



Investor Update

Macmillan India Announces Results for year ended 2008

February 26, 2009

Macmillan India Limited, a leader in publishing solutions business, has reported its audited results for the twelve months period ended December 2008.

- Publishing Services segmental revenue was Rs 31.93 crores for Q4 2008 as against Rs 20.10 crores for Q4 2007
- Publishing Services segmental profits before tax was Rs 1.83 crores for Q4 2008 as against Rs 2.41 crores for Q4 2007

The turnover and profits for the twelve months period and quarter ended December as reported includes revenues and profits generated by the erstwhile wholly owned subsidiaries, Charon Tec Ltd and Macmillan-ICC Publishing Solutions Pvt Ltd which were merged with the Company pursuant to the approval granted by the Honourable Madras High Court to the Scheme of Arrangement involving amalgamation of these two subsidiaries with the Company along with the simultaneous demerger of the Publishing business from the Company and its transfer and vesting in an unlisted company, Macmillan Publishers India Ltd (MPIL).

The Appointed Date for the merger was 31.12.2007 whereas the Appointed Date for the demerger of the publishing division was 12.05.2008. Accordingly the results for the year also include the portion of the demerged publishing division's turnover and profits attributable for the first four and a half months of 2008. Therefore the results are strictly not comparable with the results of the corresponding previous period.

The Board has decided not to recommend any dividend for the year ended 31st December, 2008 in view of the need to conserve resources in the current globally economic scenario and the need to make further investments to secure future growth.

Commenting on the financial performance, Mr. Rajiv Seth, Managing Director said:

“The company continues to be a dominant player in the area of publishing services. With both organic growth and acquisitions, the company was able to serve its clients as a truly one-stop solution provider. The company's clients encompass both the traditional publishing sector as well as the non-publishing market. After the current level of structural changes aimed at consolidation, the company will now focus on consolidating its key service offerings and building on its reputation.

The company was able to strengthen its MPS brand through consistent marketing efforts; was able to pick some good new orders and meet its overall top-line and bottom line targets overcoming its share of challenges in regard to schedule, productivity and technology implementations.

In traditional pre-press services, the company is looking to capitalise on the increasing trend to outsource activities and processes affiliated to existing service areas. Initial efforts will focus on author and prepress input services. By increasing service depth in these services for book, journal and directory publishers, Macmillan India hopes to increase the business volumes.

In addition to this, the company offers value-add services to its clients in the commoditised business space to increase its per unit realisations .

Since March 2008, the Company has opened an US East Coast operation at Beverly, Massachusetts following the asset purchase of Compset Inc. This has opened up opportunities for the company in the fast growing 'el-hi' market, as well as focus on onshore project management. Translation and foreign language services are also rapidly developing to tap the non-English and bilingual markets.

In the digital arena, the company has continued to be a leading digitisation, archive conversion and ebook provider, keeping pace with the ever changing digital publishing market.

Large opportunities also exist in offering new services to the publishing market. Macmillan India is fast establishing itself as a reputed service provider in the area of fulfilment and subscription management, and has recently started back office telecalling processes for publishers. Various new products for the publishing market, such as an online book hosting platform and usage report software, have been well received in the market. Another highlight in the line of new services is the high end ad and magazine design which started earlier in the year and has already won business from several high profile clients.”

Operational Highlights for the year ended December 31, 2008

- Publishing Services business posted revenue of Rs. 122.19 crores.
- PBIT stood at Rs 12.50 crores. The reduction in the profit over last year levels is mainly due to strategic investments made for expansion of the Ad-composition and book typesetting businesses, commoditization of core journals and books services markets and depressed global economic scenario reflecting in pricing pressures. Also, prior year results reflected the captive Ad composition business which was discontinued in July 07.

Business Outlook

The company's core strategy revolves around winning large annuity accounts from leading publishers. Based on its domain expertise, the company plans to significantly grow this business while maintaining focus on high value added services. The company has adopted selective inorganic growth strategy to expand its service offerings and customer base. Global outsourcing opportunity, new service offerings, initiatives in US market, continued high levels of investment and strong support from the parent will drive growth in the future. Productivity improvements will contribute to the company's competitiveness.

About Macmillan India Limited

Macmillan India Ltd, 61% owned by Verlagsgruppe Georg von Holtzbrinck, Germany was established in 1893. The company operates in the areas of information processing and e-business. A highly trained staff, qualified professionals and quality consultants are all part of over 2000 people strong Macmillan India family.

Macmillan India's Publishing Services business is world-renowned for its typesetting and originating services. Macmillan has built one of the most comprehensive skill sets in the capture, conversion, and structured output of data for scientific journals for foreign publishers over last two decades. The company has one of the largest and most advanced scientific and mathematical typesetting facilities in the world.

Macmillan, UK was established in 1843, in Great Britain. Over the years, the group has grown into one of the leading publishing houses of the world. Today, the Macmillan group is owned by [Verlagsgruppe Georg von Holtzbrinck GmbH](#), a large Germany-based media company with interests in publishing, information technology and internet service providing.

Investor Relations

Macmillan India Ltd is committed to create long-term sustainable shareholder value through successful implementation of its growth plans. The company's investor relations mission is to maintain an ongoing awareness of its performance among shareholders and financial community.

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Safe Harbour

Certain statements in this release concerning our future growth prospects are forward-looking statements which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in information processing businesses including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, client concentration, our ability to manage our international operations, reduced demand for our services in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our businesses. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company.