		(119.08)
Cash and cash equivalents at the beginning of the year	2,554.16		1,321.59	
Add / (Less) :Unrealised exchange (gain) / loss	160.59		276.58	
	2,714.75		1,598.17	
Cash and cash equivalents at the end of the year	893.10		1,318.50	
Add / (Less) :Unrealised exchange (gain) / loss	215.69		160.59	
	1,108.79		1,479.09	
		(1,605.96)		(119.08)
Cash and Cash Equivalents as per Cash flow statement		893.10		1,479.09
Restricted balances placed in deposit accounts		20.31		15.37
Add: Cash balances added on account of amalgamation		-		1,075.07
Add: Restricted balances added on account of amalgamation		-		4.32
Cash and Bank Balances as per Balance Sheet		**913.41**		**2,573.85**

Notes on Accounts - Schedule 19

Schedules referred to above form an integral part of the Financial Statements

In terms of our report attached

For and on behalf of Board

For Deloitte Haskins & Sells
Chartered Accountants

Monisha Parikh
Partner

Nishith Arora Chairman
Vijay Sood Director
Supriya Kumar Guha Company Secretary

Place: Mumbai
Date: May 28, 2012

Place: Mumbai
Date: May 28, 2012

MPS Limited

SCHEDULES TO ACCOUNTS

	As at 31-Mar-12 ₹ in Lacs		As at 31-Dec-10 ₹ in Lacs	
1. Share Capital				
Authorised				
2,00,00,000 (PY 2,00,00,000) Equity Shares of ₹10 each		2,000.00		2,000.00
Issued, Subscribed and Paid up				
1,68,22,668 (PY 1,68,22,668) Equity Shares of ₹10 each fully paid up [Note I (ii) and Note III (1) of Schedule 19]		1,682.27		1,682.27
2. Reserves and Surplus				
General Reserve:				
As per last Balance Sheet	-			500.00
Add: Transfer from Profit & Loss account	108.71	-		-
		108.71		500.00
Less: Adjustment made on amalgamation (Refer Note I of Schedule 19)		-		500.00
		108.71		-
Surplus shown in Profit & Loss account		5,239.83		5,043.47
		5,348.54		**5,043.47**
3. Loan Funds				
Secured Loans				
Working Capital Loan from Bank (Refer Note III (2a) & (2b) of Schedule 19)	-		600.00	
Add: On amalgamation (Refer Note I of Schedule 19)	-		371.66	
[Due within 1 year - ₹Nil (PY - ₹971.66 lacs)]				
		-		971.66
Vehicle Loans from Banks (Secured by first and specific charge on vehicles)	80.02		110.13	
Add: On amalgamation (Refer Note I of Schedule 19)			4.53	
Due within 1 year - ₹29.14 lacs (PY - ₹36.73 lacs)	-			
		80.02		114.66
Unsecured Loans				
Due within 1 year - ₹503.43 Lacs (PY - ₹Nil)		503.43		-
		583.45		**1,086.32**

4. Fixed Assets

₹ in Lacs

	COST					DEPRECIATION / AMORTISATION					NET BOOK VALUE	
Description	As at 01.01.2011	Additions	Deletions	Added on Amalgamation	As at 31.03.2012	As at 01.01.2011	For the period	Deletions	Added on Amalgamation	As at 31.03.2012	As at 31.03.2012	As at 31.12.2010
Land*	405.05	-	-	-	405.05	-	-	-	-	-	405.05	405.05
Buildings*	1,430.41	-	-	-	1,430.41	649.66	48.77	-	-	698.43	731.98	780.75
Plant & Machinery**	3,661.80	163.44	519.64	-	3,305.60	2,768.80	382.23	497.08	-	2,653.95	651.65	893.00
Furniture & Fixtures	1,078.29	4.38	164.66	-	918.01	692.38	93.05	123.88	-	661.55	256.46	385.91
Vehicles	285.72	0.43	68.36	-	217.79	130.01	48.51	50.84	-	127.68	90.11	155.71
Lease Hold Improvements	187.99	-	3.90	-	184.09	96.01	36.10	0.97	-	131.14	52.95	91.98
Intangibles - Software	1,665.41	197.51	252.09	-	1,610.83	812.92	459.44	123.52	-	1,148.84	461.99	852.49
TOTAL	**8,714.67**	**365.76**	**1,008.65**	-	**8,071.78**	**5,149.78**	**1,068.10**	**796.29**	**-**	**5,421.59**	**2,650.19**	**3,564.89**
Previous Year	6,484.98	861.67	72.21	1,440.23	8,714.67	3,476.91	667.43	57.87	1,063.31	5,149.78	3,564.89	
Add: Capital Work in Progress											-	137.54
TOTAL											**2,650.19**	**3,702.43**

* Land and Buildings include property located at Corporate Office at Bengaluru (HMG Ambassador) at a cost of ₹400 lacs and ₹1,213 lacs respectively. The title to this property is jointly held with other co-owners in the name of HMG Ambassador Property Management Private Limited, represented by 1,47,50,000 equity shares of ₹10/- each representing the value of land and buildings with irrevocable right of permanent occupation.

** Plant & Machinery - as on 31.03.2012 includes assets costing ₹532.58 Lacs (PY - ₹792.28 Lacs), which are located outside India.

5. Non-Trade Investments - Current (Quoted)

	As at 31-Mar-12			As at 31-Dec-10		
	No of Shares/Units	Face Value	₹ in Lacs	No of Shares/ Units	Face Value	₹ in Lacs
Investments in Mutual Funds						
Birla Sun Life Cash Plus - Institutional-Daily Dividend Scheme	281,652.12	108.02	304.25	-	-	-
HDFC Liquid Fund - Daily Dividend Reinvestment	2,995,931.67	10.20	305.53	-	-	-
ICICI Prudential - Institutional Liquid Plan - Daily Dividend Plan	257,496.83	118.50	305.14	-	-	-
Kotak Liquid Institutional Plan - Daily Dividend Plan	2,496,482.70	12.23	305.27	-	-	-
[6,031,563.30 units (PY- Nil) aggregating to ₹1,220.19 (PY - Nil) purchased during the year]			-			
TOTAL QUOTED INVESTMENTS			**1,220.19**			-

Aggregate Market value of quoted investments as at 31-Mar-12 is ₹1,220.19 Lacs (PY- ₹Nil)

MPS Limited

SCHEDULES TO ACCOUNTS

	As at 31-Mar-12 ₹ in Lacs		As at 31-Dec-10 ₹ in Lacs	
6. Inventories				
(Cost or Net Realizable Value , whichever is lower)				
Work in Process		924.95		1,124.66
		924.95		**1,124.66**
7. Sundry Debtors - Unsecured				
Debts outstanding for a period exceeding six months:				
Considered good	58.30		60.50	
Add: On amalgamation (Refer Note I of Schedule 19)	-		65.95	
Considered doubtful	149.24		59.58	
		207.54		186.03
Other debts:				
Considered good	2,365.23		2,448.40	
Add: On amalgamation (Refer Note I of Schedule 19)	-		329.93	
Considered doubtful	-		64.16	
		2,365.23		2,842.49
		2,572.77		3,028.52
Less: Provision for doubtful debts		149.24		123.74
		2,423.53		**2,904.78**
8. Cash and Bank Balances				
Cash (includes cheques on hand ₹Nil Lacs) (PY- ₹0.21 Lacs)		-		0.58
Bank Balances				
1. With Scheduled Banks in:				
a. Current Accounts	672.07		1,258.41	
Add: On amalgamation (Refer Note I of Schedule 19)	-		1,073.57	
		672.07		2,331.98
b. Dividend Account		1.79		2.63
c. (i) Deposit Accounts	195.74		130.58	
(ii) Margin money for guarantees issued	13.06		7.32	
(iii) Under lien towards Performance Guarantees	7.25		8.05	
Add: On amalgamation (Refer Note I of Schedule 19)	-		5.82	
		216.05		151.77
2. With Foreign Banks in Current Accounts:				
Bank of West	23.36		85.40	
HSBC Bank, USA NA	0.14		1.49	
		23.50		86.89
Maximum Balance Outstanding during the Year				
Bank of West ₹545.93 Lacs (PY- ₹394.78 Lacs)				
HSBC Bank, USA NA., ₹260.38 Lacs (PY- ₹214.56 Lacs)				
		913.41		**2,573.85**

MPS Limited

SCHEDULES TO ACCOUNTS

	As at 31-Mar-12 ₹ in Lacs		As at 31-Dec-10 ₹ in Lacs	
9. Loans and Advances				
Advances recoverable in cash or in kind or for value to be received				
Considered Good	829.98		897.97	
Add: On amalgamation (Refer Note I of Schedule 19)	-		160.46	
Considered Doubtful	19.64		32.03	
	849.62		1,090.46	
Less: Provisions for Doubtful Advances	19.64		32.03	
		829.98		1,058.43
Service Tax Receivable		1,040.96		730.97
Interest accrued on Deposits	0.99		0.66	
Add: On amalgamation (Refer Note I of Schedule 19)	-		0.23	
		0.99		0.89
Advance payment of Income Tax (Net of Provisions)	-		27.67	
Add: On amalgamation (Refer Note I of Schedule 19)	-		40.15	
		-		67.82
MAT Credit Entitlement	398.68		269.00	
Add: On amalgamation (Refer Note I of Schedule 19)	-		147.68	
		398.68		416.68
		2,270.61		**2,274.79**
10. Current Liabilities				
Sundry Creditors:				
Micro Enterprises and Small Enterprises (Refer Note III (3) of Schedule 19)		-		-
Other than Micro Enterprises and Small Enterprises	1,723.20		4,279.42	
Add: On amalgamation (Refer Note I of Schedule 19)	-		273.21	
		1,723.20		4,552.63
Book Overdraft		57.73		-
Income Received in Advance	117.25		-	
Add: On amalgamation (Refer Note I of Schedule 19)	-		5.94	
		117.25		5.94
Other Liabilities	108.50		92.68	
Add: On amalgamation (Refer Note I of Schedule 19)	-		20.12	
		108.50		112.80
Investor Education and Protection Fund shall be credited by the following amount:				
Unpaid Dividend **		1.79		2.63
		2,008.47		**4,674.00**
11. Provisions				
Provision for Marked to Market loss on Forward Contracts		338.79		-
Provision for Tax (Net of payments)		35.56		-
Proposed Dividend on Equity shares		336.45		-
Dividend Distribution Tax		54.58		-
Provision for Employee Benefits	6.13		24.78	
Add: On amalgamation (Refer Note I of Schedule 19)	-		52.04	
		6.13		76.82
		771.51		**76.82**

** There is no amount falling due as at the Balance Sheet date to be credited to the Investor Education and Protection Fund and the above amount represents Dividend Warrants issued but not encashed and excludes unencashed demand drafts of ₹3.58 lacs (PY - Nil)

MPS Limited
SCHEDULES TO ACCOUNTS

	For the period ended 31-Mar-12 ₹ in Lacs	For the year ended 31-Dec-10 ₹ in Lacs
12. Interest Income		
On Fixed Deposits with Banks	31.67	10.68
[Tax deducted at source:		
₹3.81 lacs (PY - ₹1.01 lacs)]		
From Subsidiary	-	7.33
[Tax deducted at source: ₹Nil (PY - ₹1.10 lacs)]		
From Others	5.66	8.62
	37.33	**26.63**
13. Other Income		
Profit on sale of assets (net)	-	0.31
Rent Income	223.94	168.68
[Tax deducted at source: ₹22.41 lacs (PY - ₹13.12 lacs)]		
Income from Mutual Funds	20.19	-
Exchange variation (net)	211.90	449.84
Provisions for doubtful advances written back	12.39	-
Liabilities/Provisions no longer required written back	160.59	174.30
Miscellaneous receipts	5.92	80.75
	634.93	**873.88**
14. Decrease/ (Increase) in Work in Process		
Opening Work in Process	1,124.66	1,221.97
Less: Closing Work in Process	924.95	1,124.66
	199.71	**97.31**

MPS Limited

SCHEDULES TO ACCOUNTS

	For the period ended 31-Mar-12 ₹ in Lacs		For the year ended 31-Dec-10 ₹ in Lacs	
15. Direct Cost / Raw Material Consumed				
Opening Stock	-		-	
Add: Purchases	65.39		91.79	
	65.39		91.79	
Less: Closing Stock	-		-	
		65.39		91.79
Cost of Outsourced Services		1,493.94		1,967.97
		1,559.33		**2,059.76**
16. Staff Costs				
Salaries, Wages and Bonus		9,408.19		7,150.91
Contribution to Provident and Other Funds		539.22		560.12
Workmen and Staff Welfare Expenses		739.15		692.16
		10,686.56		**8,403.19**
17. Other Expenditure				
Rent		1,044.55		780.17
Hire Charges		111.99		48.24
Repairs to:				
Buildings	364.11		248.34	
Vehicles	12.34		9.13	
Plant & Machinery	165.60		127.25	
		542.05		384.72
Insurance		32.75		21.25
Communication		342.32		247.45
Travelling and Conveyance		733.26		755.13
Power and Fuel		530.98		427.76
Rates and Taxes		36.19		35.94
Legal and Professional Charges (Refer Note III (7) of Schedule 19)		327.20		201.83
Directors Sitting Fees		9.00		4.70
Commission to Non-executive directors		6.71		-
Provision for Doubtful Debts		25.50		70.23
Bad debts / advances written-off		97.09		70.92
Loss on Sale / write-off of fixed assets (net)		175.73		-
Miscellaneous expenditure		319.73		282.60
		4,335.05		**3,330.94**
18. Interest Expense				
On Term Loan		83.12		-
On Working Capital Loan		25.07		28.16
On Others		21.80		25.05
		129.99		**53.21**

MPS LIMITED

19. NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTHS ENDED MARCH 31, 2012

I. BACKGROUND

i. MPS Limited, (the Company) is engaged in the business of providing publishing solutions viz., typesetting and data digitization services for overseas publishers. The Company has a 100% Export Oriented Unit in Bengaluru, and units registered under the Software Technology Park of India (STPI) scheme that are located in Chennai, Delhi and Gurgaon. The Company also operates through its branches in United States of America and United Kingdom. The Company provides Publishing services relating to typesetting of books and journals, composing of Yellow Page Advertisements and catalogues, data coding, conversion, indexing, editing, copy editing, editorial services, software development, maintenance and support to global publishers.

ii. On 11-October-2011, HM Publishers Holdings Limited, the erstwhile holding Company, entered into a Share Purchase Agreement (SPA) with ADI BPO Services Limited (known as ADI BPO Services Private Limited upto 8-May-2012), a domestic Company, to sell its entire shareholding in the Company, comprising 10,339,980 equity shares representing 61.46% of the issued, subscribed and paid up equity capital of the Company. Following this agreement, the execution of the stake sale was concluded as an open-market block deal transaction on the National Stock Exchange and in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto, open offer proceedings were initiated by ADI BPO Services Limited with a Public Announcement on 14-October-2011 which were completed on 6-January-2012. Subsequent to the closure of the open offer proceedings, ADI BPO Services Limited has become the Holding Company with 76.27% shareholding.

iii. Consequent to the Scheme of amalgamation of the wholly owned subsidiaries of the Company, MPS Technologies Limited and MPS Content Services Inc., USA and its wholly owned subsidiary MPS Content Services India Private Limited, with the Company, with an appointed date of 31-December-2010, sanctioned by the Honourable High Court of Madras vide its order dated 29-June-2011, all the assets, liabilities and reserves as on 31-December-2010 of the said erstwhile subsidiaries (Transferor Companies) were recorded in the books of the Company at the respective values appearing in the books of the Transferor Companies without revaluation. The excess of the value of Investment in the books of the Company over the value of share capital and reserves of the Transferor Companies of ₹1,326.58 Lacs was adjusted against the reserves of the Company in accordance with the Scheme of Amalgamation. Accordingly an amount of ₹500 Lacs was adjusted against the General Reserves and the balance of ₹826.58 lacs against the surplus in Profit and Loss Account as on 31-December-2010.

The Profit and Loss Account for the 15 months ended 31-March-2012 accordingly includes the operations of the erstwhile subsidiaries while the same are not included in the Previous Year and hence are not comparable.

The Board of Directors of the Company, at their meeting held on 15-November-2011, approved the change in the Company's financial year from December to March. Accordingly, the financial statements are presented for the period from 1-January-2011 to 31-March-2012. Hence, the figures for the current financial period are not comparable with those of the previous year. Previous year figures have been regrouped/reclassified wherever necessary to conform to current period's classification.

II. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with accounting principles generally accepted in India (Indian GAAP) and comply with the Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006, and relevant provisions of the Companies Act, 1956.

(ii) Use of Estimates

The preparation of the financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Differences between the actual results and estimates are regrouped in the period in which the results are known/materialised.

(iii) Fixed Assets and Intangibles

Fixed assets and intangibles (software - purchased as well as developed in-house) are stated at cost less accumulated depreciation. The cost of assets comprises its purchase price, including import duties and other non-refundable taxes or levies, wherever applicable, and any directly attributable cost of bringing the asset to its working condition for its intended use. Internally developed software is stated at direct cost attributable to the asset including other applicable costs less amortisation.

(iv) Depreciation / Amortization

Depreciation has been provided on the Written Down Value method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets individually costing less than ₹5,000 added in the year of purchase are fully depreciated.

Computer software (purchased and developed in-house) of the publishing solutions business is amortized over a period of 2 to 5 years, based on the future economic benefits, as estimated by the management.

The cost of improvements to leasehold premises is amortized over the primary / extended period of lease.

In the foreign branch of the company located in United States of America , Fixed Assets are depreciated based on their estimated useful life as follows:

Plant & Machinery - 5 years.
Intangible Software - 5 years.
Furniture & Fixtures - 7 years.
Leasehold improvements - 3 years.

(v) Impairment of Assets

The carrying values of assets of the cash-generating units at each Balance Sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

(vi) Investments

Long-term Investments are carried at cost. Provision for diminution, if any, in the value of long-term investments is made, to recognize a decline, other than temporary. Such diminution is determined for each investment individually. Current Investments are stated at lower of cost or fair value.

(vii) Inventories

Inventories comprising Work in Process, are valued at the lower of cost and net realisable value. The cost comprises material cost, direct labour and appropriate proportion of overheads. The quantity measured in pages considered for valuation is adjusted for pages where no realization is expected.

(viii) Revenue Recognition

Revenue is recognized on delivery of projects or as per terms specified in contracts/purchase orders received from customers.

Revenues for web-site design and development are recognised based on the percentage of completion of the project. Revenues from web-site hosting are recognised rateably over the year for which the site is hosted and on man-hours basis for BPO operations.

Dividend income from investment in units of Mutual Funds is recognized on accrual basis when the right to receive the same is established based, on declaration by the Mutual Funds.

Rental Income is recognized as per contractual terms. Interest income is accounted on accrual basis.

(ix) Foreign Currency Transactions

(a) Transactions in foreign currency are accounted at the exchange rates prevailing on the date of the transaction and the realized exchange loss/gain are dealt with in the Profit and Loss account.
(b) Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and the exchange gain/loss is suitably dealt with in the Profit and Loss account.
(c) Overseas Operations
In accordance with Accounting Standard 11 (Revised), 'Accounting for the effects of changes in foreign exchange rates', the branches located outside India have been classified as "Integral Foreign Operations". Non-monetary assets are translated at the rates as on the date of the transaction. Monetary assets and liabilities are translated at the closing rate. Income and expenses are translated at the monthly average rate. The resultant exchange differences are dealt with in the Profit and Loss account.

(x) Employee Benefits

Defined contribution plans:

a. Provident Fund: Fixed contributions to defined contribution plans such as Provident Fund and Employee State Insurance made on a monthly basis to relevant authorities are charged to the Profit and Loss account as they fall due.
b. Superannuation Fund: The Company makes contribution to a scheme administered by the Life Insurance Corporation of India (LIC) to discharge its liabilities towards superannuation to certain employees and the same is charged to the Profit and Loss account.

Defined benefit plans

Gratuity: The Company accounts for its liability for future gratuity benefits, as at the Balance Sheet date. This is determined through actuarial valuation using the projected unit credit method. The Company makes its contribution to a fund administered by the LIC. Actuarial gains and losses are immediately recognised in the Profit and Loss account.

Other Long term benefits: Liability for compensated absences payable at the time of retirement / resignation is determined on actuarial basis as at the Balance Sheet date, using the projected unit credit method. The Company makes its contribution to a fund administered by the LIC. Actuarial gains and losses are immediately recognised in the Profit and Loss account.

Short term employee benefits: Short term employee benefits are recognised as an expense as per the Company's scheme based on expected obligations on an undiscounted basis.

With respect to the overseas branch, the Company provides for employee benefits as per the local regulations.

(xi) Taxation

Current income tax expenses comprise taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act,1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in the subsequent years. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Deferred tax is calculated at the rates and laws that have been enacted or substantially enacted as of the Balance Sheet date and is recognized on timing differences that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to consideration of prudence are recognised and carried forward only to the extent that they can be realized.

(xii) Cash Flow Statement

The Cash Flow Statement has been prepared in accordance with the Indirect method prescribed in Accounting Standard 3 - 'Cash flow statements'. The cash flows from operating, investing and financing activities of the Company are segregated.

(xiii) Provisions, Contingent Liabilities and Contingent Assets

Provisions and Contingencies: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes.

Contingent assets are neither recognised nor disclosed in the financial statements.

III. NOTES TO THE ACCOUNTS

1. Issued, Subscribed and Paid-up Share Capital

Of the 1,68,22,668, equity shares (PY - 1,68,22,668 shares), 1,68,19,852 shares (PY - 1,68,19,852 shares) were allotted as fully paid up pursuant to contracts without payments being received in cash which includes 1,63,52,636 shares (PY - 1,63,52,636 shares) issued as Bonus Shares.

Of the above, 1,28,31,496 shares (PY - 1,03,39,980 shares) are held by ADI BPO Services Limited (PY - H M Publishers Holdings Ltd, United Kingdom), the Holding Company.

2. Secured Loan

(a) Working Capital Demand Loan / Cash credits availed by erstwhile subsidiary amounting to ₹Nil (PY - ₹371.66 Lacs) are secured by a guarantee given by HM Publishers Holdings Limited.

(b) Working Capital Demand Loan / Cash credits availed amounting to ₹Nil (PY - ₹600 lacs) are secured by inventories and book debts of the Company.

3. There are no micro and small enterprises, to whom the Company owes dues , which are outstanding for more than 45 days during the year and also as at 31-March-2012 (PY - ₹Nil). This information and that given in "Current Liabilities" in Schedule 10 has been identified on the basis of information available with the Company. This has been relied upon by the auditors.

4. Capital Commitments

Particulars	As at 31-Mar-12 ₹ in Lacs	As at 31-Dec-10 ₹ in Lacs
Estimated amount of contracts remaining to be executed on Capital Account and not provided for	1.83	7.53

5. Contingent Liabilities

(a)

Particulars	As at 31-Mar-12 ₹ in Lacs	As at 31-Dec-10 ₹ in Lacs
(i) Income Tax - Relating to transfer pricing adjustments and disallowance of export commission and other deductions	711.90	610.28
(ii) Service Tax		
Penalty demand (including interest) for delayed payment of Service Tax	139.53	139.53
Disallowance of input credit (Refer note (b) below)	687.59	205.49
Demand on overseas commission (Refer note (b) below)	72.00	227.77
(iii) Employee State Insurance(ESI) (relating to non-deduction of ESI on vendor payments.	4.16	4.47
(iv) Provident Fund (relating to delay in deposit of dues)	2.40	2.40

The above amounts are based on the notice of demand / Assessment Orders by the relevant authorities and the Company is contesting these claims with the respective authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decisions of the appellate authorities and the Company's rights for future appeals before the judiciary. No reimbursements are expected.

(b) The Company has received orders from service tax authorities disallowing input credit of service tax aggregating to ₹687.59 Lacs for the period June 2006 to December 2010. The Company has filed/is in the process of filing appeals against such orders. Based on legal opinion, the Company is of the view that the disallowance is not sustainable.

The Company has filed appeals against the service tax demand of ₹72 Lacs on overseas commission for the period from 18-April-2006 to 31-December-2006. The Company has been advised that in the event of the demand being upheld by the Appellate Authority, the Company being an exporter of services, is eligible to avail the tax as input credit.

6. Managerial Remuneration and Commission to Non-Executive Directors

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs		For the Year ended 31-Dec-2010 ₹ in Lacs	
(a) Remuneration to the Managing Director				
Salary	52.54		39.00	
Rent Allowance	18.45		12.00	
Special Allowance	10.41		2.67	
Annual Performance Bonus/ Commission	41.50		-	
Contribution to Provident Fund	6.30		4.68	
Contribution to Superannuation Fund	7.76		5.85	
Contribution to Gratuity Fund	2.54		1.88	
Reimbursement of medical expenses	0.19		-	
Insurance Benefit	0.44		0.43	
Leave Travel concession	4.38		3.25	
Bonus	9.86		0.15	
		154.37		69.91
Estimated Money Value of perquisites calculated as per Rule 3 (a) of the Income Tax Rules, 1972 to the Managing Director.		11.89		3.09
TOTAL		**166.26***		**73.00****

* The above includes managerial remuneration amounting to ₹42.40 Lacs which is subject to the approval of the Company in the General Meeting to comply with Section 309 (1) read with Schedule XIII of the Companies Act, 1956.

** Bonus of ₹13 lacs for the year ended 31-December-2010 is paid during the year based on approval received from the Central Government.

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs		For the Year ended 31-Dec-2010 ₹ in Lacs	
(b) Computation of Net Profit for ascertaining commission payable to Non-Executive Directors Net Profit before taxation		1,455.52		(969.06)
Add: Directors remuneration	166.26		73.00	
Directors Sitting fees	9.00		4.70	
Provision for doubtful debts	25.50		70.23	
Loss on sale/write off of fixed assets (net)	175.73		-	
Commission to Non-executive directors	6.71		-	
Wealth tax paid	0.11		0.93	
		383.31		148.86
		1,838.83		(820.20)
Less: Profit on disposal of assets (net)		-		0.31
Write-back of provision for doubtful advances		12.39		-
Liabilities/Provisions no longer required written back		160.59		174.30
Excess of expenditure over income i.e., loss of earlier year computed in accordance with Sec 349 of Companies Act,1956		994.81		-
		671.04		**(994.81)**
1% of Commission thereof to Non-Executive Directors		**6.71**		**-**

7. Auditors Remuneration

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Legal and Professional charges include:		
Remuneration and expenses reimbursed to Auditors (excluding Service Tax on which input credit is availed)		
Audit Fees (includes fees towards Group Reporting and Corporate Governance report)	35.00	44.45
Tax Audit	5.00	8.25
Taxation matters	22.76	22.16
Fees for other services [includes ₹1.05 lacs for earlier years (PY-₹Nil)]	4.18	5.34
Out of Pocket expenses	1.91	1.52

8. Quantitative particulars of production and sales

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs		For the Year ended 31-Dec-2010 ₹ in Lacs	
Quantitative particulars of production and sales				
(i) Licensed Capacity		Not Applicable		Not Applicable
(ii) Installed Capacity	Not Applicable		Not Applicable	
(iii) Actual Production				
Digitized data capture/Photo composed books (pages)		2,182,980		1,756,715
(iv) Turnover (including presentations and specimens)				
Digitized data capture/Photo composed books (pages)	2,182,980	13,219.79	1,756,715	9,769.52
Digitized data capture (Advertisements)		1,162.61		932.26
Learning and multimedia		691.17		378.80
Web Hosting and software		1,737.39		22.29
Order Processing and Subscription Management		2,289.83		1,639.40
		19,100.79		**12,742.27**

9. Earnings in foreign exchange

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Export of goods/services calculated on FOB basis	19,087.34	12,742.27

10. Value of imports on CIF basis

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Plant and Machinery	69.15	179.38

11. Amount remitted during the year in foreign currency on account of:

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Dividend	-	103.40
Number of Non - Resident Shareholders	-	1
Number of Shares held by them	-	1,03,39,980
Year to which it relates	-	2009

12. Expenditure in foreign currency

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Outsourced services	426.82	1,314.70
Salaries, wages and bonus	1,267.36	16.81
Rates and taxes	63.42	5.07
Rent	100.49	-
Repairs and maintenance	52.37	-
Travel	111.77	131.66
Communication	108.70	15.40
Trademark fees	49.06	64.61
Others	127.44	7.05

13. Employee Benefits:

(i) Defined Contribution Plans

The contributions recognized in the Profit and Loss account during the year are as under:

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Provident Fund	379.44	312.02
Superannuation Fund	7.76	5.85
	387.20	**317.87**

(ii) Defined Benefit Plans

(1) Gratuity

The details of defined benefits cost and obligation as per actuarial valuation are given below:

Particulars	31-Mar-12 ₹ in Lacs	31-Dec-10 ₹ in Lacs
Gratuity:		
Defined benefit Plans		
(a) Change in Benefit Obligation		
Liability at the beginning of the year	413.81	324.87
Interest Cost	39.70	24.15
Current Service Cost	123.41	95.70
Benefit Paid	(122.41)	(46.03)
Actuarial (gain)/loss on obligations	(93.39)	(1.64)
Transfer from MPST on account of amalgamation, (Refer Note I of Schedule 19)	-	16.76
Liability at the end of the year	**361.12**	**413.81**
(b) Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	388.60	321.96
Expected Return on Plan Assets	37.23	26.48
Contributions	141.26	64.17
Benefit Paid	(122.41)	(46.03)
Actuarial gain/(loss) on Plan Assets	(11.23)	5.71
Transfer from MPST on account of amalgamation, (Refer Note I of Schedule 19)	-	16.31
Fair value of plan assets at the end of the year	**433.45**	**388.60**
(c) Actual Return on Plan Assets		
Expected Return on Plan Assets	37.23	26.48
Actuarial gain/(loss) on Plan Assets	(11.23)	5.71
Actual Return on Plan Assets	**26.00**	**32.19**
(d) Amount Recognised in the Balance Sheet		
Liability at the end of the year	(361.12)	(413.81)
Fair Value of Plan Assets at the end of the year	433.45	388.60
Difference (Funded Status)	72.33	(25.21)
Amount Recognized in the Balance Sheet	72.33	(25.21)

(Continued...)

13. Employee Benefits *(...continued)*

Particulars	31-Mar-12 ₹ in Lacs	31-Dec-10 ₹ in Lacs
(e) Expenses Recognised in the Income Statement		
Current Service Cost	123.41	95.70
Interest Cost	39.70	24.15
Expected Return on Plan Assets	(37.23)	(26.48)
Net Actuarial (Gain)/loss to be recognized	(82.16)	(7.35)
Expense Recognized in Profit and Loss Account	**43.72**	**86.02**
(f) Balance Sheet Reconciliation		
Opening Net Liability	25.21	2.91
Expense as above	43.72	86.02
Employers Contribution	(141.26)	(64.17)
Transfer from MPST on account of amalgamation, (Refer Note I of Schedule 19)	-	0.45
Amount Recognized in Balance Sheet	**(72.33)**	**25.21**
(g) Actuarial Assumptions : For the year (Refer notes below)		
Discount Rate Current	8.50%	8.00%
Expected Return of Plan Assets	8.50%	8.00%
Salary Escalation Current	6.00%	6.00%
Rate of Mortality	As per LIC (1994-96) Mortality Table	As per LIC (1994-96) Mortality Table

Experience adjustments	31-Mar-12	31-Dec-10	31-Dec-09	31-Dec-08	31-Dec-07
Defined Benefit Obligation	361.12	413.81	324.87	305.98	606.01
Plan Assets	433.45	388.60	321.96	265.45	541.25
Surplus / (Deficit)	72.33	(25.21)	(2.91)	(40.53)	(64.76)
Experience adjustments on Plan Liabilities	(6.84)	Refer note (iv)			
Experience adjustments on Plan Assets	5.09				

(2) Compensated absences as at 31-March-2012 is ₹ (6.13) Lacs [PY - ₹ (51.61) Lacs]

Compensated absences are actuarially valued as at the end of the period / year. The actuarial assumptions are as under :

Particulars	31-Mar-12	31-Dec-10
Discount Rate Current	8.50%	8.00%
Expected Return of Plan Assets	8.50%	8.00%
Salary Escalation Current	6.00%	6.00%

Notes :

(i) The discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

(ii) The estimate of future salary increases considered, takes into account the inflation , seniority, promotion, increments and other relevant factors.

(iii) The entire Plan Assets are managed by the Life Insurance Corporation of India (LIC). The details with respect to the composition of investments in the fair value of Plan Assets have not been disclosed in the absence of the necessary information.

(iv) The details of experience adjustments arising on account of plan assets and liabilities for the years 2007 to 2010 as required by Accounting Standard (AS) – 15 (Revised) "Employee Benefits" are not available in valuation report.

(v) The Company's best estimate, as soon as it can reasonably be determined of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date ₹Nil.(PY - ₹89 Lacs)

The above disclosure excludes the figures of the overseas branch, as it is governed by the laws prevailing in the United States of America.

14. Segment Reporting:

The company operates in one business segment of providing publishing solutions viz., typesetting and data digitization services and is considered to constitute a single segment in the context of primary segment reporting as prescribed by Accounting Standard 17 - "Segment Reporting".

The Company's operations are managed on a worldwide basis from India and they operate in four principal geographical areas viz., India, Europe, United States of America and Rest of the World. The secondary segment is identified to these geographical locations. Details of secondary segment by geographical locations are given below:

Revenue by location of customer	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
India	13.83	–
Europe	8,597.78	5,779.89
USA	9,785.03	6,675.78
Rest of the World	704.15	286.60
Total	**19,100.79**	**12,742.27**
Carrying amount of Segment Assets by geographical location	**As at 31-Mar-12 ₹ in Lacs**	**As at 31-Dec-10 ₹ in Lacs**
India	7,189.52	8,155.79
Europe	1,363.10	2,071.27
USA	1,346.75	1,769.36
Rest of the World	104.83	99.59
Total	**10,004.20**	**12,096.01**
Cost incurred for purchase of Tangible Assets and Intangible Assets by geographical location	**As at 31-Mar-12 ₹ in Lacs**	**As at 31-Dec-10 ₹ in Lacs**
India	226.50	796.31
USA	1.72	122.69
Total	**228.22**	**919.00**

15. Related Party Disclosure

(i) Parties where control exists

Ultimate Holding Company: Georg Von Holtzbrinck GmbH & Co. K.G. (upto 11-October-2011)

Holding Company: H M Publishers Holdings Limited (upto 11-October-2011)
ADI BPO Services Limited (w.e.f. 12-October-2011)

(ii) Fellow Subsidiaries upto 11-October-2011

Macmillan Publishers Limited,UK	Macmillan Iberia SAU
Macmillan Publishers China Ltd	Macmillan Education, SA
Macmillan Publishers Australia Proprietary Limited	Ediciones Castillo Group Macmillan, Mexico
Macmillan Hellas (Greece)	Gill & Macmillan Publishers (Ireland)
Holtzbrinck Publishers Holdings Limited	Macmillan Publishers Holdings LLC
Nature Publishing Group	Macmillan Education Limited
Kingfisher Publications Limited	Macmillan Publishers India Limited
HGV Hanseatische Gasellschaft	euroscript GmbH
Macmillan Poland	

(iii) Subsidiaries upto 31-December-2011

MPS Content Services Inc., USA
MPS Technologies Limited
MPS Content Services India Private Limited

(iv) Key Management personnel

Mr. Nishith Arora, Chairman (w.e.f. 17-January-2012)

Mr. Rajiv K Seth, Managing Director

(v) Related party Transactions

a. Service Income	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Macmillan Publishers Limited, UK	1,526.34	1,784.03
Macmillan Publishers Holdings LLC	285.49	334.57
Macmillan Publishers China Ltd	1.52	2.50
Nature Publishing Group	478.86	275.99
Macmillan Poland	15.83	17.34
Macmillan Publishers Australia Proprietary Limited	20.21	7.84
HGV Hanseatische Gesellschaft	9.36	19.20
euroscript GmbH	518.75	125.98
Gill & Macmillan Publishers (Ireland)	42.69	23.60
Macmillan Hellas (Greece)	-	16.46
Ediciones Castillo Group Macmilan,Mexico	-	33.85
Macmillan Iberia SAU	41.47	31.18
Kingfisher Publication Limited	-	1.49
Macmillan Education, SA	37.11	4.32
Macmillan Publishers India Limited	13.26	-
	2,990.89	**2,678.35**

b. Sales Inwards	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Macmillan Education Limited	-	20.23

c. Purchase and Charges	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
MPS Content Services Inc., USA	-	1,258.72

d. Share of Expenses	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Macmillan Publishers India Ltd	40.90	5.85
Macmillan Publishers Limited, UK	271.01	439.53
Macmillan Publishers Holdings LLC	40.89	41.25
MPS Technologies Limited	-	149.72
	352.80	**636.35**

e. Trademark fees	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
HM Publishers Holdings Limited	49.06	64.61

f. Dividend	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
ADI BPO Services Limited	256.61	-

g. Bad debts written off	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Macmillan Education Limited	8.04	-
Macmillan Publishers Holdings LLC	3.22	-
	11.26	**-**

h. Remuneration to Key Management Personnel	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Mr. Rajiv K Seth, Managing Director	166.26	73.00

Balance as on Balance Sheet date

Debtors	As at 31-Mar-12 ₹ in Lacs	As at 31-Dec-10 ₹ in Lacs
Macmillan Publishers Limited, UK	-	421.91
Macmillan Publishers Holdings LLC	-	60.43
Macmillan Education Limited	-	16.54
Nature Publishing Group	-	136.36
Macmillan Publishers Australia Proprietary Limited	-	6.23
HGV Hanseatische Gesellschaft	-	3.85
euroscript GmbH	-	71.84
Gill & Macmillan Publishers (Ireland)	-	14.57
Macmillan Iberia SAU	-	8.27
Macmillan Poland	-	17.37
Macmillan Publishers India Limited	-	6.92
Total	**-**	**764.29**

Creditors	As at 31-Mar-12 ₹ in Lacs	As at 31-Dec-10 ₹ in Lacs
HM Publishers Holdings Limited	-	114.33
Macmillan Publishers Limited, UK	-	1,482.15
Macmillan Education, SA	-	1.81
Holtzbrinck Publishers Holdings Ltd.	-	40.37
Macmillan Publishers India Limited	-	785.44
MPS Content Services Inc. USA	-	117.77
Less: Eliminated on Amalgamation	-	(117.77)
(Refer Note I of Schedule 19)	-	-
MPS Content Services India Pvt. Ltd	-	175.46
Less: Eliminated on Amalgamation	-	(175.46)
(Refer Note I of Schedule 19)	-	-
Total	**-**	**2,424.10**

Loans and Advances	As at 31-Mar-12 ₹ in Lacs	As at 31-Dec-10 ₹ in Lacs
MPS Content Services Inc. USA	-	662.19
Less: Eliminated on Amalgamation	-	(662.19)
(Refer Note I of Schedule 19)	-	-
MPS Technologies Limited	-	26.43
Less: Eliminated on Amalgamation	-	(26.43)
(Refer Note I of Schedule 19)	-	-
Total	-	-

Off-Balance Sheet items	As at 31-Mar-12 ₹ in Lacs	As at 31-Dec-10 ₹ in Lacs
Corporate guarantee given to Hong Kong Shanghai Banking Corporation by HM Publishers Holdings Limited for the line of credit availed by erstwhile subsidiary, MPS Content Services Inc., USA	-	371.66

Notes

1. Related party relationships are as identified by the Company on the basis of information available and relied upon by the auditors.
2. No amount has been written back during the year in respect of dues to related parties.

16. Leases

The company has entered into cancellable and non-cancellable operating leases for office premises. Lease rentals recognised in respect of such operating leases in the statement of Profit and Loss Account is ₹1,044.55 Lacs
(PY - ₹780.17 Lacs)
The total of future minimum lease payments in respect of premises taken on lease under non-cancellable operating leases are as follows:

Operating Lease	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Minimum Lease Rentals Payable		
- Within one year	75.84	166.99
- Later than one year and not later than five years	30.00	99.20
- Later than five years	-	-
	105.84	**266.19**

The above relate to operating leases having a non-cancellable period ranging from 1 to 2 years

17. Earnings per share

Particulars	For the Period ended 31-Mar-2012 ₹ in Lacs	For the Year ended 31-Dec-2010 ₹ in Lacs
Face Value per share	10	10
Profit / (Loss) after tax (₹ In Lacs) (numerator)	1,087.13	(880.71)
Weighted average number of shares outstanding during the year (denominator)	16,822,668	16,822,668
Basic & Diluted Earnings per share (in Rupees)	6.46	(5.24)

18. Taxes

a. Current tax expense includes foreign taxes of ₹69.37 Lacs (PY - ₹4.45 Lacs).
b. Breakup of Deferred Tax Asset and Deferred Tax Liability arising out of timing differences.

Particulars	As at 31-Mar-12 ₹ in Lacs	As at 31-Dec-10 ₹ in Lacs
a) Deferred Tax Assets arising on		
Provision for Doubtful Debts	54.79	51.74
Provision for Gratuity, Compensated Absences and Bonus	55.17	125.94
Others	-	16.37
Total	**109.96**	**194.05**
b) Deferred Tax Liability arising on		
Depreciation	118.60	211.68
Net Deferred Tax Liability	**8.64**	**17.63**

19. (a) Forward contracts entered into to hedge the foreign currency risk of highly probable transactions and outstanding as at Balance Sheet date are as under:

Forward Contracts (Sell)	As at 31-Mar-12 Number of contracts	Value in FC	As at 31-Dec-10 Number of contracts	Value in FC
USD	5	5,600,000	10	10,500,000
GBP	5	1,300,000	8	2,000,000
EURO	-	-	2	450,000

Forward Contracts (Buy)	As at 31-Mar-12		As at 31-Dec-10	
	Number of contracts	Value in FC	Number of contracts	Value in FC
USD	-	-	1	400,000

The Mark to Market loss arising on the above forward contracts recognised in the Profit and Loss account in accordance with the announcement by the Institute of Chartered Accountants of India (ICAI) in respect of 'Accounting for Derivatives', amounts to ₹338.79 Lacs. The remeasurement of forward contracts outstanding as at 31 December 2010 resulted in Mark to Market gains of ₹174.99 lacs for the year ended on that date, which were not recognised in the Profit and Loss account as a matter of prudence.

(b) The foreign currency exposures that are not hedged by a derivative instrument or otherwise as at 31-March-2012 are given below:

Receivable In	As at 31-Mar-12		As at 31-Dec-10	
	Value in FC	₹ in Lacs	Value in FC	₹ in Lacs
AUD	31,382	16.60	48,081	21.93
CAD	5,382	2.75	1,133	0.51
EUR	177,903	120.82	120,552	72.27
GBP	940,428	765.34	1,078,768	754.06
NZD	32,130	13.45	63,421	22.03
SGD	4,035	1.63	17,080	5.95
USD	2,953,239	1,502.46	3,640,754	1,632.15
Payable In	**As at 31-Mar-12**		**As at 31-Dec-10**	
	Value in FC	₹ in Lacs	Value in FC	₹ in Lacs
EUR	140,574	95.47	-	-
GBP	192,532	156.69	3,032,647	2,119.84
USD	426,770	217.12	1,841,351	825.52
	As at 31-Mar-12		**As at 31-Dec-10**	
Bank Balance in	Value in FC	₹ in Lacs	Value in FC	₹ in Lacs
EUR	83,327	56.59	147,114	88.19
GBP	326,303	265.55	1,466,324	1,024.97
USD	638,513	324.84	2,289,956	1,026.64

For and on behalf of Board

Nishith Arora	**Vijay Sood**	**Supriya Kumar Guha**
Chairman	Director	Company Secretary

Place: Mumbai

Date : May 28, 2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	05795	State Code	18
Balance Sheet Date	31-03-2012		

II. Capital raised during the year (Rupees in thousands)

Public Issue	NIL	Rights Issues	NIL
Bonus Issue	NIL	Private Placements	NIL

III. Position of the mobilisation and Development of Funds (Rupees in thousands)

Total Liabilities	1040288	Total Assets	1040288

Sources of Funds

Paid up Capital	168227	Reserves & Surplus	534854
Secured Loans	8002	Unsecured Loans	50343
Deferred Tax Liability (Net)	864		

Application of Funds

Net Fixed Assets	265019	Investments	122019
Net Current Assets	375252	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Rupees in thousands)

Turnover	1977305	Total Expenditure	1831753
Profit before tax	145552	Profit after tax	108713
Earning per share (in ₹)	6.46	Dividend Rate %	040

V. Generic name of Three principal products / Services of the company (As per monetary terms)

Item code no. (ITC code no.)	NOT APPLICABLE
Product Description	PHOTO COMPOSED
Item code no. (ITC code no.)	NOT APPLICABLE
Product Description	DIGITIZED DATA CAPTURE

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MPS Limited

Registered Office: 27 GN Chetty Road, T Nagar, Chennai 600017

ATTENDANCE SLIP

(To be presented at the entrance)

ANNUAL GENERAL MEETING ON 3RD AUGUST 2012 AT 3 PM

Folio No...DP ID No..Client ID No..

Name of the Member: .... Signature: ....

Name of the Proxyholder: ....Signature: ....

1. Only Member/ Proxyholder can attend the meeting.
2. Member/ Proxyholder should bring his/ her copy of the Annual Report for reference at the meeting.

MPS Limited

Registered Office: 27 GN Chetty Road, T Nagar, Chennai 600017

PROXY FORM

I/We...of ....

in the district of being a member(s) of the above named Company, hereby appoint .... of .... in the district of ....or failing him/her .... of .... in the district of .... as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 3rd August 2012. at 3 p.m. at My Fortune Chennai, 10, Cathedral Road, Chennai 600086 and at any adjournment thereof.

Folio No...DP ID No..Client ID No..

No. of shares held ....

Signed this .... Day of...........................2012 Signature ....

This form is to be used ** in favour of the resolution. Unless otherwise instructed, the
** against

Proxy will act as he thinks fit.

*** Strike out whichever is not desired.*

NOTES:

1. This Proxy must be lodged with the Company at its Registered Office at 27 G N Chetty Road, T Nagar, Chennai 600017 at least 48 hours before the meeting
2. Those Members who have multiple folios with different joint holders may use copies of this Attendance slip / Proxy.

Dematerialise your Physical Shares to Electronic Form

- Eliminate all risks associated with Physical Shares
- Ease in Portfolio Management.
  Contact us (Tel. No.: 044 28460390) for assistance Attention: Mr. Narasimhan
  Provide your email id to your DP for sending Annual report by email
- Open Beneficiary Account with a Depository Participant (DP) registered with SEBI.
- Submit Dematerialisation Request Form (DRF) as given by the DP, duly signed by all the holders with the names and signatures in the same order as appearing in the concerned certificate(s).

MPS

MPS Limited

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

www.adi-mps.com