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Corporate Information

NAVNEET PUBLICATIONS (INDIA) LIMITED

Board of Directors

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

Company Secretary

Manoj J. Thakar

Auditors

Ghalla & Bhansali
Chartered Accountants, Mumbai

Bankers

ABN AMRO
EXIM Bank
ICICI Bank Ltd
Bank of Nova Scotia
BNP Paribas

Registered Office

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

Ahmedabad Office

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

Works

- Village Dantali, Behind Kasturi Nagar,
District and Taluka - Gandhinagar, Gujarat.
- Gokhiware, Chinchpada,
Vasai (East), Dist. Thane.
- Village Sayali, Silvassa.
- Dabhel, Nani Daman
U.T. Daman & Div
- Rakanpur, Taluka Kalol
Dist Mehsana

e-mail

investors@navneet.com

Website

www.navneet.com

Dear Shareowners,

The Indian economy is poised for an accelerated growth. This coupled with further globalization reforms has India Inc. in a mood to acquire global businesses. Everything seems to be looking up except sudden calamities which disturb various parts of our country, particularly Gujarat for last several years. In the last week of the 1st quarter of this year, Gujarat was hit by floods, unfortunately at a crucial time of the peak business season of your Company.

A noticeable feature in the annual numbers of the last year is in the change of product mix of the Company. The proportion of publications sales to stationery sales has increased as was strategically planned by the Company. Such planned changes will become a regular feature demonstrating your Company's management's constant focus and thrust in its publication business, which is its core activity, resulting in improvement in profit margins of the Company's operations.

The only setback in the annual number was a one time charge of foreign currency loss that your Company had to account. Barring this, the financials are very much in line with those of earlier years.

Another significant milestone that was achieved by your Company in the first quarter, has been the acquisition of a publications business in Spain. This acquisition is a strategic move to enter Europe for publishing business of children's books. Your Company was able to acquire the successful business of 'Grafalco' at a reasonable price. This is sure to give a shot in the arm to your

Company's conscious efforts to boost the publications segment of its exports business.

In the first quarter of the current year, publications sales have improved as envisaged, except the effect of heavy rains in Gujarat as mentioned earlier. As indicated last year, exports of stationery products in the previous year have been hit severely due to fierce competition from China, which was possible due to the artificially administered value of their currency. Domestic stationery business of your Company has improved as expected.

As decided earlier, your Company has down-sized the operations of its subsidiary and the management has decided to merge the operations of the subsidiary with the parent Company subject to compliance with regulatory aspects.

The coming few years will be exciting and rewarding years for the Company with the anticipated continuous change of curriculum in Maharashtra and Gujarat together with a new set-up in Spain. With the proven expertise of the management in publishing business, the results of these exciting years ahead should show tremendous benefits to the Company. I therefore once again reiterate that your Company is positively moving towards fulfilling its mission.

Shivji K. Vikamsey

(I) NAVNEET'S POLICY ON DIVIDEND

The Company continues with its liberal dividend policy and accordingly the Company has paid 75% dividend for the year under review which is same as the Company paid last year. However, the dividend pay out for the year under review has increased from 41% in previous year to 46% during the year under review.

(II) CREATING SHAREHOLDER VALUE

The Company constantly focuses on increasing shareholders value by following the sound business policies and prudent investment decisions from time to time. The Company constantly endeavours to change the revenue mix of the Company in order to create value which is evident from the decision taken by the management to venture into the publication business based on curriculum of Madhya Pradesh, CBSE and ICSE publications and its maiden overseas acquisition.

The Net worth of the Company has increased year after year and has more than doubled from Rs.8,351 Lacs in 1998-1999 to Rs.17,352 Lacs during the year under review.

The dividend payout has increased from 27.75% in 1999-2000 to 46% during the year under review.

(III) MARKET CAPITALISATION

Market capitalisation of the Company has increased by 56% from Rs.29,501 Lacs as at 31st March 2004 to Rs.46,109 Lacs as at 31st March 2005.

(IV) BUSINESS OVERVIEW

The Company has two major business divisions namely "Book Publishing Division" and "Paper Stationery Division" :-

(A) Book Publishing Division

"Educational Books" and "Children's and General Books" are the two major categories of books published by this division. With the definite plans of change in the curriculum of Gujarat and Maharashtra, the Company is poised for a decent growth in the revenues from this division.

Children's and General Books category has also been gaining ground constantly and has been launching value added products for domestic as well as international markets. The Company has more than 1300 titles in this category of books.

The turnover of this division has posted a growth of 16% from Rs.14,179 Lacs to Rs.16,470 Lacs.

(B) Paper Stationery Division

The Paper Stationery Division has two different markets Domestic and International Markets mainly manufacturing value added quality stationery products for the students as well as for the offices.

(i) Domestic Market

Your Company has emerged as a leading, trustworthy and a quality manufacturer and supplier of a wide range of stationery products with an excellent distribution network across India.

(ii) International Market

Your Company has been exporting various stationery products in the international markets since last 10 years to United States, Europe and African Countries. The Company has been successful in creating the value added stationery products for which the Company has been receiving repeated orders. However, the appreciation in the Domestic currency has impacted the growth of the exports business.

The turnover of this division was marginally down from Rs. 10,602 Lacs to Rs. 10,407 Lacs.

Frequently Asked Questions (F.A.Q.s) about industry outlook, opportunities, threats, risks and concerns.

1. What was the performance of the Company in the year under review?

The publication segment grew by 15% whereas stationery segment had a negative growth of 2%

In case of publication segment, the growth was mainly on account of Syllabus change in Gujarat for standard VIII and XI. Although the domestic market of stationery segment grew by moderate 7%, the negative growth of the segment is attributable to exports market. The export market had faced the competition from various countries mainly on account of disparity in currency values of competing countries.

2. What is the expected performance of the Company in current year?

Your Company has a consistently bright future for at least next 3 to 4 years. Publication segment is expected to grow following syllabus change in the state of Gujarat. The gradual change in syllabus has already started in Gujarat and we expect the same to start in Maharashtra from next Year (06 - 07). The initiative of the Company to start Publications of other curriculums have started showing signs of a long and sustainable growth engine for your Company.

Although, we expect domestic market of stationery segment to grow at moderate pace, our concerns for stationery exports continues, and we expect further fall in the current year and in the near future.

3. Is operating margins likely to improve henceforth?

With various progressive initiatives coupled with expected syllabus change in both the states, your Company is likely to earn better operating margins in the coming years.

4. What has been the trend in paper prices in the current year?

Paper prices have marginally improved in the last year. Your Company does expect nominal rise in paper prices for the next couple of years.

5. What are capex plans in the current year?

In view of the expected syllabus change, the Company had modernized few of its printing facilities and installed additional capacity to meet the seasonal production requirement during the last fiscal. There is no major capex planned for the current year.

6. What has been the progress of the Company's subsidiary "Navneet Edutainment Limited"

The Company's CD-ROM products were well accepted among the student community. However, the volumes did not provide independent sustainability to the Company. The Company had executed couple of outsourcing projects during the year but considering the Company's main strength of content development, do not view outsourcing as a huge business opportunity. Your Company has decided to merge the said subsidiary Company with your Company. Your Company will continue to market and update the present product range and focus more on the technology once it is accepted widely.

7. What type of acquisition has the Company made in Spain?

Your Company has acquired the publishing business and a popular brand in Spain namely "Grafalco" from a Spanish Company, by way of an acquisition of tangible and Intangible assets, mainly intellectual property rights for a sum of EURO 459,000. The Company has initiated operations from the existing infrastructure of that Company in Spain through a wholly owned subsidiary floated by your Company in Spain. The Company intends to tap market of the Spanish speaking community across the world. The Company believes to have better footage for its existing product range in Europe, having established a base in that continent.

8. What is the reason of fall in loan funds?

The Company has adopted "Just-in-time" production strategy for stationery segment resulting into considerable fall in inventory levels. Moreover, last year, due to attractive terms, the Company had borrowed funds in the last week of March 2004, and had parked Rs. 21 crores in Mutual Funds till the time the same were used for working capital. Such borrowing was not done in the year under review.

9. What is the reason of substantial rise in debtors for more than 6 months?

The main reason for rise in sundry debtors over 6 months is slowdown in the US market resulting into delayed realization at our end. Post balance sheet date the Company has been able to scale down the debtors ageing more than six months, due to better recovery.

10. What could be the reason for decrease in inventory level in general and specifically for Finished Goods?

The finished goods inventory has reduced by Rs.1587 lacs contributing to over all fall in inventory levels by Rs.958 lacs. The Company has experimented "Just-in-time" production strategy for its stationery segment resulting into better inventory management and fall in over all inventory levels. The said experiment was a success and the Company intends to extend the same to its publication segment as well. The implementation of KAIZEN in the stationery segment is also a contributor to reduction in the inventory levels.

11. Why have Interest costs increased by Rs.0.58 lac although there was a reduction in borrowings?

The reduced borrowing is status as on balance sheet date but overall Company's borrowing cycle has increased due to delayed realizations. Moreover the cost of borrowing also has increased as compared to last year resulting in an increase in interest costs.

12. What will be the impact of VAT on the Company?

The Company welcomes the new tax regime considering the fact that it will help the Company to compete with unorganized players across the country in the long run, mainly in the stationery segment. The monetary impact of VAT would be negligible as Publication products remain exempted from VAT.

13. What will be the impact of FBT on the Company?

FBT will definitely result in considerable outgo on account of tax but the Company is of the view that the overall tax liability of the current year will remain unchanged as compared to previous year considering the reduced basic tax rate.

(1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company attributes its success to the ethical, moral and transparent dealings with all its stakeholders on sustainable basis. Internally driven need for practising the principles of Good Corporate Governance ensures not only warm and cordial relationship with all stakeholders but also helps maintain their trust in the Company. Your Company feels that Corporate Governance be practised by companies voluntarily in its true spirit and not as a mere statutory compliance.

(2) BOARD OF DIRECTORS

2.1 Composition

The Board of Directors comprises of 12 directors. The Company has 5 Independent Directors, 1 Non-Executive Director and 6 Promoter / Executive Directors. The Chairman of the Board is an Independent Director. The Company has appointed Independent Directors in excess of the stipulated requirement to appoint four Independent Directors.

2.2 Attendance / Remuneration of Directors

The details of attendance of Directors at the meeting of the Board of Directors of the Company, last Annual General Meeting and remuneration for the year is given below :-

Name of the Directors	Type	Board Meetings Held	Board Meetings Attended	Salary	Other Benefits	Contribution to P.F.	Sitting Fees	Total remuneration	Last AGM attended
Shri S.K. Vikamsey	ID	4	4	-	-	-	23,500	23,500	YES
Shri A R. Gala	PD	4	4	13,80,000	9,43,000	1,65,600	-	24,88,600	YES
Shri J. K. Sampat	PD	4	4	13,80,000	9,43,000	1,65,600	-	24,88,600	YES
Shri D. R. Gala	PD	4	3	13,80,000	9,43,000	1,65,600	-	24,88,600	YES
Shri H.R. Gala	PD	4	3	13,80,000	9,43,000	1,65,600	-	24,88,600	NO
Shri S. R. Gala	PD	4	3	13,80,000	9,43,000	1,65,600	-	24,88,600	NO
Shri J.L. Gala	PD	4	4	13,80,000	9,43,000	1,65,600	-	24,88,600	YES
Shri A. M. Nadkarni	ID	4	4	-	-	-	31,000	31,000	YES
Shri K. S. Vikamsey	ID	4	4	-	-	-	31,000	31,000	YES
Shri L. D. Shah	ID	4	3	-	-	-	17,000	17,000	YES
Dr. R. Varadarajan	ID	4	1	-	-	-	-	-	YES
Shri Vijay D. Rai	NED	4	3	-	-	-	12,000	12,000	YES

ID – Independent Director
 PD – Promoter Director /Executive Director
 NED – Non-Executive Director

2.3 Directorships in other Public Limited Companies of the Directors as at 31st March, 2005

Name of the Director	No. of Directorships	No. of Committee Positions Held	No. of Committees Chaired
Shri Shivji K. Vikamsey	-	-	-
Shri Amarchand R. Gala	1	1	1
Shri Jaisinh K. Sampat	-	-	-
Shri Dungarshi R. Gala	-	-	-
Shri Shantilal R. Gala	-	-	-
Shri Harakhchand R. Gala	-	-	-
Shri Jitendra L. Gala	-	-	-
Shri Ashok M. Nadkarni	-	-	-
Shri Liladhar D. Shah	-	-	-
Dr. R. Varadarajan	-	-	-
Shri Kamlesh S. Vikamsey	3	4	2
Shri Vijay D. Rai	5	3	-

2.4 Number of Board Meetings held and dates on which held

- | | |
|------------------------|------------------------|
| (1) 27th April, 2004 | (2) 30th July, 2004 |
| (3) 27th October, 2004 | (4) 31st January, 2005 |

2.5 The brief resume of Directors seeking re-appointment :

Shri Amarchand R. Gala is a great visionary with over 50 years of rich business experience and expertise of business management.

Shri Liladhar D. Shah is a partner of the legal firm M/s. L. D. Shah & Company and has about 40 years of rich experience in the field of property, corporate and allied Laws.

Dr. R. Varadarajan is the President of National Education Society which is an ISO 9000:2000 certified institution for its World Standard in Education. Dr. R. Varadarajan has vast experience in the field of education in India and abroad .

(3) AUDIT COMMITTEE

3.1 Composition

Shri Shivji K. Vikamsey, Shri Kamlesh S. Vikamsey and Shri Ashok M. Nadkarni, Independent Directors of the Company are the Members of the Audit Committee. Shri Kamlesh S. Vikamsey a Senior Chartered Accountant (and President of the Institute of Chartered Accountants of India) is the Chairman of the Audit Committee.

3.2 Secretary

Shri Manoj J. Thakar, Company Secretary is Secretary to the Audit Committee.

3.3 Attendance

Three Audit Committee Meetings were held during the year under review. on 30.07.2004, 27.10.2004, 31.01.2005 which were attended by all the Committee Members.

Name of the Directors	Meetings Held	Meetings Attended
Shri Shivji K. Vikamsey	3	3
Shri Kamlesh S. Vikamsey	3	3
Shri Ashok M. Nadkarni	3	3

3.4 Broad Terms of References of the Audit Committee

- 1) To review any change in Accounting Policies
- 2) To review the qualifications in the draft Annual Report, if any
- 3) To review the significant adjustments arising out of Audit
- 4) To review the compliance with the Accounting Standards
- 5) To review the compliance with Stock Exchanges and other requirements about the Financial Statements
- 6) To review the going concern assumption
- 7) To review the adequacy of internal control with management system
- 8) To review the industry based experts judgements by the management

(4) SHAREHOLDERS' GRIEVANCE COMMITTEE

4.1 Composition

Shareholders' Grievance Committee consists of the following Independent Directors:

Shri Liladhar D. Shah (Chairman)
 Shri Kamlesh S. Vikamsey
 Shri Ashok M. Nadkarni

4.2 Terms of Reference

Shareholders' Grievance Committee meets periodically for the redressal of Shareholders' grievances and complaints related to share transfers, transmissions, transpositions, re-materialisation, split and issue of duplicate of share certificates, non-receipt of Annual Report, non-receipt of declared dividends and such other related issues.

4.3 Attendance

Shareholders' Grievance Committee meetings were held on 30.07.2004, 27.10.2004 and 31.01.2005 which meetings were attended by all the Members of the Committee, except at one meeting held on 27.10.2004, Shri L. D. Shah was granted leave of absence.

4.4 Status of Complaints

Number and nature of complaints received during the year under review are as follows :

Description	No. of Inward	No. of Outward	Pending
Transfer / Demat	1	1	NIL
Non-receipt of Share Certificate(s)	2	2	NIL
Non-receipt of Dividend Warrant	13	13	NIL
General Correspondence/Complaints	4	4	NIL
Letters from Stock Exch./SEBI	NIL	NIL	NIL
Total	20	20	NIL

(5) REMUNERATION COMMITTEE

5.1. Composition:

The Remuneration Committee of the Company was constituted on 27th April 2004 comprising of the following members:

Shri Shivji K. Vikamsey (Chairman)
 Shri Kamlesh S. Vikamsey
 Shri Liladhar D. Shah

Shri Manoj J. Thakar, Company Secretary of the Company is appointed as the Secretary of the Remuneration Committee

5.2. Broad Terms of Reference:

The Broad Terms of Reference of the Remuneration Committee are to evaluate and appraise the performance of the Managing / Executive Directors, and Senior Management Personnel, determine and recommend to the Board the compensation payable to them.

5.3 Attendance

Two Remuneration Committee Meetings were held during the year under review on 27.04.2004 and 30.07.2004 which were attended by all the Committee Members.

Name of Directors	Meetings Held	Meetings Attended
Shri Shivji K. Vikamsey	2	2
Shri Kamlesh S. Vikamsey	2	2
Shri Liladhar D. Shah	2	2

(6) GENERAL BODY MEETINGS

The details of the last three Annual General Meetings held are given below:

Meeting No.	Date & Time
Eighteenth Mini Theatre, 3rd Floor, P.L.Deshpande Maharashtra Kala Academy, Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400 025	6th September, 2004 (3:30 P.M.)
Seventeenth S. S. Hall, Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400020	15th September, 2003 (4:30 P.M.)
Sixteenth S. S. Hall, Garware Club House, Wankhede Stadium, 'D' Road, Churchgate, Mumbai - 400020	19th March, 2002 (4:30 P.M.)

(7) DISCLOSURES

7.1. There were no transactions of material nature between the Company and its promoters, directors or the management, other subsidiaries or relatives that may have the potential conflict with the interest of the Company. The Register of contracts containing the transactions in which the directors are interested were placed before the Board regularly for its approval and concurrence.

7.2. The Company complied with various rules and regulations prescribed by the Stock Exchanges and SEBI, relating to the capital markets during the last three years.

(8) MEANS OF COMMUNICATIONS

8.1. Un-audited Financial Results and Press Releases were put up on the Website of the Company at www.navneet.com, shortly after its submission to Stock Exchanges.

8.2. The Company generally publishes its Quarterly Results in "Economic Times", Mumbai and "Sakaal", Mumbai.

8.3. Management Discussion and Analysis forms part of the Annual Report, which is being mailed to the shareholders of the Company.

(9) SHAREHOLDERS' INFORMATION

9.1. Date, Time and Venue of 19th Annual General Meeting :

3rd September, 2005 at 3.30 p.m.

Venue : Mini Theatre, 3rd Floor,
 P.L. Deshpande Maharashtra Kala Academy, Ravindra Natya Mandir,
 Sayani Road, Prabhadevi, Mumbai - 400 025.



9.2. Dates of Book Closure :

The Register of Members and Share Transfer Books will remain closed from 25th August, 2005 to 3rd September, 2005 (both days inclusive).

9.3. Dividend Payment (Ex-dividend Dates) :

1st Interim Dividend

Stock ex-dividend on BSE / NSE from : 3rd November 2004

2nd Interim Dividend

Stock ex-dividend on BSE / NSE from : 6th May 2005

9.4. Dividend paid for the year under review :

First Interim Dividend of Rs.5/- per share (50%) was paid on 10.11.2004

Second Interim Dividend of Rs. 2.50 per share (25%) was paid on 16.05.2005

Accordingly the Company has paid a total dividend of 75% for the year under review.

9.5. Company's Shares are listed on :

Shares of the Company are listed on National Stock Exchange and the Stock Exchange, Mumbai. The Company had made application after completing necessary formalities for de-listing of shares from the Saurashtra Kutch Stock Exchange Limited. The Company is awaiting the de-listing approval from Saurashtra Kutch Stock Exchange Limited.

9.6. Stock Codes on Stock Exchanges :

BSE : 508989
NSE : NAVNETPUBL (EQ)

9.7. Volume of Shares traded on a month to month basis :

Month	BSE	NSE
April, 2004	1,75,069	82,813
May, 2004	73,754	74,524
June, 2004	93,763	75,380
July, 2004	1,20,570	96,224
August, 2004	1,54,349	1,77,780
September, 2004	3,44,212	3,29,759
October, 2004	2,17,558	2,06,386
November, 2004	4,24,355	5,78,551
December, 2004	5,08,279	4,22,631
January, 2005	8,38,005	6,22,878
February, 2005	1,66,085	1,86,984
March, 2005	3,16,350	2,43,505
TOTAL	34,32,349	30,97,415

9.8. Volume of shares traded during the year under review as a percentage of the number of shares outstanding:

NSE volume as a percentage to total shares outstanding : 16.25%
BSE volume as a percentage to total shares outstanding : 18.01%

9.9. Price related shares data:

Market Price as on 31st March, 2005 (on NSE)	251.05
Highest Market Price during the year under review (NSE)	289.00
Lowest Market Price during the year under review (NSE)	115.00
Dividend yield (Full Year)	2.99
P/E (x)	15.27

9.10. Three year's High / Low : (Rs.)

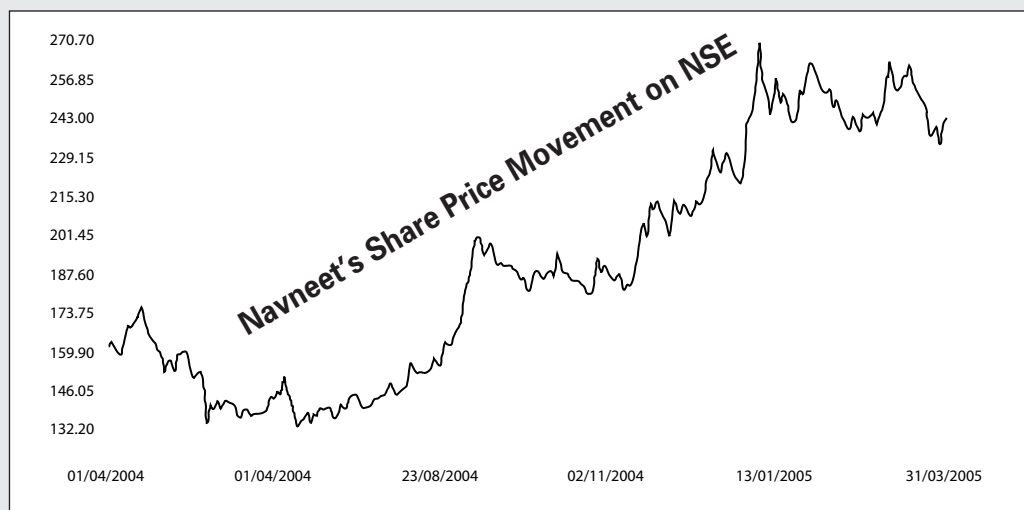
Year	High	Low
2004-2005	289.00	115.00
2003-2004	257.90	100.00
2001-2003 (18 Months)	257.90	102.00

9.11. Stock price movement on a month to month basis :

Month	NSE (High)	NSE (Low)	BSE (High)	BSE (Low)
April, 2004	190.00	149.25	179.80	149.00
May, 2004	163.10	115.00	165.00	130.00
June, 2004	152.50	130.65	152.00	132.00
July, 2004	148.00	135.00	148.95	135.00
August, 2004	171.50	143.10	172.80	144.00
September, 2004	206.00	170.85	206.80	171.60
October, 2004	203.80	178.60	202.00	177.00
November, 2004	220.00	180.50	219.00	182.00
December, 2004	237.95	196.50	238.45	197.05
January, 2005	289.00	221.50	278.00	224.00
February, 2005	269.00	232.20	268.50	236.00
March, 2005	272.00	232.00	272.00	230.05

9.12. Market Capitalisation V/s. Indices :

	Beginning of the Year (1.4.04)	End of the Year (31.3.05)	Performance
BSE SENSEX (Index)	5740.85	6492.82	13.10 % ↑
NIFTY (Index)	1819.65	2035.65	11.87 % ↑
Navneet's Market Capitalisation (Rs. in Crores)	304.71	461.09	51.31 % ↑



9.13. Distribution of Shareholding as on 31st March, 2005 :

No of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
001-100	3,841	40.80%	2,25,895	1.19%
101-500	3,881	41.22%	11,47,071	6.02%
501-1000	924	9.82%	7,08,476	3.72%
1001-5000	619	6.58%	12,71,647	6.67%
5001-10000	55	0.58%	3,82,873	2.00%
10001 and Above	94	1.00%	1,53,21,238	80.40%
Total	9,414	100.00%	1,90,57,200	100.00%

9.14. Shareholding Profile of the Company, (Position as at 31st March, 2005.)

Category	% to Paid-up Share Capital
Foreign Institutional Investors (FIIs)	2.36
Non-Resident Indians (NRIs)	1.09
Overseas Corporate Bodies (OCBs)	2.30
Financial Institutions	0.13
Mutual Funds	4.31
Domestic Companies	5.98
Promoters	61.91
Public	21.92
Total	100.00

9.15. Registrar & Share transfer Agent:

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mill Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

Tel : (91-022) 5555 5354

Fax : (91-022) 5555 5353

E-mail : swati@intimespectrum.com,
raghunath@intimespectrum.com

9.16. Dematerialisation of Shares of the Company. The percentage of Shareholding in electronic form is as follows :

As at 31-03-2005 94.62%

As at 31-03-2004 93.63%

As at 31-03-2003 92.84%

Latest information on shares dematerialised is available on the Company's website at www.navneet.com .

9.17. Outstanding GDRs / ADRs / Warrants :

The Company has not allotted any GDR(s) / ADR(s) / Warrants / Convertible instruments.

9.18. Plant Locations :

The Company's Plants are located at the following places :

- ❖ Village Dantali, Dist. & Tal. Gandhinagar, Gujarat.
- ❖ Village Sayali, Silvassa.
- ❖ Vasai, Dist. Thane

9.19. Registered Office :

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

Tel : +91-22-56626565

Fax : +91-22-56626470

E-mail : investors@navneet.com

9.20. Financial Calendar (Board Meeting to be tentatively held for approving quarterly results) :

Particulars	Date
Quarterly Results for 2nd Quarter	27th October, 2005
Quarterly Results for 3rd Quarter	30th January, 2006
Quarterly Results for 4th Quarter	29th April, 2006

10. Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting: (In pursuance of Clause 49 of the Listing Agreement)

Name of Directors	Date of Birth	Date of Appointment	Experience in special functional areas	Qualification	Directorship held in other companies	Committee positions held in other companies
Shri Amarchand R. Gala	30/06/32	14/03/86	He is the Managing Director of the Company having experience of over five decades in the field of Educational Book Publishing.	S.S.C.	Navneet Edutainment Ltd.	Audit Committee
Shri Dungarshi R. Gala	31/03/36	30/04/93	Visionary in publication business having very wide experience of over 5 decades.	S.S.C.	NIL	NIL
Shri Harakhchand R. Gala	04/06/38	21/02/95	He has a wide experience in field of Educational Book Publishing	S.S.C.	NIL	NIL
Shri Jitendra L. Gala	14/01/42	30/05/92	Vast experience over 4 decades in the field of Educational Book Publishing and Marketing Operations.	B.Com.	NIL	NIL
Shri Jaisinh K. Sampat	01/07/42	18/09/84	He is the Joint Managing Director of the Company with over 35 years experience in the field of marketing of Educational Books. He is actively involved in formulating marketing strategies for the Company.	B.Sc.	NIL	NIL
Shri Liladhar D. Shah	10/12/35	28/01/02	He is a leading Advocate with experience of over four decades in property, Corporate and allied laws.	L.L.B.	NIL	NIL
Dr. R. Varadarajan	30/04/39	28/01/02	He is a Senior Educationist and has a rich experience of four decades in the field of education in India and overseas.	M.A. B.Ed. Ph.D.	NIL	NIL
Shri Shantilal R. Gala	29/06/42	15/03/86	Over 34 years experience in the field of Educational Book Publishing.	B.Com.	NIL	NIL

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the members of Navneet Publications (India) Ltd.,

We have examined the compliance of Corporate Governance by Navneet Publications (India) Limited, for the year ended 31st March, 2005 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges in India.

The compliance of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

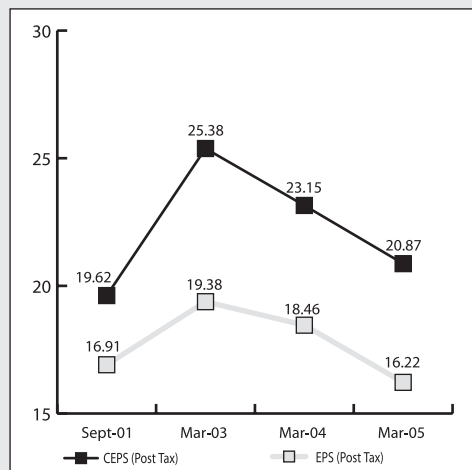
We state that generally no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the registrar & share transfer agent of the Company and reviewed by the Shareholder's Grievance Committee.

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

Place : Mumbai

Date : 21st July, 2005

For Ghalla & Bhansali
Chartered Accountants
Haresh K.Chheda
Partner
Membership No. 38262



Profitability Ratios	Sep-01 18 Months	Mar-03	Mar-04	Mar-05	Mar 04 without extraordinary income	Mar 05 without extraordinary loss
ROACE & ANW % (Post Tax)	29.09	28.52	23.62	18.63	20.63	19.41
ROACE & ANW % (Pre Tax)	41.11	41.11	34.86	28.09	32.06	28.84
ROFA % (Post Tax)	71.86	53.99	51.88	43.84	44.56	45.88
ROFA % (Pre Tax)	103.66	77.82	76.55	66.12	69.23	68.16
Operating Margin %	23.38	19.64	21.50	20.58	21.50	20.58
Profit After Tax Margin %	14.82	11.42	13.91	11.26	11.95	11.79

ROACE : Return on average capital employed

ROANW: Return on average networkth

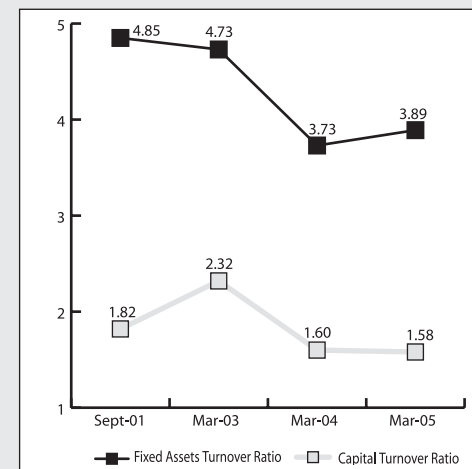
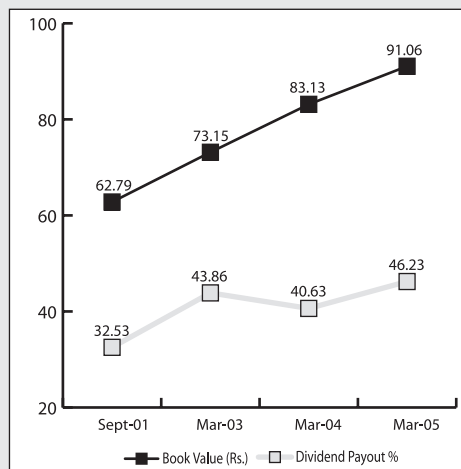
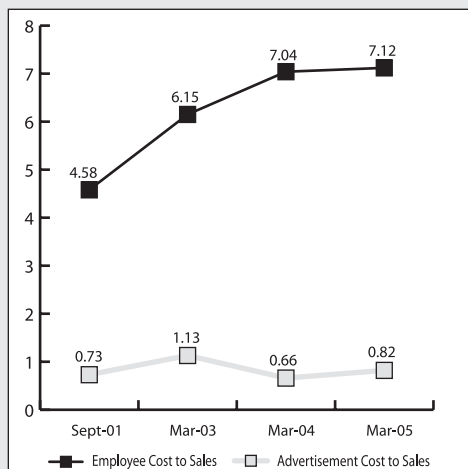
ROFA : Return on fixed assets

NOTES :

- 1) Ratios for March 03 are not annualized.
- 2) Loans of Rs. 3965.54 lacs (Rs.7814.71 lacs) are of short term in nature and have been treated as current liability above and not included in capital employed.
- 3) Extraordinary Income / loss pertains to Exchange Fluctuation.

Solvency Ratio	Sep-01	Mar-03	Mar-04	Mar-05
Debt-equity	0.00	0.00	0.00	0.00

Liquidity Ratio	Sep-01	Mar-03	Mar-04	Mar-05
Current	3.23	1.65	1.79	2.89



Miscellaneous Ratios	Sep-01	Mar-03 18 Months	Mar-04	Mar-05	Mar 04 without extraordinary income	Mar 05 without extraordinary loss
EPS (Post Tax)(Rs)	16.91	19.38	18.46	16.22	15.85	16.98
EPS (Pre Tax) (Rs)	24.38	27.94	27.24	24.47	24.63	25.22
CEPS (Post Tax) (Rs)	19.62	25.38	23.15	20.87	20.54	21.62
CEPS (Pre Tax) (Rs)	27.11	33.94	31.92	29.11	29.32	29.87
Dividend Payout %	32.53	43.86	40.63	46.23		
Price Earning (x)	9.93	5.42	8.02	15.04		
Book Value (Rs)	62.79	73.15	83.13	91.06		
Employee Cost to Sales %	4.58	6.15	7.04	7.12		
Advertisement Cost to Sales %	0.73	1.13	0.66	0.82		
Fixed Assets Turnover Ratio (x)	4.85	4.73	3.73	3.89		
Capital Turnover Ratio (x)	1.82	2.32	1.60	1.58		
Average Collection (Days)	62	59	63	63		
Average Payment (Days)	19	20	23	32		

NOTES :

- 1) March 03 figures are worked on the basis of 18 months.
- 2) Ratios for March 03 are not annualized.

Financial Highlights (Rs. in Lacs)**NAVNEET PUBLICATIONS (INDIA) LIMITED**

	1999-00	2000-01	2001-03	2003-04	2004-05
	Sep - 00	Sep - 01	Mar - 03	Mar - 04	Mar - 05
			(18 Months)		
Revenue	17,482	21,735	32,345	25,285	27,454
Gross Profit (PBDT)	4,367	5,166	6,461	6,084	5,548
Depreciation	441	519	1,144	893	885
Tax	1,110	1,426	1,630	1,673	1,570
Net Profit (PAT)	2,816	3,222	3,693	3,518	3,092
Dividend	781	1,048	1,620	1,429	1,429
Dividend (%)	41	55	85	75	75
Retained Profit	1,863	2,067	1,927	1,901	1,511
Book Value	53	63	73	83	91
Equity Capital	1,906	1,906	1,906	1,906	1,906
Reserves & Surplus	8,298	10,061	12,035	13,936	15,447
Borrowings (Short term)	77	39	7041	7815	3,966
Capital Employed	10,268	12,000	13,939	15,842	17,353
Gross Block	6,062	7,195	10,909	11,911	12,877
Net Block	3,823	4,484	6,841	6,781	7,052
Net Current & Other Assets	6,194	6,587	6,225	6,780	10,091

NOTES :

1) Figures for 2001-03 are for 18 months ended 31st March 2003.

2) Loan of Rs. 3965.54 lacs (Rs. 7814.71 lacs) are of short term in nature and have been treated as current liability and not included in capital employed.

Financial Highlights (US \$ Mn)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	1999-00 (Sep-00)	2000-01 (Sep-01)	2001-03 (Mar-03) (18 Months)	2003-04 (Mar-04)	2004-05 (Mar-05)
Revenue (USD-Mn)	39.73	49.40	73.51	57.47	62.39
Gross Profit (PBDT)	9.92	11.74	14.68	13.83	12.61
Depreciation	1.00	1.18	2.60	2.03	2.01
Tax	2.52	3.24	3.70	3.80	3.57
Profit After Tax	6.40	7.32	8.39	7.99	7.03
Dividend	1.78	2.38	3.68	3.25	3.25
Dividend (%)	41.00	55.00	85.00	75.00	75.00
Retained Profit	4.23	4.70	4.38	4.32	3.44
Reserves	18.86	22.87	27.35	31.67	35.11
Book Value (USD-Mn)	1.16	1.43	1.66	1.89	2.07
Equity Capital	4.33	4.33	4.33	4.33	4.33
Borrowings (Short term)	0.18	0.09	16.00	17.76	9.01
Capital Employed	23.34	27.27	31.68	36.00	39.44
Gross Block	13.78	16.35	24.79	27.07	29.27
Net Block	8.69	10.19	15.55	15.41	16.03
Net Current & Other Assets	14.08	14.97	14.15	15.41	22.93

NOTES :

(1) Figures in the table have been recalculated taking US \$1 = INR 44/-.

(2) Figures for 2001-03 are for 18 months ended 31st March 2003.

(3) Loans of USD 9.01 Mn (USD 17.76 Mn) are of short term in nature and have been treated as current liability and not included in capital employed.

Financial Highlights (Rs. in Lacs)

	2001-03 (Mar-03) (18 Months)		2003-04 (Mar-04)		2004-05 (Mar-05)	
Sales						
Book Publishing Division						
Educational Books	15,558		11,949		14,415	
Children's General Books (including Export)	2,442	17,999	2,230	14,179	2,055	16,470
Paper Stationery Division						
Export (Including incentives)	8,253		4,989		4,464	
Paper Stationery (Domestic)	5,412	13,664	5,612	10,602	6,002	10,467
Others						
Electronic Publishing		0		2		1
Manufacturing and Labour Charges		34		71		61
Trading Paper		93		68		86
Power Generation Income		59		39		51
Media Charges		51		24		40
Scrap / Waste and Other Sales		444		300		278
		<u>32,345</u>		<u>25,285</u>		<u>27,454</u>

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF NAVNEET PUBLICATIONS (INDIA) LIMITED will be held on Saturday, the 3rd September 2005, at 3:30 p.m., at Mini Theatre, 3rd Floor, P. L. Deshpande Maharashtra Kala Academy, Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai – 400025 to transact the following businesses:-

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Directors' Report and the Audited Profit and Loss Account for year ended 31st March, 2005 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
- 2) To declare dividend on Equity Shares.
- 3) To appoint a Director in place of Shri Amarchand R. Gala who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri L. D. Shah who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint a Director in place of Dr. R. Varadarajan who retires by rotation and being eligible, offers himself for re-appointment.
- 6) To appoint M/s. Ghalla & Bhansali, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of **Shri Amarchand R. Gala as "Managing Director"** of the Company, for a period of 5 (five) years with effect from 1st April 2005 to 31st March 2010, upon the terms, conditions and remuneration including the increased remuneration as are set out in the Agreement entered into between the Company and Shri Amarchand R. Gala, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time in this regard, as may be agreed to between the Board of Directors and Shri Amarchand R. Gala."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby

accorded to the re-appointment of **Shri Jaisinh K. Sampat as "Joint Managing Director"** of the Company, for a period of 5 (five) years with effect from 1st April 2005 to 31st March 2010, upon the terms, and conditions and remuneration including the increased remuneration as are set out in the Agreement entered into between the Company and Shri Jaisinh K. Sampat, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Jaisinh K. Sampat."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of **Shri Dungarshi R. Gala as Whole Time Director** of the Company designated as **"Director-Educational Books Publishing"** for a period of 5 (five) years with effect from 1st April, 2005 to 31st March 2010, upon the terms, conditions and remuneration including the increased remuneration as are set out in the Agreement entered into between the Company and Shri Dungarshi R. Gala, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Dungarshi R. Gala."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of **Shri Harakhchand R. Gala as Whole Time Director** of the Company designated as **"Director-Sales & Distribution"** for a period of 5 (five) years with effect from 1st April 2005 to 31st March 2010, upon the terms, conditions and remuneration including the increased remuneration as are set out in the Agreement entered into between the Company and Shri Harakhchand R. Gala, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Harakhchand R. Gala."

11) To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of **Shri Shantilal R. Gala** as Whole Time Director of the Company designated **“Director-Educational Books Publishing”** of the Company, for a period of 5 (five) years with effect from 1st April 2005 to 31st March 2010, upon the terms, conditions and remuneration including the increased remuneration as are set out in the Agreement entered into between the Company and Shri Shantilal R. Gala, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Shantilal R. Gala.”

12) To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of **Shri Jitendra L. Gala** as Whole Time Director of the Company designated as **“Director-Marketing”** for a period of 5 (five) years with effect from 1st April 2005 to 31st March 2010, upon the terms, conditions and remuneration including the increased remuneration as are set out in the Agreement entered into between the Company and Shri Jitendra L. Gala, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Jitendra L. Gala.”

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

“RESOLVED THAT pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges where the securities of the Company are listed, Section 310 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the payment of sitting fees to its non-executive and independent directors of an amount to be determined by the Board from time to time upto Rs. 20,000/- for attending meetings of the Board and / or any Committee thereof which are in existence as on the date or which may be constituted in future.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary the amount of Sitting Fees payable to the

Directors of the Company within the overall limits as to payment of Sitting fees as may be fixed from time to time by the Central Government under the Companies Act, 1956 and notifications issued thereunder in this regard.

RESOLVED FURTHER THAT the Sitting Fees paid to the Directors for attending meetings of the Board of Committees thereof since 1st April 2005 till the date of approval of the aforesaid resolution be and is hereby approved. “

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

“RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the Company held on 29th March 1995 and all earlier resolutions in this regard, the Board of Directors of the Company be and is hereby authorized in terms of Section of 372A of the Companies Act, 1956, including any statutory modification or amendment thereof whether by way of an enactment, notification, circular or otherwise and subject to approval of the Central Government and such other statutory approvals / permissions as may be required, consent of the Company be and is hereby accorded:-

- a. To make any loan(s) to any Company(ies) / bodies corporate for the attainment of any object(s) of the Company or the objects of such other companies / bodies corporate, whether or not such companies / bodies corporate are under the same management, on such terms and conditions as the Board may deem fit from time to time;
- b. To give from time to time, any guarantee(s) or provide any security(ies) in connection with the loans made by any other person to, or to any other person by, any body(ies) corporate, on such terms and conditions as the Board may think fit;
- c. To invest in securities of any kind and/or nature as may be deemed fit and determined by the Board from time to time;

Provided that the aggregate of loans and investments already made, if any, and the amount(s) of guarantee(s) and/or security(ies) already provided, if any, to or in all other bodies corporate along with the aggregate of the loan(s), investment(s) and guarantee(s) or security(ies) proposed to be made or given by the Board shall not exceed the limits prescribed in said Section whether as a percentage (or any other manner of computation) of the aggregate of the paid up share capital and free reserves of the Company or only the free reserves of the Company, whichever is higher without any approval of the Central Government and where it exceeds the limits so specified, with the approval of the Central Government

Provided however that the aggregate of the loan(s), investment(s) and guarantee(s) or security(ies) already made together with the aggregate of the loan(s), investment(s) and guarantee(s) or security(ies) proposed to be made shall not at any time exceed a sum of Rs. 250 Crore (Rupees Two Hundred Fifty Crore Only).”

By Order of the Board of Directors

Place : Mumbai
Date : 21st July, 2005

Manoj J. Thakar
Company Secretary

NOTES :

- [A] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- [B] The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding of the aforesaid meeting.
- [C] The Register of Members and the Transfer Books of the Company will be closed from 25th August 2005 to 3rd September 2005 (both days inclusive).
- [D] Members holding shares in physical form, are requested to promptly intimate about the change of address, if any to the Registrar and Transfer Agent:- Intime Spectrum Registry Limited, C-13, Pannalal Silk Mill Compound, L. B. S. Road, Bhandup (West), Mumbai - 400 078.
- [E] Those Members who are holding shares in de-materialised form are requested to inform their respective Depository Participant about the change in their address and/or bank details, if any.
- [F] The Members are requested to note that there was unclaimed Dividend of Rs.7,57,075/- (1997-98 Interim/Final), Rs. 8,92,419/- (1998-99 Interim/Final), Rs. 13,60,887/- (1999-00), Rs. 5,94,008/- (2000-2001), Rs. 8,54,610/- (2001-2003 Interim/Final), Rs. 16,08,165/- (2003-2004 Interim/Final), Rs. 7,15,910/- (2004-2005 Interim), as at 31st March, 2005.
- [G] Those shareholders who have not claimed the Dividend so far are requested to claim the same by sending a communication in writing in this regard to Intime Spectrum Registry Limited at the address mentioned above.
- [H] Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto to financial year ended 30th September 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed their dividend warrant(s) for the said period are requested to forward their claims to:-
The Office of The Registrar of Companies
Central Government Office Building,
'A' Wing, 2nd Floor,
Next to Reserve Bank of India, CBD Belapur,
Navi Mumbai - 400 614

- [I] Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid/unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investors Education & Protection Fund (IEPF) set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Accordingly, the unclaimed interim dividend and the unclaimed final dividend for the year 1997-98 shall be transferred to the IEPF on 22nd September 2005 and 21st April 2006 respectively.
- [J] As per the amended Section 205C of the Companies Act, 1956, the unclaimed dividend for the year 1996-1997 was transferred to the Investor Education & Protection Fund on 13th May 2005.
- [K] Members are requested to note that all correspondence shall be done with Intime Spectrum Registry Limited at their address mentioned above by quoting their respective Registered Folio Numbers / Demat A/c. details.
- [L] Members who have got their shares dematerialised are requested to correspond with the respective Depository Participant(s) with whom they have opened their account(s).
- [M] Members desiring any information, as regards the Accounts are requested to write to the Company atleast seven days before the date of Annual General Meeting to enable the Management to keep the information ready.
- [N] Members with Non-Resident Indian Status are requested to inform their NRE A/c. No. with Bank details to the Registrar and Transfer Agent.
- [O] Members holding the shares in Physical form, desirous of receiving all the future Dividend amounts directly by way of ECS are requested to communicate their intention to their respective Depository Participant(s) or the Registrar and Transfer Agent of the Company with full particulars of their demat and bank account details.
- [P] Members holding the shares in de-materialised form are requested to inform their respective Depository Participants with whom they have opened a Demat A/c., to forward the Bank A/c. details alongwith the Bank Branch Code, MICR No. etc. to their respective Depository.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item Nos. 7 to 12

At the Annual General Meeting of the Company held on 25th February 2000, Shri Amarchand R. Gala, Shri Jaisinh K. Sampat, Shri Dungarshi R. Gala, Shri Harakhchand R. Gala, Shri Shantilal R. Gala and Shri Jitendra L. Gala were appointed as whole-time directors for a period of five years w.e.f. 1st April 2000 to 31st March 2005. The Board of Directors of the Company had at its meeting held on 30th April 2005, re-appointed the said directors for a further period of five years effective 1st April 2005 subject to approval at the ensuing Annual General Meeting of the Company. Their terms of re-appointment including details of remuneration are as agreed to between the individual appointees and the Board of Directors as approved at the aforesaid meeting held on 30th April 2005.

Being eligible, they offer themselves for re-appointment for a period of five years w.e.f. 1st April 2005 to 31st March 2010 pursuant to the provisions of Section 198, 269, 309, 310 and 311 of the Companies Act, 1956 read with Scheduled XIII and all other applicable provisions, if any, of the Companies Act, 1956, on the terms and conditions of appointment and remuneration which has been approved by the Remuneration Committee as required pursuant to Schedule XIII. None of the Directors other than the appointees are deemed to be interested or concerned in the aforesaid resolutions. The Board recommends their re-appointment.

Item No. 13

In terms of the revised Clause 49 of the Listing Agreement with the Stock Exchanges (proposed to be effective from 1st January 2006), all fees / compensation to be paid to non-executive directors are to be fixed by the Board and require previous approval of the shareholders in the general meeting. The Board recommends approval of members to this resolution.

Item No. 14

At the Annual General Meeting of the Company held on 29th March 1995, the members had approved and authorised the Board to invest surplus funds of the Company upto an amount of Rs. 100 Crore (Rupees One Hundred Crore Only). As the Company is in the process of expanding its operations, the Board of Directors of your Company feel that they need to be appropriately authorised to enhance the investment limits to Rs. 250 Crore (Rupees Two Hundred Fifty Crore Only).

The Board recommends the approval of this resolution. None of the directors of the Company are in any way concerned or interested in this resolution.

By Order of the Board of Directors

Place : Mumbai
Date: 21st July, 2005

Manoj J. Thakar
Company Secretary

Dear Shareowners,

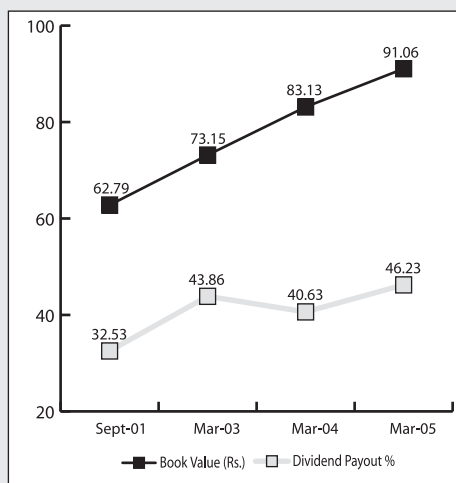
The Directors have pleasure in presenting their Nineteenth Annual Report together with the Audited Statement of Accounts of the Company for year ended 31st March 2005.

(1) FINANCIAL RESULTS

	(Rs. in Lacs)	
	Current Year	Previous Year
(a) Profit before interest, Depreciation and Tax	5794	6272
(b) Less : Interest	247	188
(c) Profit before Depreciation and Tax	5547	6084
(d) Less : Depreciation	885	893
(e) Profit before Tax	4662	5191
(f) Less : (i) Provision for Tax	1570	1595
(ii) Provision for deferred tax	1	78
(g) Profit after Tax	3091	3518
(h) (i) Add / (Less) : Provision of tax for earlier years	40	(3)
(ii) Add : Balance brought forward from last year	7936	7034
(i) Profit available for Appropriation	11067	10549
APPROPRIATIONS :		
(a) 1st Interim Dividend	953	953
2nd Interim Dividend	476	-
Final Dividend	-	476
(b) Corporate tax on Dividend	191	184
(c) General Reserve	1000	1000
(d) Balance Carried to Balance Sheet	8447	7936
	11067	10549

(2) DIVIDEND :

Your Directors have pleasure in informing you that the Company had paid first Interim Dividend of 50% in November 2004 and second Interim Dividend of 25% in May 2005, making the total dividend for the year under review of Rs.7.50 per share (75%) on 1,90,57,200 equity shares of Rs.10/- each. Your Directors have pleasure in informing you that the dividend pay-out for the year works out to 46.23% as against your Company's policy of distribution of minimum of 25% of profit after tax.



(3) OPERATIONS :

- (i) Sales and Other Income from the operations of the Company increased from Rs.26,121 Lacs to Rs.27,599 Lacs.
- (ii) The Operating profit stood at Rs.5649 Lacs for the year under review.
- (iii) After providing Rs.885 Lacs and Rs.1,571 Lacs for depreciation and tax respectively, the profit after tax stood at Rs.3,092 Lacs.

(4) CORPORATE GOVERNANCE :

The Corporate Governance requirements were complied with by the Company. The detailed Compliance Report and the Auditor's Report thereon is set out elsewhere in this Report.

(5) PERFORMANCE OF DIVISION IN RETROSPECT :

Book Publishing Division

This division publishes numerous educational books based on curriculum of Gujarat, Maharashtra, Madhya Pradesh and CBSE curriculum. These educational books are published in English, Hindi, Gujarati and Marathi medium. The Company publishes and covers right from kindergarten kids to students of Std. XII.

The Company also publishes children's and general books which are marketed all over India as they are not based on the syllabus of any particular State but are activity books and books to keep the tiny tots busy with some creative activity.

The turnover of this division increased from Rs. 14,179 Lacs to Rs. 16,470 Lacs showing a growth of 16% in the revenue.

Paper Stationery Division

The Paper Stationery Division has a wide range of quality stationery products for students, office and the business community.

The Company has a very wide distribution network across India and has been acclaimed quality stationery provider across India in an otherwise unorganised sector.

The turnover of this division for the year under review has decreased marginally from Rs. 10,602 lacs to Rs.10,467 Lacs.

The appreciation of Rupee was the main hindrance in the growth of this Division.

(6) NETWORTH AND BORROWING :

Networth of your Company increased from Rs.15,841 Lacs to Rs.17,353 Lacs. Your Company does not have any long term debt. Company utilises the credit facilities to finance the working capital requirements.

(7) EXPORT AWARD :

Your Company has been receiving the Exports Awards for the past five years for its consistent track record of exporting quality books and Paper Stationery exported by the Company.



(8) CRISIL RATING :

Your Company continued to be rated as P1+ (pronounced as P one Plus) for its short term debt programmes by CRISIL. This rating indicates very strong degree of safety with regard to timely payment of interest and principal on instrument.

(9) DIRECTORATE :

Shri Amarchand R. Gala, Shri L. D. Shah and Dr. R. Varadarajan are retiring by rotation at the ensuing Annual General Meeting and have offered themselves for their re-appointment. The brief resume in respect of them is set out in the Corporate Governance Report. The Board recommends their re-appointments.

Shri Amarchand R. Gala (Managing Director), Shri Jaisinh K. Sampat (Jt. Managing Director), Shri Dungarshi R. Gala (Director - Educational Book Publishing), Shri Harakhchand R. Gala (Director - Sales & Distribution), Shri Shantilal R. Gala (Director - Educational Book Publishing) and Shri Jitendra L. Gala (Director - Marketing) were re-appointed as whole time Directors, at Board meeting held on 30th April 2005 for a further period of five (5) years subject to approval of the shareholders at a general meeting. The terms, conditions and remuneration in respect of the appointments are set out in the agreement entered into between the individual whole-time directors and the Company. The re-appointment of the whole-time directors is required to be confirmed by the shareholders at the ensuing Nineteenth Annual General Meeting of the Company. The Board recommends their re-appointments.

(10) DE-MATERIALISATION OF SHARES :

18053427 Shares representing 94.73 % of paid up equity share capital were de-materialised as on 30th June, 2005.

(11) FIXED DEPOSITS :

Your Company has not accepted any fixed deposit during the year under Review.

(12) STATUTORY INFORMATION :

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

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

- (b) PARTICULARS OF EMPLOYEES

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

(13) AUDITORS :

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

The Board recommends their re-appointment.

(14) INDUSTRIAL RELATIONS :

During the year under review there was a harmonious relationship between management and employees at all levels.

(15) DIRECTORS' RESPONSIBILITIES STATEMENT :

Your Directors hereby state :

- (a) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures.
- (b) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) that the directors have prepared the Annual Accounts on a going concern basis.

(16) ACKNOWLEDGEMENTS :

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

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

On behalf of the Board of Directors

Place : Mumbai

Date : 21st July, 2005

Amarchand R. Gala

Managing Director

Annexure 'A' to the Directors' Report

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

(A) Conservation Energy

Company's plant was designed to achieve high efficiency in the utilisation of energy. The key areas with regards to reduction of energy are identified and constant efforts are made towards energy conservation.

(B) Technology Absorption

Efforts made in Technology Absorption :

FORM - B

Form of Disclosure of Particulars with respect to Technology Absorption

Research & Development

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

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

Through visits of technical personnel to developed Western countries, the Company keeps abreast of the advanced Technology Development and through specific programmes introduces, adopts and absorbs these sophisticated technologies.

(2) Benefits derived as a result of the above efforts

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

(3) In case of Imported Technology

- | | | |
|---|---|---|
| (1) Technologies Imported | } | None, The Company has not imported any Technology |
| (2) Year of Import | | |
| (3) Has the technology been fully absorbed? | | |

(C) Foreign Exchange Earnings and Outgo

The Company's export turnover was Rs. 5,391 Lacs.

Total Foreign Exchange earned and used :

- | | |
|-------------------------------|----------------|
| (i) Foreign Exchange earned : | Rs. 5,013 Lacs |
| (ii) Foreign Exchange used : | Rs. 327 Lacs |

On behalf of the Board of Directors

Place : Mumbai

Date : 21st July, 2005

Amarchand R. Gala

Managing Director

To The Members of Navneet Publications (India) Limited,

We have audited the attached Balance Sheet of NAVNEET PUBLICATIONS (INDIA) LIMITED, as at 31st March 2005, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date 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.

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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure attached here to, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - 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 appears from our examination of those books.;
 - c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have

been prepared in compliance with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) 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 2005;
 - ii. In the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Mumbai
Date : 21st July, 2005

For Ghalla & Bhansali
Chartered Accountants
Haresh K.Chheda
Partner
Membership No. 38262

(Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March, 2005 of Navneet Publications (India) Limited)

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b) All the assets have not been verified by the management during the year but, according to the information and explanations given to us, and in our opinion the intervals for verification are reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) In our opinion, Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
2.
 - a) In our opinion, the inventory of the Company has been physically verified by the management at reasonable intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them.
 - b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories and discrepancies noticed on such physical verification between stock and the book records were not material.
3.
 - a) According to information and explanations given to us, the Company has neither granted any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clause 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable.
 - b) In our opinion and according to information and explanation given to us, and as it appears from Register maintained under section 301 of the Companies Act, 1956, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the said Register. Consequently, the provisions of clause 4(iii)(f) & (g) of the Companies (Auditor's Report) Order, 2003 are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in internal control.
5.
 - a) In our opinion and to the best of our knowledge and belief, and according to information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under section 301 of the Companies Act, 1956.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of Rs.5,00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.

7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business. The Company has also outsourced internal audit function to independent internal auditors.
8. According to information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the industry in which the Company operates.
9. a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and others as applicable have been regularly deposited by the Company during the year with the appropriate authorities.
b) According to information and explanation given to us, there are no dues outstanding of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The Company has neither accumulated losses as at March 31, 2005, nor it has incurred any cash losses during the financial year ended on that date and the immediately preceding financial year.
11. According to information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders during the year.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit or a nidhi/mutual benefit fund/society, therefore, the clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. Hence clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loans. Accordingly, clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
17. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. According to the information and explanations given to us, the Company has issued unsecured debentures and thus was not required to create any security or charge in respect of debentures issued.
20. The Company has not raised any money by public issue during the year. Hence clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
21. According to the information and explanations given to us, during the year, no fraud by or on the Company has been noticed or reported during the course of our audit.

Place : Mumbai
Date : 21st July, 2005

For Ghalla & Bhansali
Chartered Accountants
Haresh K.Chheda
Partner
Membership No. 38262

Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
Sources of Funds				
Shareholders' Funds				
Share Capital	A	19,05,72,000		19,05,72,000
Reserves & Surplus	B	<u>1,54,47,27,680</u>	1,73,52,99,680	<u>1,39,35,77,872</u>
				1,58,41,49,872
Loan Funds				
Secured Loans	C	34,65,53,616		12,82,21,222
Unsecured Loans	D	<u>5,00,00,000</u>		<u>65,32,50,000</u>
			39,65,53,616	78,14,71,222
Deferred Tax Liability			5,05,50,441	5,04,44,023
Total Funds Employed			<u>2,18,24,03,737</u>	<u>2,41,60,65,117</u>
Application of Funds				
Fixed Assets				
Gross Block		1,28,77,44,017		1,19,11,36,901
Less: Depreciation	E	<u>59,73,68,982</u>		<u>51,42,42,118</u>
Net Block		69,03,75,035		67,68,94,783
Capital Work-in-Progress		<u>1,48,60,511</u>		<u>11,71,804</u>
			70,52,35,546	67,80,66,587
Investments	F		7,15,01,500	27,85,22,887
Current Assets, Loans and Advances				
Inventories	G	97,02,86,586		1,06,60,43,543
Sundry Debtors		47,63,34,277		43,98,67,015
Cash and Bank Balances		1,85,01,553		3,22,62,068
Loans and Advances		<u>16,91,55,345</u>		<u>12,28,91,259</u>
		1,63,42,77,761		1,66,10,63,885
Less: Current Liabilities and Provisions	H			
Current Liabilities		16,80,84,797		14,26,42,627
Provisions		<u>6,05,26,272</u>		<u>5,89,45,615</u>
		22,86,11,069		20,15,88,242
Net Current Assets			1,40,56,66,692	1,45,94,75,643
Deferred Revenue Expenditure			0	0
(To the extent not written off or adjusted)				
Total Funds Utilised			<u>2,18,24,03,737</u>	<u>2,41,60,65,117</u>
Significant Accounting Policies and Notes forming part of the Accounts and Contingent Liabilities	P			

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 21st July, 2005

M. J. Thakar
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Profit and Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	For the year ended	
		31st March, 2005	31st March, 2004
		Rupees	Rupees
Income			
Sales and Income from Operations		2,74,53,70,414	2,52,84,78,058
Other Income	I	1,45,23,423	8,36,22,618
Increase/(Decrease) in stocks	J	(15,94,80,882)	14,22,95,818
		2,60,04,12,955	2,75,43,96,494
Expenditure			
Cost of Materials	K	1,27,83,02,283	1,45,05,18,323
Manufacturing Expenses	L	14,32,53,592	13,90,86,283
Salaries, Wages & Employee Benefits	M	19,55,37,459	17,79,74,691
Administrative and Selling Expenses	N	40,38,76,890	35,96,26,014
Interest	O	2,46,73,226	1,88,25,111
		2,04,56,43,450	2,14,60,30,422
Profit before Depreciation and Tax		55,47,69,505	60,83,66,072
Depreciation	E	8,84,98,122	8,93,39,771
Profit after Depreciation		46,62,71,383	51,90,26,301
Less : Provision for Taxation		15,70,00,000	15,95,00,000
Less : Provision for Deferred Tax		1,06,418	77,76,132
Profit after Tax		30,91,64,965	35,17,50,169
Add/(Less) : Excess/(Short) Provision of Earlier Year W/off/Back		40,48,464	(2,95,022)
Add : Balance brought forward from last year		79,35,51,687	70,34,60,404
Profit available for Appropriation		1,10,67,65,116	1,05,49,15,551
Appropriations			
Dividend (First interim)		9,52,86,000	9,52,86,000
Dividend (Second interim)		4,76,43,000	0
Proposed Dividend (Final)		0	4,76,43,000
Corporate Tax on Dividend		14,29,29,000	14,29,29,000
General Reserve		1,91,34,621	1,84,34,864
		10,00,00,000	10,00,00,000
		26,20,63,621	26,13,63,864
Surplus carried to Balance Sheet		84,47,01,495	79,35,51,687
Basic and Diluted Earning per share of Rs. 10/- each [Refer Note 20 of Schedule 'P']			
Before Extraordinary Items		16.44	18.44
After Extraordinary Items		16.44	18.44
Significant Accounting Policies and Notes forming Part of Accounts and contingent liabilities	P		

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 21st July, 2005

M. J. Thakur
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2005	As at 31st March, 2004
	Rupees	Rupees	Rupees
SCHEDULE A : SHARE CAPITAL			
Authorised :			
2,00,00,000 Equity Shares of Rs.10/- each		<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed & Paid Up :			
1,90,57,200 Equity Shares of Rs.10/- each		<u>19,05,72,000</u>	<u>19,05,72,000</u>
Total		<u>19,05,72,000</u>	<u>19,05,72,000</u>
Note :			
Of the above 1,27,04,800 Shares were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium and General Reserve.			
SCHEDULE B : RESERVES & SURPLUS			
Capital Reserve			
As per last Balance Sheet		<u>26,185</u>	<u>26,185</u>
General Reserve			
As per last Balance Sheet	60,00,00,000		50,00,00,000
Add : Set aside this Year	<u>10,00,00,000</u>		<u>10,00,00,000</u>
		<u>70,00,00,000</u>	<u>60,00,00,000</u>
Surplus in Profit and Loss Account		<u>84,47,01,495</u>	<u>79,35,51,687</u>
Total		<u>1,54,47,27,680</u>	<u>1,39,35,77,872</u>

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2005	As at 31st March, 2004
	Rupees	Rupees	Rupees
SCHEDULE C : SECURED LOANS			
Loans from Bank :			
Working Capital Borrowings :			
- Rupee Loans	5,63,27,072		1,30,40,595
- Foreign currency loan	28,54,15,000		10,88,75,000
- Other loans	48,11,544		63,05,627
		34,65,53,616	12,82,21,222
Total		34,65,53,616	12,82,21,222

Notes :

- (a) All rupee loans and foreign currency loans equivalent to Rs. 34,17,42,072/- (Previous year Rs. 3,48,15,595/-) are secured against :
- (1) Hypothecation & first charge over stock of raw materials, work-in-process, finished goods, stores and spares, not relating to plant and machinery and book debts.
 - (2) Hypothecation and first charge over movable plant and machinery, machinery spars, tools and accessories both present and future of the Company.
- (b) Foreign Currency Loan equivalent to Rs. NIL (Previous year Rs. 8,71,00,000/-) are secured against :
- Hypothecation of movable machineries, spare parts, tools, accessories, etc. both present & future of the Company.
- (c) Other loans are secured against hypothecation of respective assets.

SCHEDULE D : UNSECURED LOANS

Debentures :			
Non-Convertible Debentures		5,00,00,000	0
Other Loans and Advances :			
Loan from Bank	0		65,32,50,000
Inter Corporate Deposit	0		0
Trade & Other Deposit	0		0
		0	65,32,50,000
Total		5,00,00,000	65,32,50,000

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

SCHEDULE E : FIXED ASSETS AS AT 31ST MARCH, 2005

Sr. No.	Description of Assets	Gross Block				Depreciation				Net Block	
		Cost as on 01.04.2004	Additions during the year	Deductions on sale /Transfer	Cost as on 31.03.2005	Provided up to 01.04.2004	For the Year	Deductions on Sale/Transfer	Total up to 31.03.2005	As on 31.03.2005	As on 31.03.2004
1	Land - Freehold	3,40,14,187	0	0	3,40,14,187	0	0	0	0	3,40,14,187	3,40,14,187
2	Land - Leasehold	83,70,247	0	0	83,70,247	0	6,43,865	0	6,43,865	77,26,382	83,70,247
3	Building	32,16,88,185	2,55,27,872	2,00,000	34,70,16,057	8,11,23,895	1,70,01,661	76,092	9,80,49,464	24,89,66,593	24,05,64,290
4	Plant & Machinery	65,89,41,491	5,70,90,127	13,29,702	71,47,01,916	35,33,50,767	4,64,25,367	5,05,610	39,92,70,524	31,54,31,392	30,55,90,724
5	Office Equipments	15,84,16,92	8,03,450	54,043	1,65,91,099	84,29,891	11,69,298	36,957	95,62,233	70,28,867	74,11,801
6	Furniture & Fixtures	8,05,08,392	63,39,683	31,336	8,68,16,739	3,85,50,991	82,06,158	20,559	4,67,36,590	4,00,80,149	4,19,57,401
7	Vehicles	5,19,27,513	1,42,59,603	58,70,184	6,03,16,932	2,57,65,036	86,44,358	47,32,675	2,96,76,719	3,06,40,213	2,61,62,477
8	Trade Mark	2,19,603	25,000	0	2,44,603	74,694	21,716	0	96,410	1,48,193	1,44,909
9	SAP	1,90,17,168	0	0	1,90,17,168	63,38,422	63,39,056	(634)	1,26,78,112	63,39,056	1,26,78,746
10	Software	6,08,422	46,644	0	6,55,066	6,08,422	46,644	0	6,55,066	0	0
	Total	1,19,11,36,901	10,40,92,379	74,85,264	1,28,77,44,014	51,42,42,118	8,84,98,123	53,71,259	59,73,68,983	69,03,75,032	67,68,94,783
	Previous Year	1,09,09,12,454	11,55,86,794	1,53,62,347	1,19,11,36,901	43,22,66,011	8,93,39,771	73,63,664	51,42,42,118	67,68,94,783	0

Note :

- 1) Building includes Rs.NIL (Rs.1,99,750/-) in respect of an ownership Flat held in Co-operative Housing Society and Rs.NIL (Rs.250/-) in respect of Shares value held in Co-operative Housing Society.

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
SCHEDULE F : INVESTMENTS			
Long Term-Non Trade			
Other Investments			
Unquoted			
In Subsidiary			
Navneet Edutainment Limited			
73,00,000 (68,50,000) Equity Shares of Rs.10/- each	7,15,01,500	7,15,01,500	6,85,00,000
			6,85,00,000
Current Investment			
Mutual Fund			
Units of Rs. 10/- each fully paid up			
– (26,87,858.009) TLFG Tata Liquid Fund - Appre -Div	0		3,00,15,310
– (1,00,00,000.000) LICMF Liquid Fund	0		10,00,00,000
– (39,95,484.8542) SBI Mutual Fund (Inst. Income Fund)	0		3,99,94,803
– (39,93,290.8113) Kotak Mahindra Mutual Fund (Liquid Inst. Plan)	0		4,00,12,774
		0	21,00,22,887
Note :			
Market Value of Quoted Investment Rs. – (Previous Year Rs. Rs. 21,00,22,887/-)			
Aggregate Book Value of Investments : Total		7,15,01,500	27,85,22,887

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2005	As at 31st March, 2004
	Rupees	Rupees	Rupees
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories			
(At Lower of Cost or Net Realisable value)			
(Certified and valued by the Management)			
Stores, Spares and Consumables	1,91,93,544		1,59,83,161
Raw Materials	36,62,07,686		30,56,94,144
Finished Goods	51,39,50,445		67,26,60,943
Work In Process	<u>7,09,34,911</u>		<u>7,17,05,295</u>
		97,02,86,586	<u>1,06,60,43,543</u>
Sundry Debtors			
(Unsecured, considered good)			
Over six months	14,49,63,188		3,78,80,944
Others	<u>33,13,71,089</u>		<u>40,19,86,071</u>
		47,63,34,277	<u>43,98,67,015</u>
Cash and Bank Balances			
Cash on hand	25,11,457		18,35,995
Balance with Scheduled Banks			
- In Current Account	83,16,934		1,72,71,957
- In Fixed Deposit Account	91,248		37,62,909
- In Dividend Account	<u>75,81,914</u>		<u>93,91,207</u>
		1,85,01,553	<u>3,22,62,068</u>
Loans and Advances			
(Unsecured, considered good)			
Loans			
Staff Loan	1,21,62,510		99,47,999
Corporate Deposits	42,00,000		1,16,53,400
Other Deposits	<u>2,66,03,602</u>		<u>2,92,26,818</u>
	<u>4,29,66,112</u>		<u>5,08,28,217</u>

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
SCHEDULE G: CURRENT ASSETS, LOANS & ADVANCES (Cont.)			
Advances			
Advances Recoverable in Cash or in Kind or for value to be received	9,39,79,856		6,15,04,923
Deposits with Public Bodies, Govt., etc.	52,02,279		61,66,185
Deposits with Others	29,87,126		28,05,829
Advance Tax paid (Net)	2,40,18,397		15,72,340
Interest Accrued But Not Due	1,575		13,765
	<u>12,61,89,233</u>		<u>7,20,63,042</u>
Total		<u>16,91,55,345</u>	<u>12,28,91,259</u>
		<u>1,63,42,77,761</u>	<u>1,66,10,63,885</u>
SCHEDULE H: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors	11,71,85,190		8,93,30,285
Advances Received	19,40,941		19,97,094
Unclaimed Dividend	75,81,914		93,91,207
Other Liabilities	4,09,44,450		3,93,49,277
Interest Accrued But Not Due	4,32,302		25,74,764
		16,80,84,797	<u>14,26,42,627</u>
Provisions			
For Leave Encashment Benefit	62,01,341		50,76,270
Dividend (Proposed Dividend / 2nd Interim)	4,76,43,000		4,76,43,000
Corporate Tax on Proposed Dividend (Interim Dividend)	66,81,931		62,26,345
		6,05,26,272	<u>5,89,45,615</u>
Total		<u>22,86,11,069</u>	<u>20,15,88,242</u>

Schedules forming part of the Profit & Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

		For the year ended 31st March, 2005	For the year ended 31st March, 2004
	Rupees	Rupees	Rupees
SCHEDULE I : OTHER INCOME			
On Current Investments (Gross)			
Dividend		57,70,123	59,48,373
Profit/Loss on Sale of Investments		17,68,792	(8,09,108)
Miscellaneous Income		2,55,343	8,44,341
Interest and Financial Income		67,29,165	7,76,39,012
[TDS Rs.18,84,415/-; (Previous year Rs.8,82,073/-)]			
Total		1,45,23,423	8,36,22,618
SCHEDULE J : INCREASE/(DECREASE) IN STOCK			
Closing Stock			
Work in Process	7,09,34,911		7,17,05,295
Finished Goods	51,39,50,445		67,26,60,943
		58,48,85,356	74,43,66,238
Opening Stock			
Work in Process	7,17,05,295		3,98,91,150
Finished Goods	67,26,60,943		56,21,79,270
		74,43,66,238	60,20,70,420
Total		(15,94,80,882)	14,22,95,818
SCHEDULE K : COST OF MATERIAL			
Raw Materials Consumed		1,26,47,16,361	1,40,49,34,360
Freight and Octroi		86,37,941	91,60,050
Purchase of Finished Goods / Trading Goods		49,47,981	3,64,23,913
Total		1,27,83,02,283	1,45,05,18,323
SCHEDULE L : MANUFACTURING EXPENSES			
Printing Expenses		4,83,32,515	3,58,62,095
Binding Expenses		2,55,13,883	3,45,08,946
Other Manufacturing Expenses		4,07,70,016	3,78,39,147
Power and Fuel		1,35,49,415	1,29,66,641
Stores and Spares Consumed		85,38,625	1,05,34,826
Repairs to Plant and Machinery		65,49,138	73,74,628
Total		14,32,53,592	13,90,86,283

Schedules forming part of the Profit & Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended
31st March, 2005

For the year ended
31st March, 2004

	Rupees	Rupees
SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS		
Salaries, Wages and Bonus	16,61,13,269	15,06,82,056
Contribution to Provident and Other Funds	1,79,96,504	1,56,25,813
Staff Welfare	1,14,27,686	1,16,66,822
Total	19,55,37,459	17,79,74,691
SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES		
Rates & Taxes	28,05,713	28,05,853
Sales Tax	3,17,35,930	3,09,54,681
Rent	95,33,358	82,82,790
Royalty	5,61,40,025	4,45,68,134
Building Repairs & Maintainance	1,46,72,976	1,69,73,658
Other Repairs	65,74,510	,50,06,792
Insurance	78,15,393	75,27,871
Transportation Expenses	7,29,91,716	6,74,41,796
Commission	55,08,885	29,94,113
Advertisement	2,25,55,670	1,66,24,267
Marketing Expenses	3,85,47,110	3,28,34,830
Sales Promotion Expenses	3,17,19,949	1,92,82,041
Discount & Rebate	1,14,94,132	1,11,26,774
Deferred Revenue expenses written off	0	1,09,568
Bad debts and other irrecoverable advance w/off	6,02,401	3,276
Donation	1,61,91,018	2,26,46,844
Bank Charges	29,64,931	23,29,177
Prior Period items	2,51,348	(5,71,384)
Other Administrative and Selling Expenses	7,17,71,826	6,86,84,932
Total	40,38,76,890	35,96,26,014
SCHEDULE O : INTEREST & FINANCIAL CHARGES		
- Debentures	24,98,820	27,91,117
Others	2,21,74,406	1,60,33,994
Total	2,46,73,226	1,88,25,111

For the year ended 31st March, 2005

SCHEDULE P : NOTES TO ACCOUNTS

1. Statement of significant Accounting Policies

(A) Accounting Convention

"The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards.

(B) Fixed Assets

Fixed Assets are stated at cost. Cost comprises of the purchase price and all other attributable costs for bringing the asset to its working condition for its intended use.

(C) Depreciation

- (i) Depreciation on Fixed Assets other than intangible assets is provided on Written Down Value Method in accordance with the rates, prescribed in Schedule XIV to the Companies Act, 1956. Individual assets acquired for less than Rs.5000/- are entirely depreciated in the year of acquisition.
- (ii) Depreciation on fixed assets added/disposed off during the year has been provided on pro-rata basis.
- (iii) Lease Premium and related costs are amortised over the lease period.
- (iv) Cost of registration of Trade Marks and for acquiring Copy Rights are amortised over a period of 10 years in equal installments.
- (v) Cost of SAP is amortised over a period of three years in equal installments.
- (vi) Cost of Softwares are amortised in the year of acquisition.

(D) Expenditure during construction period

Expenditure during construction period are included under capital work-in-progress and the same are allocated to the respective fixed assets on the completion of construction.

(E) Deferred Revenue Expenditure

Deferred Revenue Expenditures are amortised over a period of four years. Expenditure incurred for Franchise Showroom are amortised over a period of five years.

(F) Foreign Currency Transactions

- (i) Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year, are restated at the closing rate / forward rate as applicable
- (ii) The differences in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognised in the Profit and Loss Account. Exchange differences in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.
- (iii) In respect of forward foreign exchange contract, represented by monetary assets/liabilities and are meant for hedging purposes, the premium or discount arising at the inception of such forwards contract is amortised as expense or income over the life of contract. Exchange differences on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.
- (iv) In respect of foreign exchange contract, not represented by monetary assets/liabilities and are not meant for hedging purposes, gain or loss on such forward exchange contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the

For the year ended 31st March, 2005

reporting date for the remaining maturity of the contract and the contracted forward rate. The premium or discount on the forward exchange contract is not recognised separately.

- (v) Non-monetary items are carried in terms of historical cost denominated in a foreign currency using the exchange rate at the date of the transactions.

(G) Inventories

Inventories are valued at lower of cost and estimated net realisable value.

- (a) Raw materials, packing materials, stores and spares are valued at weighted average cost method.
b) The Cost of Finished goods and Work-In-Process includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(H) Retirement Benefits

- (i) The Company has taken a policy under group Gratuity Scheme of the Life Insurance Corporation of India and the total present liability for future payments of gratuity to employees at the year end is secured. Premium towards the yearly Gratuity liability determined on the basis of actuarial valuation done by the L.I.C.of India, is paid as and when due.
(ii) The Company has made provision in respect of total present liability for future payments of leave encashment benefit to employees on the basis of actuarial valuation at the year end.

(I) Investments

Long-term Investments are stated at cost after deducting provision, if any, for permanent diminution in the value of investments. Current Investments are stated at lower of cost and market / fair value.

(J) Borrowing Costs

The Company capitalises the borrowing costs which are directly attributable to the acquisition or construction of qualifying assets till the said asset is put to use or ready to put to use.

(K) Leased Assets

Operating Lease : Rentals are expensed with reference to lease terms and other considerations.

(L) Provision for Tax

Provision for current tax is determined on the basis of taxable income for the period. Deferred tax is recognized, subject to consideration of prudence, on timing differences between book profits and tax profits using the tax rates and laws that have been subsequently enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only when there is a reasonable certainty that the assets will be realized in future.

2. Estimated amount of Capital Contracts (net of advances) remaining to be executed and not provided for :
Rs.56.79 Lacs (Previous Year Rs.25.23 lacs)

3. Contingent Liability

- (a) For disputed Income-tax matters Rs.218.76 Lacs (Previous Year Rs.176.66 Lacs) against which amount paid is Rs.218.76 Lacs (Previous Year Rs.176.66 Lacs)
(b) Against Bank Guarantee
(i) Rs.8.57 lacs (Previous Year Rs.8.57 lacs): The export obligation for import of machinery against licence granted under EPCG scheme has been fulfilled during the year.
(ii) Rs. NIL (Previous year Rs.57.50 lacs) : for procurement of material without payment of excise duty to manufacture finished goods for export and procurement of power for factory.

For the year ended 31st March, 2005

- (iii) Rs.NIL (Previous Year Rs.90.69 lacs) : The export obligation for import of machinery against licence granted under EPCG scheme has already been fulfilled last year :
- (c) Against Bond
- (i) Rs.92.13 lacs (Previous Year Rs.NIL) : For fulfilment of export obligation of USD 0.95 lacs equivalent to Rs.41.61 Lac, (Previous Year Rs.NIL) for import of machinery against licence granted under EPCG scheme. The Company has to fulfill the said export obligation by 6th July, 2012.
- (ii) Rs.380.61 lac (Previous Year Rs.NIL) : For fulfillment of export obligation of US \$ 26.70 lac equivalent to Rs.1172.30 lac (Previous Year Rs.NIL) for import of machinery against licences granted under EPCG scheme. The aforesaid export obligation is over and above fulfillment of yearly export obligation of average export turnover of last 3 years. The Company has to fulfill the said export obligation by 9th November, 2012.
- (d) Forward foreign exchange contracts of USD 18.80 and EURO 0.64 Mn (Rs.88.75 cr.) (Previous Year USD 44.51 Mn, Rs.203.59cr.) are open as on balance sheet date.

4. Salaries, Wages & Employee Benefits includes Managing and Whole Time Directors' Remuneration under Section 198 of Companies Act, 1956

	2004-2005	2003-2004
	Rupees	Rupees
(i) Salary and Bonus	1,39,38,000	1,39,38,000
(ii) Contribution to Provident Fund	9,93,600	9,93,600
Total	1,49,31,600	1,49,31,600

5. Computation of Net Profit as per Sec. 349 read with Section 309(5) and Section 198 of the Companies Act, 1956 :

Profit before tax as per Profit & Loss Account	46,62,71,381	51,90,26,305
Add : Expenses not to be considered as per Section 349		
Directors' Remuneration	1,49,31,600	1,49,31,600
Directors' Sitting Fees	1,14,500	1,31,000
Loss on Sale of Fixed Assets	4,66,448	0
Loss on Sale of Investments	0	8,09,108
	<u>1,55,12,548</u>	<u>1,58,71,708</u>
	48,17,83,928	53,48,98,014
Less : Income not to be considered		
Profit on Sale of Fixed Assets	0	57,821
Profit on Sale of Investments	17,68,792	0
	<u>17,68,792</u>	<u>57,821</u>
Net Profit computed as per Section 349 of Companies Act, 1956 :	48,00,15,136	53,48,40,193

Notes forming part of the Accounts

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2005

	2004-2005	2003-2004
	Rupees	Rupees
6. Auditors' Remuneration		
Audit Fees	2,42,440	2,49,588
Tax Audit Fees	88,160	75,492
Other Matters	5,73,790	4,11,981
	9,04,390	7,37,061

Additional Information as required under Part II of Schedule VI of the Companies Act, 1956.

7. Licenced Capacity, Installed Capacity and Production.

	Licenced Capacity	Installed Capacity	Production
Printing & Binding	N.A.	* Not Ascertainable	* Not Ascertainable

* In view of the nature of the Company's Business, the Production & Installed Capacity being variable, are not ascertainable and not relevant to the volume of the Company's Sales.

8. Opening & Closing Stocks

(a) Opening Stock :

(i) Finished Goods : Books & Paper Stationery	67,00,61,655
	(55,85,09,898)
(ii) Trading Stock	25,99,288
	(36,69,372)
(iii) Work In Process	7,17,05,295
	(3,98,91,150)
Total	74,43,66,238
	(60,20,70,420)

(b) Closing Stock :

(i) Finished Goods : Books & Paper Stationery	51,22,26,079
	(67,00,61,655)
(ii) Trading Stock	17,24,366
	(25,99,288)
(iii) Work In Process	7,09,34,911
	(7,17,05,295)
Total	58,48,85,356
	(74,43,66,238)

Notes forming part of the Accounts

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2005

	Quantity	Value (Rupees)
9. Information as regards Raw Materials Consumed		
(a) Paper	3,44,50,891 Kgs.	1,17,46,39,781
	(4,17,93,939) Kgs.	(1,33,77,59,287)
(b) Other Raw Materials		9,00,76,580
		<u>(6,71,75,072)</u>
Total		1,26,47,16,361 <u>(1,40,49,34,359)</u>
10. Information as regards Trading Purchases made during the year :		
(a) Paper	2,43,716 Kgs.	82,77,607
	(5,54,769) Kgs.	(1,56,51,903)
(b) Books and Other Stationery Items		1,60,657
		<u>(22,06,793)</u>
Total		84,38,264 <u>(1,78,58,696)</u>
11. Information as regards to Sales made during the year :		
Sales :		
(i) Publication sales		1,67,52,17,838
		<u>(1,44,88,28,485)</u>
(ii) Stationery sales		1,05,64,95,089
		<u>(1,07,05,30,269)</u>
(iii) Others		1,36,57,487
		<u>(91,19,304)</u>
Total		2,74,53,70,414 <u>(2,52,84,78,058)</u>

For the year ended 31st March, 2005

	Value (Rupees)
12. Value of Imports on C.I.F. Basis :	
(i) Capital Goods	4,42,17,968 (53,68,203)
(ii) Raw Material (Including Consumables)	28,89,646 (4,51,419)
(iii) Components, Stores & Spares	42,02,422 (23,36,288)
(iv) Trading Goods	0 (2,40,832)
13. Expenditure in Foreign Currency on Account of	
(i) Royalty	2,40,000 (3,66,113)
(ii) Interest	73,76,930 (47,19,818)
(iii) Professional Fees	0 (2,53,838)
(iv) Other Matters	2,51,31,516 (2,16,82,665)
14. Earning in Foreign Exchange :	
Export of Goods on FOB basis	46,43,58,651 (51,82,20,040)

15. Percentage and Value of Imported and Indigenous Raw Material and Stores & Machinery Spares Consumed.

	Raw Material		Stores & Machinery Spares, etc.	
	Percentage	Value (Rupees)	Percentage	Value (Rupees)
Imported	0.27 (0.13)	34,28,056 (18,37,223)	3.37 (7.20)	5,08,871 (12,89,947)
Indigenous	99.73 (99.87)	1,26,12,88,305 (1,40,30,97,137)	96.63 (92.80)	1,45,78,892 (1,66,19,507)
Total :	100.00 <u>(100.00)</u>	1,26,47,16,361 <u>(1,40,49,34,359)</u>	100.00 <u>(100.00)</u>	1,50,87,763 <u>(1,79,09,454)</u>

For the year ended 31st March, 2005

16. During the year, the Company has spent an amount of Rs.5.61 crores (Previous Year Rs.4.46 Crores) under the head Royalty, the said amount is for payment to various authors who write the books and also for obtaining of publishing rights for books being published and sold by the Company.
17. (a) Sundry Creditors as per Schedule 'H' under Current Liabilities include Rs. 69.75 lacs (Previous Year Rs. 53.81 lacs) due to Small Scale Industrial Undertakings.
- (b) The undertakings to whom amounts outstanding for more than 30 days in respect of Small Scale Industrial Undertakings where such dues exceed Rs.1/- lacs are as under :
- | Rs.1/- lacs are as under : | Rs.in lacs |
|----------------------------|------------|
| Amalgam Adhesives Pvt Ltd | 3.10 |
| Meghart Colour Crafters | 1.18 |
| Wilson Princity Ltd. | 3.07 |
| Yuvraj Printers | 2.29 |
| Perfect Print & Pack | 1.53 |
- (c) The above information has been compiled in respect of parties to the extent to which they could be identified as Small Scale Industrial Undertakings on the basis of information available with the Company.
18. Total amount of Rs.3.66 lacs (Previous Year Rs.890.12 lacs credited) being the exchange difference is debited to the Profit & Loss account.
19. Related party transactions
- (a) Party where control exists :
- Navneet Edutainment Ltd.- Subsidiary Company 100% of whose equity share capital is held by the Company as at 31st March, 2005
- (b) Other Related Parties with whom transactions have taken place during the year

Associates

Enterprises owned or significantly influenced by key management personnel or their relatives

Key Management Personnel & Relatives

Woodville Stationery Ltd.

Navneet Prakashan Kendra
Vikas Prakashan
Gala Publishers
Sandeep Agencies
Ankur Offset
Nav Vikas Trading Pvt. Ltd.

(1) Shri A. R.Gala	(9) Shri A. D.Gala
(2) Shri D. R.Gala	(10) Shri G. D.Gala
(3) Shri H. R.Gala	(11) Shri R. H.Gala
(4) Shri S. R.Gala	(12) Shri D. C.Sampat
(5) Shri J.L.Gala	(13) Shri S. J.Gala
(6) Shri J. K.Sampat	(14) Shri S. J.Gala
(7) Shri N. N.Shah	(15) Shri K. H.Gala
(8) Shri B. A.Gala	(16) Shri S. S.Gala
	(17) Shri K. B.Gala

Notes forming part of the Accounts

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2005

Transactions with Related Parties :

Items / Related Parties	Subsidiaries	Associates	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Total
(i) Purchase, expense and other services from related parties	26,22,800 (26,63,652)	- (-)	6,51,10,425 (5,22,72,233)	3,24,36,533 (3,08,45,400)	10,01,69,758 (8,57,81,285)
(ii) Purchase of fixed assets	- (-)	- (-)	- (-)	- (-)	- (-)
(iii) Sales of goods and services	70,000 (-)	- (-)	1,10,112 (-)	- (-)	1,80,112 -
(iv) Recovery of expenses	- (-)	- (-)	- (-)	- (-)	- (-)
(v) Investment in equity shares	30,00,000 (1,34,97,000)	- (-)	- (-)	- (-)	30,00,000 (1,34,97,000)
(vi) Loans received back	- (-)	- (25,86,500)	- (-)	- (-)	- (25,86,500)
(vii) Balance outstanding at year end					
Debtors	- (-)	- (-)	- (-)	- (-)	- (-)
Creditors	- (-)	- (-)	- (-)	- (-)	- (-)
Loans and advances given	- (-)	- (-)	- (-)	- (-)	- (-)

20. Earning Per Share :

	2004-2005 Rs.	2003-2004 Rs.
(a) Net Profit after tax	30,91,64,963	35,17,50,173
Add/(Less) : Excess/(Short) Provision of earlier years written off/back	40,48,464	(2,95,022)
Net profit available for Equity Shareholders	31,32,13,427	35,14,55,151
(b) Number of Equity Shares	19,057,200	19,057,200
(c) Basic and Diluted Earning per share of Rs.10/- each		
(i) before Extraordinary Items	16.44	18.44
(ii) after Extraordinary Items	16.44	18.44

For the year ended 31st March, 2005

21. Details of Loans and Advances and Investments as at the year end and maximum balance thereof as per clause 32 of Listing Agreement with Stock Exchange in compliance with SEBI Circular No.SMD/ Policy / Cir / 2 / 2003 dt.10.1.2003

	Loan having Interest Rate lower than Section 372A of Co.Act	Interest Free Loan and Advances	Maximum Balance at any time during the year
Loans & Advances in the nature of Loans :			
Associates	-	-	-
Woodville Stationery Ltd	(-)	(-)	(-)

22. During the year the Company invested the temporary surplus funds for short periods in the following Liquid/Cash Mutual Fund schemes, which were purchased and sold during the year.

	Opening		Purchase		Sold		Balance	
	Number of Units	Value (Rs.)	Number of Units	Value (Rs.)	Number of Units	Value (Rs.)	Number of Units	Value (Rs.)
Alliance Cash Manager			1,12,62,479.843	11,27,40,748	1,12,62,479.843	11,26,42,318	-	-
Birla Cash Plus			46,29,933.273	5,00,18,374	46,29,933.273	5,00,22,270	-	-
Deutsche Insta Cash Plus			1,81,90,267.066	18,27,68,958	1,81,90,267.066	18,28,25,346	-	-
ING Vysya Mutual Fund			45,33,681.734	4,75,45,488	45,33,681.734	4,75,35,866	-	-
Kotak Liquid Fund	39,93,290.811	4,00,12,774	2,73,25,662.901	27,58,52,991	3,13,18,953.712	31,60,23,625	-	-
LIC Mutual Fund	1,00,00,000.000	10,00,00,000	17,22,28,410.850	1,86,53,79,813	18,22,28,410.850	19,66,77,275	-	-
Principal Mutual Fund			5,90,62,267.937	59,11,71,145	59,10,99,899		-	-
Tata Mutual Fund	26,87,858.009	3,00,15,310	2,89,72,363.569	35,90,42,236	3,16,60,221.578	38,93,20,767	-	-
Templeton India MF			70,044.583	7,00,74,400	7,00,99,135		-	-
SBI Mutual Fund	39,95,484.854	3,99,94,803	2,554.058	42,360	39,98,038.912	4,00,39,160	-	-
	2,06,76,633.674	21,00,22,887	32,62,77,665.814	3,55,46,36,512	34,69,54,299.488	3,76,63,81,138	-	-

**23. Lease Transactions : Accounting standard 19
As a Lessor in an Operating Lease**

The existing operating lease agreements permit the lessee to cancel the arrangement before expiry of the normal tenure of the lease. As such no disclosures are required to be made.

24. The Board of Directors have in principal approved the merger of fully owned subsidiary Navneet Edutainment Ltd.with the Company subject to High Court approval and other statutory compliances

For the year ended 31st March, 2005

25. Deferred tax liability

	Deferred tax (asset)/liability as at April 1, 2004	current year charge /(credit)	Deferred tax (asset)/liability as at March 31, 2005
Depreciation	5,20,24,157	3,71,713	5,23,95,870
Disallowance under section 43B	(15,63,248)	(2,82,181)	(18,45,429)
Others	(16,886)	16,886	-
Total	5,04,44,023	1,06,418	5,05,50,441
Previous Year	4,26,67,891	77,76,132	5,04,44,023

26. SEGMENT REPORTING

The Company's operations relates to manufacturing of knowledge based information in educational and general books form and in paper and other stationery items. It caters to the educational need of Indian as well as Global market. Accordingly "Publication" and "Stationery" comprise the primary segments.

Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles and policies used in the preparation of the Financial Statements, as set out in the note on significant accounting policies, are also consistently applied to record revenue and expenditure, in individual segments.

[A] Primary - Business Segments

For the year ended 31st March, 2005
(For the year ended 31st March, 2004)

	Publication	Stationery	Others	Total
Revenue	1,67,52,17,838	1,05,64,95,089	1,36,57,487	2,74,53,70,414
	(1,44,88,28,485)	(1,07,05,30,269)	(91,19,304)	(2,52,84,78,058)
Less : Inter Segment Revenue	0	0	0	0
	(0)	(0)	(0)	(0)
Net Revenue	1,67,52,17,838	1,05,64,95,089	1,36,57,487	2,74,53,70,414
	(1,44,88,28,485)	(1,07,05,30,269)	(91,19,304)	(2,52,84,78,058)
Other Income	76,25,068	51,85,533	4,23,314	1,32,33,915
	(1,51,04,733)	(2,97,87,786)	(0)	(4,48,92,520)
Segment Revenue	1,68,28,42,906	1,06,16,80,622	1,40,80,801	2,75,86,04,329
	(1,46,39,33,219)	(1,10,03,18,056)	(91,19,304)	(2,57,33,70,578)
Segment Results	46,23,54,099	9,92,62,877	29,86,397	56,46,03,373
	(41,20,86,710)	(14,38,84,994)	(20,60,131)	(55,80,31,836)
Add : Unallocated Other Income / (Expense)				(66,97,961)
				(3,83,60,582)
Less : Financial Expenses				2,46,73,226
				(1,88,25,111)

Notes forming part of the Accounts

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2005

	Publication	Stationery	Others	Total
Less:Unallocable Expenditures (net of unallocable interest income)				6,69,60,805
				(5,85,41,005)
Profit Before Taxation				46,62,71,381
				(51,90,26,302)
Provision for Taxation (current tax and deferred tax)				15,71,06,418
				(16,72,76,132)
Profit after taxation				30,91,64,963
				(35,17,50,170)
Segment Assets	1,33,56,01,488	88,62,94,692	69,73,938	2,22,88,70,118
	(1,14,24,27,859)	(1,04,94,46,867)	(81,83,596)	(2,20,00,58,322)
Unallocated Assets				15,81,26,291
				(41,60,22,697)
Total Assets				2,38,69,96,409
				(2,61,60,81,020)
Segment Liabilities	6,41,31,126	8,46,97,858	1,21,035	14,89,50,019
	(3,76,28,290)	(7,40,06,991)	(4,99,151)	(11,21,34,431)
Unallocated Liabilities				50,27,46,709
				(86,59,27,369)
Total Liabilities				65,16,96,728
				(97,80,61,800)
Depreciation on Segmental Assets	4,06,79,438	3,42,22,341	10,89,023	7,59,90,802
	(3,62,17,877)	(3,82,17,474)	(12,64,982)	(7,57,00,333)
Unallocated Depreciation				1,25,07,320
				(1,36,39,438)
Amortization				0
				(1,09,568)

Notes :

1. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities, of the respective segment , however, revenue and expenses which can not be identified or allocated reasonably to a segment being related to the enterprise as a whole have been grouped as unallocable.
2. Segment assets and segment liabilities represent assets and liabilities of respective segments, however the assets and liabilities not identifiable or allocable on resonable basis being related to enterprise as a whole have been grouped as unallocable.
3. The business which have been grouped under "Others" segment comprises of revenue from generation of power by windmill , sale of trading items etc.

[B] Secondary - Geographical Segments

For the year ended 31st March, 2005
(For the year ended 31st March, 2004)

	North & Central America	Africa	Europe	Australia & Oceania	Rest of the world except India	India	Total
Segment Revenue	24,80,69,611 (27,41,44,077)	16,04,86,748 (15,18,11,370)	3,40,63,601 (2,51,88,171)	26,13,671 (31,56,106)	3,60,18,753 (9,97,88,379)	2,27,73,51,945 (2,01,92,82,474)	2,75,86,04,329 (2,57,33,70,578)
Segment Assets	14,09,69,254 (12,89,69,540)	1,93,76,812 (2,05,63,861)	56,33,229 (8,14,295)	7,17,091 (0)	3,34,22,476 (4,97,97,704)	2,18,68,77,547 (2,41,59,35,619)	2,38,69,96,409 (2,61,60,81,020)

27. Previous Year Figures have been regrouped/rearranged wherever necessary.

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 21st July, 2005

M. J. Thakar
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Cash Flow Statement

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year ended 31st March, 2005		For the Year ended 31st March 2004	
	Rupees	Rupees	Rupees	Rupees
(A) Cash Flow from Operating Activities :				
Net Profit before tax and extraordinary items		46,62,71,381		51,90,26,301
Adjusted for :				
Add : Depreciation	8,84,98,122		8,93,39,771	
Deffered revenue expenditure (NET) write off	0		1,09,568	
Loss on sale of Fixed Assets	4,66,448		0	
Loss on sale of Investments	0		8,09,108	
Interest and Finance Charges	2,46,73,226		1,88,25,111	
Interest and Finance Income from Operation	1,04,79,777		2,24,13,434	
	<u>12,41,17,573</u>		<u>13,14,96,992</u>	
Less : Investment Income	57,70,123		59,48,373	
Profit on Sale of Investment	17,68,792		0	
Profit on Sale of Fixed Assets	0		57,821	
Interest and Financial Income	67,29,165		7,76,39,012	
	<u>1,42,68,080</u>		<u>8,36,45,206</u>	
		10,98,49,493		4,78,51,787
Operating Profit before working capital changes		<u>57,61,20,874</u>		<u>56,68,78,088</u>
Adjusted for :				
Add/(Less) : (Decrease) / Increase in trade payables	2,77,15,793		(73,96,062)	
Decrease / (Increase) in inventories	9,57,56,957		(16,45,49,968)	
Decrease / Increase in trade and other receivables	(5,87,72,042)		11,18,20,666	
		6,47,00,708		(6,01,25,364)
Cash Generated from Operations		<u>64,08,21,582</u>		<u>50,67,52,724</u>
Add/(Less): Direct Taxes Paid	(17,35,13,174)		(14,80,39,014)	
Prior Period Items	0		0	
		(17,35,13,174)		(14,80,39,014)
Cash Flow before extraordinary items :		<u>46,73,08,408</u>		<u>35,87,13,710</u>
Net Cash Inflow from Operating Activities (A)		46,73,08,408		35,87,13,710
(B) Cash Flow from Investing Activities :				
Inflow :				
Proceeds from Sale of Fixed Assets	16,47,558		80,56,504	
Investment Income	57,70,123		59,48,373	
Interest Income from Investing	87,76,412		47,28,439	
Short-term Loans	1,00,76,616		0	
Proceeds from sale of Investments	21,17,91,680		0	
	<u>23,80,62,389</u>		<u>1,87,33,316</u>	
Outflow :				
Purchase of Fixed Assets	12,87,10,211		8,87,31,144	
Purchase of Investments	0		13,33,81,594	
Investment in subsidiary Company Navneet Edutainment Ltd.				
– Direct Investment	30,00,000		1,34,97,000	
– Direct Purchase	1,500		0	
Short term loans	0		45,74,048	
	<u>13,17,11,711</u>		<u>24,01,83,786</u>	
Net Cash flow from Investing Activities (B)		10,63,50,678		(22,14,50,470)

Cash Flow Statement (Contd.)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year ended 31st March, 2005		For the Year ended 31st March 2004	
	Rupees	Rupees	Rupees	Rupees
(C) Cash Flow from Financing Activities :				
Inflow :				
Proceeds from Re-issue of Share Capital INCL Premium	0		0	
Proceeds from long term borrowings	0		0	
Proceeds/repayments from short term loans	0		7,74,05,449	
Proceeds from issue of debentures	5,00,00,000		0	
Income from financing	0		4,96,13,683	
	<u>5,00,00,000</u>		<u>12,70,19,133</u>	
Outflow :				
Repayment of Finance/Lease Liabilities	0		0	
Redemption of Debentures	0		0	
Interest/charges paid for Financing Activities	3,90,84,667		1,88,23,731	
Short Term Loans	43,49,17,606		0	
Dividend Paid (Inclusive of Dividend-Tax)	16,34,17,329		23,20,08,531	
	<u>63,74,19,601</u>		<u>25,08,32,262</u>	
Net Cash flow from Financing Activities (C)		(58,74,19,601)		(12,38,13,129)
Net Increase/(Decrease) in Cash and Cash Equivalents (A - B - C)		(1,37,60,516)		1,34,50,111
Cash and Cash Equivalents as at the commencement of the year (Opening Balance) (As shown in schedule 'G' of the Balance Sheet)	3,22,62,068		1,88,11,957	
Cash and Cash Equivalents as at the end of the year (Closing Balance) (As shown in schedule 'G' of the Balance Sheet)	1,85,01,552		3,22,62,068	
Net Increase /(Decrease) as disclosed above		(1,37,60,516)		1,34,50,111

Note:

Significant Accounting Policies and Notes Forming Part of the Accounts and Contingent Liabilities as per Schedule 'P'

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 21st July, 2005

M. J. Thakar
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

NAVNEET PUBLICATIONS (INDIA) LIMITED

Consolidated Financial Statements

for the year ended 31st March, 2005

TO THE BOARD OF DIRECTORS OF NAVNEET PUBLICATIONS (INDIA) LIMITED.

We have examined the attached Consolidated Balance Sheet of NAVNEET PUBLICATIONS (INDIA) LIMITED (the Company) and its subsidiary NAVNEET EDUTAINMENT LIMITED (subsidiary), as at 31st March 2005, and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date 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. 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 whether the financial statements are prepared in all material respects, in accordance with the financial reporting framework generally accepted in India and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

On the basis of information and explanations given to us, and on consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, in our opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at 31st March 2005;
- b. in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiary for the year ended on that date; and
- c. in case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiary for the year ended on that date.

For Ghalla & Bhansali.
Chartered Accountants

Haresh K. Chheda
Partner
Membership No. 38262

Place : Mumbai
Dated : 21st July, 2005

Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	Rupees	As at 31st March, 2005 Rupees	Rupees	As at 31st March, 2004 Rupees
Sources of Funds					
Shareholders' Funds					
Share Capital	A	19,05,72,000		19,05,72,000	
Reserves & Surplus	B	1,49,93,41,620		1,35,06,47,482	
			16,8,99,13,623		1,54,12,19,482
Loan Funds					
Secured Loans	C	34,65,53,616		12,82,21,222	
Unsecured Loans	D	5,00,00,000		65,32,50,000	
			39,65,53,616		78,14,71,222
Deferred Tax Liability			5,05,50,441		5,04,44,023
Minority Share of Interest			0		1,32,811
Total Funds Employed			2,13,70,17,680		2,37,32,67,538
Application of Funds					
Fixed Assets					
Gross Block		1,29,91,61,986		1,20,25,44,922	
Less: Depreciation	E	60,49,34,461		52,07,14,622	
Net Block		69,42,27,525		68,18,30,300	
Capital Work In Progress		1,48,60,511		11,71,804	
			70,90,88,036		68,30,02,104
Goodwill on Consolidation			2,13,18,398		1,95,04,592
Investments	F		0		21,00,22,887
Current Assets, Loans and Advances					
Inventories	G	97,05,40,473		1,06,60,43,543	
Sundry Debtors		47,67,31,248		43,98,82,015	
Cash & Bank Balances		1,91,45,794		3,33,95,992	
Loans & Advances		16,92,75,767		12,45,88,008	
		1,63,56,93,282		1,66,39,09,558	
Less: Current Liabilities and Provisions	H				
Current Liabilities		16,85,55,764		14,42,25,988	
Provisions		6,05,26,272		5,89,45,615	
		22,90,82,036		20,31,71,603	
Net Current Assets			1,40,66,11,246		1,46,07,37,955
Miscellaneous Expenditure					
(To the extent not written off or adjusted) Share Issue & Preliminary Expenses		0		0	
Deferred Revenue Expenditure		0		0	
			0	0	
Total Funds Utilised			2,13,70,17,680		2,37,32,67,538

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 21st, July, 2005

M. J. Thakar
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Profit and Loss Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	For the year ended 31st March, 2005		For the year ended 31st March, 2004	
		Rupees	Rupees	Rupees	Rupees
Income					
Sales & Income from Operation		2,74,82,56,760		2,52,99,75,440	
Other Income	I	1,45,41,495		8,36,29,977	
Increase/(Decrease) In Stocks	J	(15,92,26,995)	2,60,35,71,260	14,22,95,818	2,75,59,01,235
Expenditure					
Cost of Materials	K	1,27,83,02,283		1,45,09,98,938	
Manufacturing Expenses	L	14,50,97,073		14,10,00,653	
Salaries Wages & Employee Benefit	M	20,00,80,031		18,47,50,211	
Administrative & Selling Expenses	N	40,39,56,950		36,61,46,345	
Interest and Financial charges	O	2,46,73,226	2,05,21,09,563	1,88,25,111	2,16,17,21,257
Profit before Depreciation & Tax		55,14,61,697		59,41,79,978	
Depreciation	E	8,95,91,098		9,07,82,936	
Profit after Depreciation		46,18,70,599		50,33,97,042	
Less : Provision for Taxation		15,70,00,000		15,95,00,000	
Less : Provision for Deferred Tax		1,06,418		77,76,132	
Profit after Tax			30,47,64,181		33,61,20,910
Add/(Less) : Excess/(Short) Provision of taxation of Earlier Year W/off/back		40,48,464		(2,95,022)	
Add : Loss of subsidiary attr.to Minority		0		3,34,913	
Less :Excess cost over Parent's portion of Equity		1,80,854		30,13,544	
Add : Balance Brought Forward from last year		75,06,21,297		66,60,92,979	
Add : Ajd.for previous years for fresh issue of Shares		17,64,263	75,66,14,878	67,17,837	67,58,64,251
			1,06,13,79,059		1,01,19,85,161
Profit available for Appropriation					
Appropriations / Adjustments :					
Dividend (First Interim)		9,52,86,000		9,52,86,000	
Dividend (Second Interim)		4,76,43,000		0	
Proposed Dividend (Final)		0		4,76,43,000	
			14,29,29,000		14,29,29,000
Corporate Tax on Dividend			1,91,34,621		1,84,34,864
General Reserve			10,00,00,000		10,00,00,000
			26,20,63,621		26,13,63,864
			79,93,15,438		75,06,21,297
Surplus Carried to Balance Sheet					
Basic and Diluted Earning per Share of Rs.10/- each [Refer Note 8 of Schedule 'P']					
Before Extraordinary Items				16.20	17.62
After Extraordinary Items				16.20	17.62
Significant Accounting Policies and Notes Forming Part of the Accounts and Contingent Liability	P				

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 21st, July, 2005

M. J. Thakar
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	As at 31st March, 2005	As at 31st March, 2004
	Rupees	Rupees
SCHEDULE A : SHARE CAPITAL		
Authorised :		
2,00,00,000 Equity Shares of Rs.10/- each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed & Paid Up :		
1,90,57,200 Equity Shares of Rs.10/- each	<u>19,05,72,000</u>	<u>19,05,72,000</u>
Total	<u><u>19,05,72,000</u></u>	<u><u>19,05,72,000</u></u>
Note :		
Of the above 1,27,04,800 Shares were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium and General Reserve.		
SCHEDULE B : RESERVES & SURPLUS		
Capital Reserve		
As per last Balance Sheet	<u>26,185</u>	<u>26,185</u>
General Reserve		
As per last Balance Sheet	60,00,00,000	50,00,00,000
Add: Set aside this Year	<u>10,00,00,000</u>	<u>10,00,00,000</u>
	70,00,00,000	60,00,00,000
Surplus in Profit and Loss Account	<u>79,93,15,438</u>	<u>75,06,21,297</u>
Total	<u><u>1,49,93,41,623</u></u>	<u><u>1,35,06,47,482</u></u>

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
SCHEDULE C : SECURED LOANS			
Loans from Banks :			
Working capital borrowings			
- Rupee Loan	5,63,27,072		1,30,40,595
- Foreign Currency Loan	28,54,15,000		10,88,75,000
- Other Loans	48,11,544		63,05,627
Total		34,65,53,616	12,82,21,222

Notes :

- (a) All rupee loans and foreign currency loans equivalent to Rs. 34,17,42,072/- (Previous Year Rs.3,48,15,595/-) are secured against :
- (1) Hypothecation & first charge over stock of raw materials work-in-process finished goods stores & spares not relating to plant and machinery & book debts.
 - (2) Hypothecation & first charge over movable plant and machinery, machinery spares, tools and accessories both present and future of the Company.
- (b) Foreign Currency Loan equivalent to Rs. NIL (Previous Year Rs.8,71,00,000/-) are secured against :
- Hypothecation of movable machineries spare parts tools accessories etc.both present & future of the Company.
- (c) Other loans are secured against hypothecation of respective assets

SCHEDULE D : UNSECURED LOANS

Debentures :

Non-Convertible Debentures

Other Loans and Advances :

Loan from Banks

Inter Corporate Deposits

Trade & Other Deposits

Total

	5,00,00,000	0
	0	65,32,50,000
	0	0
	0	0
	0	65,32,50,000
	5,00,00,000	65,32,50,000

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

SCHEDULE E : FIXED ASSETS

Sr. No.	Description of Assets	Gross Block				Depreciation				Net Block	
		Cost as on 31.3.2004	Additions during the year	Deduction on sale / transfer	Cost as on 31.03.2005	Provided up to 31.03.2004	For the year	Deductions on Sale/Transfer	Total upto 31.03.2005	As on 31.03.2005	As on 31.03.2004
1	Land - Freehold	3,40,14,187	0	0	3,40,14,187	0	0	0	0	3,40,14,187	3,40,14,187
2	Land - Leasehold	83,70,247	0	0	83,70,247	0	6,43,865	0	6,43,865	77,26,382	83,70,247
3	Building	32,16,88,185	2,55,27,872	2,00,000	34,70,16,058	8,11,23,896	1,70,01,661	76,092	9,80,49,465	24,89,66,592	24,05,64,290
4	Plant & Machinery	66,59,95,833	5,70,98,877	13,29,702	72,17,65,008	35,76,20,588	4,70,82,684	5,05,610	40,41,97,662	31,75,67,345	30,83,75,243
5	Office Equipments	1,63,32,174	8,04,650	54,043	1,70,82,781	86,34,067	12,67,448	36,957	98,64,557	72,18,224	76,98,107
6	Furniture & Fixtures	8,42,41,864	63,39,683	31,336	9,05,50,211	4,04,19,770	85,43,667	20,559	4,89,42,877	4,16,07,333	4,38,22,094
7	Vehicles	5,19,27,513	1,42,59,603	58,70,184	6,03,16,932	2,57,65,036	86,44,358	47,32,675	2,96,76,718	3,06,40,214	2,61,62,477
8	Trade Mark	2,19,603	25,000	0	2,44,603	74,694	21,716	0	96,410	1,48,193	1,44,909
9	SAP	1,90,17,168	0	0	1,90,17,168	63,38,422	63,39,056	(634)	1,26,78,112	63,39,056	1,26,78,746
10	Software	7,38,148	46,644	0	7,84,792	7,38,148	46,644	0	7,84,792	0	0
	Total	1,20,25,44,922	10,41,02,328	74,85,265	1,29,91,61,986	52,07,14,622	895,91,098	53,71,260	60,49,34,461	69,42,27,525	68,18,30,300
	Previous Year	1,10,17,27,749	11,61,79,520	1,53,62,347	1,20,25,44,922	43,72,95,349	9,07,82,936	73,63,664	5,207,14,622	68,18,30,300	66,44,32,400

Note :

- 1) Building includes Rs.NIL (Rs.1,99,750/-) in respect of an ownership Flat held in Co-operative Housing Society and Rs.NIL (Rs.250/-) in respect of Shares value held in Co-operative Housing Society.

As at 31st March, 2005 As at 31st March, 2004

SCHEDULE F : INVESTMENTS

LONG TERM - NON TRADE

OTHER INVESTMENTS

CURRENT INVESTMENTS

Mutual Funds

Units of Rs.10/-each fully paid up

- (26,87,858.009) TLFG Tata Liquid Fund - Appre - Div	0	3,00,15,310
- (1,00,00,000.000) LICMF Liquid Fund	0	10,00,00,000
- (39,95,484.8542) SBI Mutual Fund (Inst.Income Fund)	0	3,99,94,803
- (39,93,290.8113) Kotak Mahindra Mutual Fund (Liquid Inst.Plan)	0	4,00,12,774
		<u>21,00,22,887</u>

Market value of Quoted Investment Rs. –

Previous year Rs. (21,00,22,887)

Aggregate Book Value of Investments

TOTAL

0

21,00,22,887

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
SCHEDULE G: CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories			
(At Lower of Cost or Net Realisable value) (Certified and valued by the Management)			
Stores Spares & Consumables	1,91,93,544		1,59,83,161
Raw Materials	36,62,07,686		30,56,94,144
Finished Goods	51,42,04,332		67,26,60,943
Work In Process	7,09,34,911		7,17,05,295
		97,05,40,473	1,06,60,43,543
Sundry Debtors			
(Unsecured considered good)			
Over six months	14,53,60,159		3,78,80,944
Others	33,13,71,089		40,20,01,071
		47,67,31,248	43,98,82,015
Cash and Bank Balances			
Cash on hand	25,20,086		18,50,334
Balance with Scheduled Banks			
In Current Account	89,52,546		1,83,91,542
In Fixed Deposit Account	91,248		37,62,909
In Dividend Account	75,81,914		93,91,207
		1,91,45,794	3,33,95,992
LOANS & ADVANCES			
(Unsecured considered good)			
LOANS			
Staff Loans	1,21,80,940		99,47,999
Corporate Deposits	42,00,000		1,16,53,400
Other Deposits	2,66,03,602		2,92,26,818
		4,29,84,542	5,08,28,217
ADVANCES			
Advances Recoverable in Cash or in Kind or for value to be received	9,40,68,386		6,16,67,728
Deposits with Public Bodies Govt.etc	52,11,679		61,71,185
Deposit with Others	29,87,126		43,32,829
Advance Tax paid (Net)	2,40,22,459		15,74,284
Interest Accrued But Not Due	1,575		13,765
		12,62,91,225	7,37,59,791
		16,92,75,767	12,45,88,008
TOTAL		1,63,56,93,282	1,66,39,09,558

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Rupees	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors	11,71,85,533		8,95,56,400
Advances Received	19,40,941		19,97,094
Unclaimed Dividend	75,81,914		93,91,207
Other Liabilities	4,14,15,078		4,07,06,523
Interest Accrued But Not Due	<u>4,32,302</u>		<u>25,74,764</u>
		16,85,55,764	<u>14,42,25,988</u>
Provision			
For Leave Encashment Benefit	62,01,341		50,76,270
Dividend (Proposed Dividend / 2nd Interim)	4,76,43,000		4,76,43,000
Corporate Tax on Proposed Dividend (Interim Dividend)	<u>66,81,931</u>		<u>62,26,345</u>
		6,05,26,272	5,89,45,615
TOTAL		<u>22,90,82,038</u>	<u>20,31,71,603</u>

Schedules forming part of the P & L Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

		For the Year Ended 31st March, 2005	For the Year Ended 31st March, 2004
	Rupees	Rupees	Rupees
SCHEDULE I : OTHER INCOME			
On Current Investment (Gross)			
Dividend		57,70,123	59,48,373
Profit / Loss on Sale of Investments		17,68,792	(8,09,108)
Rent Income		0	0
Miscellaneous Income		2,55,407	8,44,470
Interest & Financial Income		67,47,172	7,76,46,242
[TDS Rs.18,84,415/-; (Previous year Rs.8,83,721/-)]			
TOTAL		1,45,41,495	8,36,29,977
SCHEDULE J : INCREASE/(DECREASE) IN STOCK			
Closing Stock			
Work In Process	7,09,34,911		7,17,05,295
Finished Goods	51,39,50,445		67,26,60,943
		58,48,85,356	74,43,66,238
Opening Stock			
Work In Process	7,17,05,295		3,98,91,150
Finished Goods	67,26,60,943		56,21,79,270
		74,43,66,238	60,20,70,420
TOTAL		(15,94,80,882)	14,22,95,818
SCHEDULE K : COST OF MATERIAL			
Raw Materials Consumed		1,26,47,16,361	1,40,54,14,975
Freight & Octroi		86,37,941	91,60,050
Purchase of Finished / Trading Goods		49,47,981	3,64,23,913
TOTAL		1,27,83,02,283	1,45,09,98,938
SCHEDULE L : MANUFACTURING EXPENSES			
Printing Expenses		4,83,32,515	3,61,33,764
Binding Expenses		2,55,13,883	3,45,08,946
Other Manufacturing Expenses		4,18,40,082	3,86,90,251
Power & Fuel		1,35,49,415	1,29,66,641
Content Creation		6,81,001	5,65,713
Stores & Spares Consumed		85,38,625	1,05,34,826
Repairs to Plant & Machinery		66,41,552	76,00,512
TOTAL		14,50,97,073	14,10,00,653

Schedules forming part of the P & L Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year Ended 31st March, 2005	For the Year Ended 31st March, 2004
	Rupees	Rupees
SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	17,04,28,726	15,69,28,430
Contribution to Provident & Other Funds	1,82,06,323	1,60,21,140
Staff Welfare	1,14,44,982	1,18,00,641
TOTAL	20,00,80,031	18,47,50,211
SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES		
Rates & Taxes	28,05,713	30,21,457
Sales Tax	3,17,78,137	3,10,13,205
Rent	1,04,76,758	1,06,21,250
Royalty	5,61,40,025	4,45,68,134
Building Repairs & Maintenance	1,47,10,176	1,69,97,489
Other Repairs	65,82,030	50,81,040
Insurance	78,15,393	75,27,871
Transportation Expenses	7,29,91,716	6,74,41,796
Commission	55,08,885	29,94,113
Advertisement	2,25,65,932	1,68,01,699
Marketing Expenses	3,90,03,932	3,28,34,831
Sales Promotion Expenses	3,17,36,535	1,97,81,932
Discount & Rebate	1,14,94,132	1,11,26,774
Deferred Revenue expenses written off	0	1,09,568
Share Issue Expenses Written off	0	51,811
Bad debts and other irrecoverable advance w/off	6,02,401	3,276
Donation	1,61,91,018	2,26,46,844
Bank Charges	29,64,931	23,29,177
Prior Period Items	2,51,348	(5,71,384)
Other Administrative & Selling Expenses	7,03,37,888	7,17,65,461
TOTAL	40,39,56,950	36,61,46,345
SCHEDULE O : INTEREST		
Debentures	24,98,820	27,91,117
Fixed Loans	0	0
Others	2,21,74,406	1,60,33,994
TOTAL	2,46,73,226	1,88,25,111

For the year ended 31st March, 2005

SCHEDULE P : NOTES TO ACCOUNTS

1) Statement of Significant Accounting Policies

(a) Principles of Consolidation:

Consolidated financial Statements relate to Navneet Publications (India) Ltd. and its subsidiary Navneet Edutainment Ltd. The consolidated financial statements have been prepared on the following basis :

- (i) The financial statements of the Company and its subsidiary Company are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 "Consolidated financial Statements " issued by the Institute of Chartered Accountants of India.
 - (ii) The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised as Goodwill on Consolidation.
 - (iii) Minority's interest in net loss of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net profit attributable to the Company's shareholders.
 - (iv) Minority's interest in net assets of consolidated subsidiary for the year is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
 - (v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- (b) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for Investments

(c) Other Significant accounting Policies

These are set out under "Significant Accounting Policies" as given in separate financial statements of Parent and subsidiary.

2) Estimated amount of Capital Contracts (net of advances) remaining to be executed and not provided for Rs.56.79 Lacs (Previous Year Rs.25.23 Lacs)

3) Contingent Liability

- (a) For disputed Income-tax matters Rs.218.76 Lacs (Previous Year Rs.176.66 Lacs) against which amount paid is Rs.218.76 Lacs (Previous Year Rs.176.66 Lacs)
- (b) Against Bank Guarantee
 - (i) Rs.8.57 lacs (Previous Year Rs.8.57 lacs): The export obligation for import of machinery against licence granted under EPCG scheme has been fulfilled during the year.
 - (ii) Rs. NIL (Previous year Rs.57.50 lacs) : for procurement of material without payment of excise duty to manufacture finished goods for export and procurement of power for factory.
 - (iii) Rs.NIL (Previous Year Rs.90.69 lacs) : The export obligation for import of machinery against licence granted under EPCG scheme has already been fulfilled last year :
- (c) Against Bond
 - (i) Rs.92.13 lacs (Previous Year Rs.NIL) : For fulfilment of export obligation of USD 0.95 lacs equivalent to Rs.41.61 Lac, (Previous Year Rs.NIL) for import of machinery against licence granted under EPCG scheme. The Company has to fulfill the said export obligation by 6th July, 2012.
 - (ii) Rs.380.61 lac (Previous Year Rs.NIL) : For fulfilment of export obligation of US \$ 26.70 lac equivalent to Rs.1172.30 lac (Previous Year Rs.NIL) for import of machinery against licences granted under EPCG scheme. The aforesaid export obligation is over and above

For the year ended 31st March, 2005

fulfilment of yearly export obligation of average export turnover of last 3 years. The Company has to fulfill the said export obligation by 9th November, 2012.

(d) Forward foreign exchange contracts of USD 18.80 and EURO 0.64 Mn (Rs.88.75 cr.) (Previous Year USD 44.51 Mn, Rs.203.59cr.) are open as on balance sheet date.

4) During the year, the Company has spent an amount of Rs.5.61 crores (Previous Year Rs.4.46 Crores) under the head Royalty, the said amount is for payment to various authors who write the books and also for obtaining of publishing rights for books being published and sold by the Company.

5) Total amount of Rs.3.66 lacs (Previous Year Rs.890.12 lacs credited) being the exchange difference is debited to the Profit & Loss account.

6) Goodwill amounting to Rs.213.18 Lacs (Previous Year Rs.195.05) has arisen on consolidation of account between Navneet Publications (India) Ltd. and its subsidiary. Such Goodwill represents excess of Cost of its investments over its share of Equity on the date of acquisition.

7) Related party transactions

Other Related Parties with whom transactions have taken place during the year

Associates

Woodville Stationery Ltd.

Enterprises owned or significantly influenced by key management personnel or their relatives

Navneet Prakashan Kendra
Vikas Prakashan
Gala Publishers
Sandeep Agencies
Ankur Offset
Nav Vikas Trading Pvt. Ltd.

Key Management personnel and Relatives

- (1) Shri A. R.Gala
- (2) Shri D. R.Gala
- (3) Shri H. R.Gala
- (4) Shri S. R.Gala
- (5) Shri J.L.Gala
- (6) Shri J. K.Sampat
- (7) Shri N. N.Shah
- (8) Shri B. A.Gala
- (9) Shri A. D.Gala
- (10) Shri G. D.Gala
- (11) Shri R. H.Gala
- (12) Shri D. C.Sampat
- (13) Shri S. J.Gala
- (14) Shri S. J.Gala
- (15) Shri K. H.Gala
- (16) Shri S. S.Gala
- (17) Shri K. B.Gala

Notes forming part of the Accounts (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2005

Transaction with Related Parties:

Items / Related Parties	Associates	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Total
(i) Purchase,expense and other services from related parties	- (-)	6,51,10,425 (5,22,72,233)	3,30,58,697 (3,08,45,400)	9,81,69,122 (8,31,17,633)
(ii) Purchase of fixed assets	- (-)	- (-)	- (-)	- (-)
(iii) Sales of goods and services	- (-)	- (-)	- (-)	- (-)
(iv) Recovery of expenses	- (-)	- (-)	- (-)	- (-)
(v) Investment in equity shares	- (-)	- (-)	- (-)	- (-)
(vi) Loan received back	- (25,86,500)	- (-)	- (-)	- (25,86,500)
(vii) Balance Outstanding at year end				
Debtors	- (-)	- (-)	- (-)	- (-)
Creditors	- (-)	- (-)	- (-)	- (-)
Loans and advances given	- (-)	- (-)	- (-)	- (-)

8 Earning Per Share :

	2004-2005	2003-2004
	Rs.	Rs.
(a) Net Profit after tax	30,47,64,176	33,61,20,912
Add/(Less) : Excess/(Short) Provision of Earlier Year W/off/back	40,48,464	(2,95,022)
Net Profit available for Equity Shareholders	<u>30,88,12,640</u>	<u>33,58,25,890</u>
(b) Number of Equity Shares	1,90,57,200	19,057,200
(c) Basic and Diluted Earning per share of Rs.10/- each (Not annualised)		
(i) before Extra Ordinary Item	16.20	17.62
(ii) after Extra Ordinary Item	16.20	17.62

9 Lease Transactions :**As a lessor in an Operating Lease**

The existing operating lease agreements permit the lessee to cancel the arrangement before expiry of the normal tenure of the lease. As such, on disclosures are required to be made.

10 Deferred tax liability Comprises of following

	Deferred Tax (asset)/liability as at April 1, 2004	current year charge / (credit)	Deferred Tax (asset)/liability as at March 31, 2005
Depreciation	5,20,24,157	3,71,713	5,23,95,870
Disallowance under section 43B	(15,63,248)	(2,82,181)	(18,45,429)
Others	(16,886)	16,886	-
Total	5,04,44,023	1,06,418	5,05,50,441
Previous Year	4,26,67,891	77,67,132	5,04,44,023

11 Segment Reporting

The Company's operations relates to manufacturing of knowledge based information in educational and general books form as well as in electronic media and in paper and other stationery items. It caters to the educational need of Indian as well as Global market. Accordingly "Publication" and "Stationery" comprise the primary segments.

Secondary segmental reporting is performed on the basis of the geographical location of customers.

The accounting principles and policies used in the preparation of the Financial Statements, as set out in the note on significant accounting policies, are also consistently applied to record revenue and expenditure, in individual segments.

Notes forming part of the Accounts (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

[A] Primary - Business Segments

For the year ended 31st March, 2005
(For the year ended 31st March, 2004)

	Publication	Stationery	Others	Total
Revenue	1,67,81,04,184 (1,45,03,25,867)	1,05,64,95,089 (1,07,05,30,269)	1,36,57,487 (91,19,304)	2,74,82,56,760 (2,52,99,75,440)
Less : Inter Segment Revenue	0 (0)	0 (0)	0 (0)	0 (0)
Net Revenue	1,67,81,04,184 (1,45,03,25,867)	1,05,64,95,089 (1,07,05,30,269)	1,36,57,487 (91,19,304)	2,74,82,56,760 (2,52,99,75,440)
Other Income	76,43,139 (1,51,12,092)	51,85,533 (2,97,87,786)	4,23,314 (0)	1,32,51,987 (4,48,99,879)
Segment Revenue	1,68,57,47,323 (1,46,54,37,959)	1,06,16,80,622 (1,10,03,18,055)	1,40,80,801 (91,19,304)	2,76,15,08,746 (2,57,48,75,318)
Segment Results	45,79,53,312 (39,64,57,451)	9,92,62,877 (14,38,84,994)	29,86,397 (20,60,131)	56,02,02,586 (54,24,02,576)
Add : Unallocated Other Income				-66,97,961 (3,83,60,582)
Less : Financial Expenses				2,46,73,226 (1,88,25,111)
Less : Unallocable Expenditures (net of interest income)				6,69,60,805 (5,85,41,002)
Profit Before Taxation				46,18,70,594 (50,33,97,044)
Provision for Taxation (current tax and deferred tax)				15,71,06,418 (16,72,76,132)
Profit after taxation				30,47,64,176 (33,61,20,912)
Segment Assets	1,34,08,69,500 (1,15,02,09,049)	88,62,94,692 (10,494,46,867)	69,73,938 (81,83,596)	2,23,41,38,130 (2,20,78,39,512)
Unallocated Assets				10,79,39,126 (41,60,22,700)
Total Assets				2,34,20,77,256 (2,62,38,62,213)
Segment Liabilities	6,46,02,097 (3,92,11,651)	8,46,97,858 (7,40,06,991)	1,21,035 (4,99,151)	14,94,20,990 (11,37,17,792)
Unallocated Liabilities				50,27,42,647 (86,59,27,371)

	Publication	Stationery	Others	Total
Total Liabilities				65,21,63,637 (97,96,45,163)
Depreciation on Segmental Assets	4,17,72,415 (3,76,61,042)	3,42,22,341 (3,82,17,474)	10,89,023 (12,64,982)	7,70,83,779 (7,71,43,498)
Unallocated Depreciation				1,25,07,320 (1,36,39,438)
Amortization				0 (1,61,379)

Notes :

- 1 Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the respective segment , however , revenue and expenses which can not be identified or allocated reasonably to a segment being related to the enterprise as a whole have been grouped as unallocable.
- 2 Segment assets and segment liabilities represent assets and liabilities of respective segments , however the assets and liabilities not identifiable or allocable on resonable basis being related to enterprise as a whole have been grouped as unallocable.
- 3 The business which have been grouped under "Others" segment comprises of revenue from generation of power by windmill , sale of trading items etc.

[B] Secondary - Geographical Segments

**For the year ended 31st March, 2005
(For the year ended 31st March, 2004)**

	North & Central America	Africa	Europe	Australia & Oceania	Rest of the world except India	India	Total
Segment Revenue	24,80,69,611 (27,41,44,077)	16,04,86,748 (15,18,11,370)	3,40,63,601 (2,51,88,171)	26,13,671 (31,56,106)	3,60,18,753 (9,97,88,379)	2,28,02,56,362 (2,02,07,87,215)	2,76,15,08,746 (2,57,48,75,318)
Segment Assets	14,09,69,254 (12,89,69,540)	1,93,76,812 (2,05,63,861)	56,33,229 (8,14,295)	7,17,091 (0)	3,34,22,476 (4,97,97,704)	2,14,19,58,394 (2,42,37,16,813)	2,34,20,77,256 (2,62,38,62,213)

12. Previous Year Figures have been regrouped/rearranged wherever necessary.

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 21st July, 2005

M. J. Thakar
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Cash Flow Statement (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year ended 31st March, 2005		For the Year ended 31st March 2004	
	Rupees	Rupees	Rupees	Rupees
(A) Cash Flow from Operating Activities :				
Net Profit before tax and extraordinary items		46,18,70,594		50,33,97,043
Adjusted for :				
Add :				
Depreciation	8,95,91,099		9,07,82,936	
Deferred revenue expenditure (NET) write off	0		1,61,379	
Loss on sale of Fixed Assets	4,66,448		0	
Loss on sale of Investments	0		8,09,108	
Interest and Finance Charges	2,46,73,226		1,88,25,111	
Interest and Finance Income From Operation	1,04,79,777		2,24,13,434	
	<u>12,52,10,550</u>		<u>13,29,91,968</u>	
Less :				
Investment Income	57,70,123		59,48,373	
Profit on Sale of Investment	17,68,792		0	
Profit on Sale of Fixed Assets	0		57,821	
Interest and Financial Income	67,47,172		7,76,77,991	
Interest on Income tax refund	64		129	
	<u>1,42,86,151</u>		<u>8,36,84,314</u>	
		11,09,24,399		4,93,07,654
Operating Profit before working capital changes		<u>57,27,94,993</u>		<u>55,27,04,697</u>
Adjusted for :				
Add/(Less) : (Decrease)/Increase in trade payables	2,66,03,403		(75,63,606)	
Decrease /(Increase) in inventories	9,55,03,070		(16,44,63,268)	
Decrease/(Increase) in trade and other receivables	(5,75,75,570)		11,33,61,439	
		6,45,30,903		(5,86,65,435)
Cash Generated from Operations		<u>63,73,25,896</u>		<u>49,40,39,262</u>
Add /(Less): Direct Taxes Paid	(17,35,15,228)		(14,80,38,244)	
		<u>(17,35,15,228)</u>		<u>(14,80,38,244)</u>
Cash Flow before extraordinary items :		<u>46,38,10,668</u>		<u>34,60,01,017</u>
Net Cash flow from Operating Activities (A)		46,38,10,668		34,60,01,017
(B) Cash Flow from Investing Activities :				
Inflow :				
Proceeds from Sale of Fixed Assets	16,47,558		80,56,504	
Investment Income	57,70,123		59,48,373	
Interest Income from Investing	87,94,419		47,67,419	
Short-term Loans	1,00,76,616		0	
Proceeds from sale of Investment	21,17,91,680		0	
	<u>23,80,80,396</u>		<u>1,87,72,296</u>	
Outflow :				
Purchase of Fixed Assets	12,87,20,161		8,93,23,870	
Purchase of Investments	0		13,33,81,594	
Purchase of Minority Interest of Subsidiary Co.	1,500		0	
Short term loans	0		45,74,048	
	<u>12,87,21,661</u>		<u>22,72,79,512</u>	
Net Cash flow from Investing Activities (B)		(10,93,58,735)		(20,85,07,216)

Cash Flow Statement (Consolidated) (Contd.)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year ended 31st March, 2005		For the Year ended 31st March 2004	
	Rupees	Rupees	Rupees	Rupees
(C) Cash Flow from Financing Activities :				
Inflow :				
Proceeds from Re-issue of Share Capital-Incl. Premium	0		0	
Proceeds from Long term Borrowing	0		0	
Proceeds/repayments from short term loans	0		7,74,05,449	
Proceeds from Issue of Debentures	5,00,00,000		0	
Income from financing activity	0		4,96,13,683	
	<u>5,00,00,000</u>		<u>12,70,19,132</u>	
Outflow :				
Repayment of Finance/Lease Liabilities	0		0	
Repayment of Debentures	0		0	
Interest / Charges Paid for Financing Activities	3,90,84,667		1,88,23,731	
Short Term Loans	43,49,17,606		0	
Dividend Paid (Inclusive of Dividend-Tax)	16,34,17,329		23,20,08,531	
	<u>63,74,19,602</u>		<u>25,08,32,262</u>	
Net Cash flow from Financing Activities (C)		(58,74,19,602)		(12,38,13,130)
Net Increase/(Decrease) in Cash and Cash Equivalents (A - B - C)		(1,42,50,199)		1,36,80,672
Cash and Cash Equivalents as at the commencement of the year (Opening Balance) (As shown in schedule 'G' of the Balance Sheet)	1,91,45,793		1,97,15,320	
Cash and Cash Equivalents as at the end of the year (Closing Balance) (As shown in schedule 'G' of the Balance Sheet)	3,33,95,992		3,33,95,992	
Net Increase /(Decrease) as disclosed above		(1,42,50,199)		1,36,80,672

Note:

Significant Accounting Policies and Notes Forming Part of the Accounts and Contingent Liabilities as per Schedule 'P'

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 21st, July, 2005

M. J. Thakar
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Balance Sheet Abstract

Accounting Year : 2004 - 2005

Additional Information as required Under Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract and the Company's General Business Profile.

1. Registration Details

Registration no. 3 4 0 5 5 State Code No. 1 1 (Refer Code List 1) Balance Sheet Date 3 1 0 3 2 0 0 5

2. Capital Raised During the period (Amount in Rs Thousands)

Public Issue	Right Issue
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N <input type="text"/> I <input type="text"/> L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N <input type="text"/> I <input type="text"/> L
Bonus Issue	Private Placement
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N <input type="text"/> I <input type="text"/> L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N <input type="text"/> I <input type="text"/> L

3. Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)

Total Liabilities	Total Assets
<input type="text"/> <input type="text"/> 2 <input type="text"/> 1 <input type="text"/> 8 <input type="text"/> 2 <input type="text"/> 4 <input type="text"/> 0 <input type="text"/> 4	<input type="text"/> <input type="text"/> 2 <input type="text"/> 1 <input type="text"/> 8 <input type="text"/> 2 <input type="text"/> 4 <input type="text"/> 0 <input type="text"/> 4

Sources of Funds

Paid-up Capital	Reserve & Surplus
<input type="text"/> <input type="text"/> 1 <input type="text"/> 9 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 7 <input type="text"/> 2	<input type="text"/> <input type="text"/> 1 <input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 4 <input type="text"/> 7 <input type="text"/> 2 <input type="text"/> 8
Secured Loans	Unsecured Loans
<input type="text"/> <input type="text"/> 2 <input type="text"/> 5 <input type="text"/> 8 <input type="text"/> 7 <input type="text"/> 3 <input type="text"/> 3	<input type="text"/> <input type="text"/> 1 <input type="text"/> 3 <input type="text"/> 7 <input type="text"/> 8 <input type="text"/> 2 <input type="text"/> 0
Deferred Tax Liability	
<input type="text"/> <input type="text"/> 5 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 0	

Application of Funds

Net Fixed Assets	Investments	
<input type="text"/> <input type="text"/> 7 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 2 <input type="text"/> 3 <input type="text"/> 6	<input type="text"/> <input type="text"/> 7 <input type="text"/> 1 <input type="text"/> 5 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 5	
Net Current Assets	Deferred Revenue Expenditure	Accumulated Losses
<input type="text"/> <input type="text"/> 1 <input type="text"/> 4 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 6 <input type="text"/> 6 <input type="text"/> 7	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N <input type="text"/> I <input type="text"/> L	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N <input type="text"/> I <input type="text"/> L

4. Performance of the Company (Amount in Rs Thousands)

Turnover	Total Expenditure
<input type="text"/> <input type="text"/> 2 <input type="text"/> 7 <input type="text"/> 4 <input type="text"/> 5 <input type="text"/> 3 <input type="text"/> 7 <input type="text"/> 0	<input type="text"/> <input type="text"/> 2 <input type="text"/> 1 <input type="text"/> 3 <input type="text"/> 3 <input type="text"/> 8 <input type="text"/> 9 <input type="text"/> 0
+ - Profit / (Loss) before tax	+ - Profit / (Loss) after tax
<input type="text"/> <input type="text"/> + <input type="text"/> 4 <input type="text"/> 6 <input type="text"/> 6 <input type="text"/> 2 <input type="text"/> 7 <input type="text"/> 1	<input type="text"/> <input type="text"/> + <input type="text"/> 3 <input type="text"/> 0 <input type="text"/> 9 <input type="text"/> 1 <input type="text"/> 6 <input type="text"/> 5
Earnings per share (in Rs.)	Dividend (%)
<input type="text"/> <input type="text"/> 1 <input type="text"/> 6 <input type="text"/> . <input type="text"/> 4 <input type="text"/> 4	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 7 <input type="text"/> 5

5. Generic Names of three Principal Products / Services of the Company

Item Co No. (ITC Code)	Product Description
<input type="text"/> 4 <input type="text"/> 9 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 1	P R I N T E D B O O K
<input type="text"/> 4 <input type="text"/> 9 <input type="text"/> 0 <input type="text"/> 3 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 0	C H I L D R E N ' S
<input type="text"/> 4 <input type="text"/> 8 <input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 2	P I C T U R E B O O K
	L E T T E R P A D S

Details of Subsidiary

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Subsidiary Company for the year ended 31st March, 2005

1. Name of the Subsidiary Company	Navneet Edutainment Ltd.
2. Financial Year of the Subsidiary Company	31st March, 2005
3. No. of Shares held in Subsidiary Company as on the above date	73,00,000 Equity Shares @ Rs.10/- each
4. % of holding (Equity)	100%
5. % of holding (Preference)	NIL
6. The net aggregate of Profit (Losses) of the Subsidiary Company so far as they concern the members of the Company	
a) Dealt with in the Accounts of the Company for the year ended 31st March, 2005	NIL
b) Not Dealt with in the Accounts of the Company for the year ended 31st March 2005	(Rs.44,00,787/-)
7. The net aggregate of Profit (Losses) of the Subsidiary Company for the previous financial years since it became a Subsidiary Company so far as they concern the members of the Company	
a) Dealt with in the Accounts of the Company for the year ended 31st March, 2005	NIL
b) Not Dealt with in the Accounts of the Company for the year ended 31st March, 2005	(Rs.6,38,02,171/-)
8. Changes in the interest of the Company between the end of the financial year of the Subsidiary Company and of the Company's Financial year ended 31st March, 2005	NIL
9. Material changes between the end of the Financial year of the Subsidiary Company and the Company's Financial year ended 31st March, 2005	
a) Fixed Assets	NIL
b) Investments	NIL
c) Money Lent	NIL
d) Money borrowed other than those for meeting current liabilities	NIL

Navneet Edutainment Limited

Corporate Information

Board of Directors

Amarchand R. Gala	Director
Navin N. Shah	Director
Anil D. Gala	Director
Gnanesh D. Gala	Director
Raju H. Gala	Director
Shailendra J. Gala	Director
Ketan B. Gala	Director

Auditors

Ghalla & Bhansali
Chartered Accountants, Mumbai

Registered Office

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

Bankers

ICICI Bank Ltd
Uco Bank

e-mail

ned@connectschool.com

Website

www.connectschool.com

Dear Shareowners,

Your Directors have pleasure in presenting their Eighth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2005.

(1) Financial Results

During the year under review, the Company incurred a loss of Rs.44.00 Lacs as against Rs.156.29 Lacs in the previous year ended 31st March, 2004. The accumulated losses of Rs.682.03 Lacs was carried forward to the Balance Sheet.

(2) Operations

The turnover increased by 32% from Rs. 41.61 Lacs to 55.09 Lacs

(3) Share Capital

The paid up share capital of the Company has increased during the year from Rs.700 Lacs to Rs.730 Lacs.

(4) Directorate

Shri Navin N. Shah, Shri Amarchand R. Gala, Shri Gnanesh D. Gala and Shri Shailendra J. Gala are retiring by rotation and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

(5) Fixed Deposits

Your Company had not accepted any Fixed Deposits during the year under review.

(6) Conservation of Energy, Technology Absorption, Foreign

Exchange Earnings and Outgo

Your Company being a service oriented Company, the data required by the Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988 are not furnished. The Company did not import any specific technology. The Company neither earned nor spent any foreign exchange during period under review.

(7) Particulars of Employees

Particulars of Employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, are not given as no employees were in receipt of the remuneration prescribed.

(8) Director's Responsibility Statement

Your Director hereby states :

- (a) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (b) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year.
- (c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) that the directors had prepared the Annual Accounts on a going concern basis.

(9) Auditors

M/s. Ghalla & Bhansali, Chartered Accountant, the Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting. Your Company has received a letter from M/s. Ghalla & Bhansali to the effect that their re-appointment if made would be within the prescribed limits. The Board recommends their re-appointment.

(10) Acknowledgement

Your Directors take this opportunity to place on record their warm appreciation for the valuable contribution, untiring efforts and dedication demonstrated by employees and officers at all levels.

BY ORDER OF THE BOARD
AMARCHAND R. GALA
DIRECTOR

PLACE : MUMBAI
DATE : 15th July, 2005

To the members of

Navneet Edutainment Ltd.

We have audited the annexed Balance Sheet of NAVNEET EDUTAINMENT LIMITED, as at 31st March 2005, and also annexed Profit and Loss Account of the Company for the period ended on that date 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.

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 disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - 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 appears from our examination of those books.

- c. The Balance sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;
- d. In our opinion, the Balance sheet and Profit and Loss Account comply with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors, as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with the significant Accounting policies and other notes thereon and attached thereto, give in the prescribed manner the information required by the Companies Act, 1956, and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005; and
 - b. In the case of the Profit And Loss Account, of the profit for the period ended on that date;

Place : Mumbai
Date : 15th July, 2005

For Ghalla & Bhansali
Chartered Accountants
Haresh K. Chheda
Partner

(Referred to in paragraph 1 of our report of even date on the accounts for the period ended 31st March, 2005 of Navneet Edutainment Limited)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
b) All the assets have not been verified by the management during the year but, according to the information and explanations given to us, and in our opinion the intervals for verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the books records and the physical inventory have been noticed in respect of the assets physically verified.
c) The Company has not disposed of any fixed assets during the year and hence Clause 4(i) (c) of Companies Auditors Report orders, 2003 is not applicable
2. a) The inventory of the Company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
c) In our opinion and according to the information and explanation given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between stock and the book records were not material.
3. a) In our opinion and according to information and explanation given to us, and as it appears from Register maintained under section 301 of the Companies Act, 1956, the Company has not granted any loans, secured or unsecured, from companies, firms or other parties listed in the said Register.
b) The Company has not granted any loans and hence clause 4(iii)(b) of Companies Auditors Report 2003 relating whether the rate of interest and other terms and conditions of loan given by the Company secured or unsecured are prime facie prejudicial to the interest of the Company is not applicable to the Company.
- c) The Company has not granted any loans and hence clause 4(iii)(c) of Companies Auditors Report 2003 relating to regularity of receipt of principal loans and interest is not applicable to the Company.
- d) The Company has not granted any loans and hence clause 4(iii)(d) of Companies Auditors Report 2003 relating to steps taken for recovery of principal and interest in case of overdue of amount more than rupee one lakh is not applicable to the Company.
- e) In our opinion and according to information and explanation given to us, and as it appears from Register maintained under section 301 of the Companies Act, 1956, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the said Register.
- f) The Company has not taken any loans and hence clause 4(iii)(f) of Companies Auditors Report 2003 relating to whether the rate of interest and other terms and conditions on which the loans have been taken by the Company are not prima-facie, prejudicial to the interest of the Company is not applicable to the Company.
- g) The Company has not taken any loans and hence clause 4(iii)(g) of Companies Auditors Report 2003 relating to payment of principal amount and interest is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in internal control.
5. a) In our opinion and to the best of our knowledge and belief, and according to information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under section 301 of the Companies Act, 1956.
b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 that are exceeding the value of five lakhs in respect of any party during the year

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from Public. Hence, question of compliance with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the acceptance of deposits from the public does not arise.
7. In our opinion and according to the information and explanations given to us, there is no internal audit system in existence and it may not be required considering the size of the business.
8. To the best of our knowledge and as explained to us, the Central Government has not prescribed maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, for the industry in which the Company operates.
9. a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and others as applicable have been regularly deposited by the Company during the year with the appropriate authorities.
b) According to information and explanation given to us, there are no dues outstanding of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The accumulated losses of the Company are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year and the immediately preceding such financial year also.
11. The Company has not taken any loan from financial institution or bank nor issued any debenture during the year hence clause 4(xi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence clause 4(xii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
13. The Company is not chit or a nidhi/mutual benefit fund/society; therefore, the clause (xiii) of the paragraph 4 of the order is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. Hence clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loans. Accordingly, clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
17. According to information and explanations given to us and on overall examination of the balance sheet of the Company, we report that the Company has not raised any funds on short-term basis. Hence clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
18. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
19. According to the information and explanations given to us, the Company has not issued any debentures and hence clause 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
20. The Company has not raised any money by public issue during the year. Hence clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
21. According to the information and explanations given to us, during the year, no fraud by or on the Company has been noticed or reported during the course of our audit.

Place : Mumbai
Date : 15th July, 2005

For Ghalla & Bhansali
Chartered Accountants
Haresh K. Chheda
Partner
Membership No. 38262

Balance Sheet

NAVNEET EDUTAINMENT LIMITED

	Schedule	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
Sources of Funds			
Shareholders' Funds			
Share Capital	A	7,30,00,000	7,00,00,000
Total Funds Employed		7,30,00,000	7,00,00,000
Application of Funds			
Fixed Assets (Gross Block)			
Fixed Assets	B	1,14,17,970	1,14,08,020
Less: Depreciation		75,65,479	64,72,502
Net Block		38,52,491	49,35,518
Current Assets, Loans & Advances			
Sundry Debtors	C	3,96,971	15,000
Inventory		2,53,887	-
Cash & Bank Balance		6,44,241	11,33,924
Loans & Advances		1,20,422	16,96,749
		14,15,521	28,45,672
Less : Current Liabilities & Provisions			
Current Liabilities	D	4,70,971	15,83,361
		4,70,971	15,83,361
Net Current Assets		9,44,550	12,62,311
Deficit in Profit & Loss Account		6,82,02,958	6,38,02,171
Total Funds Utilised		7,30,00,000	7,00,00,000

Significant Accounting Policies and Notes forming part of the Accounts

K

As per our report of even date attached hereto
For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

A. R. Gala
Director

G. D. Gala
Director

Haresh K. Chheda
Partner

Mumbai, 15th July, 2005

Profit and Loss Account

NAVNEET EDUTAINMENT LIMITED

	Schedule	For the year ended 31st March, 2005 Rupees	For the year ended 31st March, 2004 Rupees
Income			
Turnover	E	55,09,146	41,61,034
Other Income	F	18,071	7,359
Increase / (Decrease) in stocks	G	2,53,887	–
		<u>57,81,104</u>	<u>41,68,393</u>
Expenditure			
Content Creation		6,81,001	5,65,713
CD-ROM Manufacturing Expenses	H	10,70,066	16,75,040
Payment to and Provisions for Employees	I	45,42,571	67,75,520
Administration and Other Expenditure	J	27,95,276	93,38,214
		<u>90,88,915</u>	<u>1,83,54,487</u>
Loss before Depreciation and Tax		(33,07,811)	(1,41,86,094)
Depreciation		10,92,977	14,43,165
Loss before Tax		(44,00,787)	(1,56,29,259)
Provision for Tax		–	–
Loss after Tax		(44,00,787)	(1,56,29,259)
Add : Balance Brought forward from Last Year		(6,38,02,171)	(4,81,72,912)
Deficit carried to Balance Sheet		<u>(6,82,02,958)</u>	<u>(6,38,02,171)</u>
Significant Accounting Policies and Notes forming part of the Accounts	K		

As per our report of even date attached hereto
For and on behalf of :

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner

Mumbai, 15th July, 2005

For and on behalf of the Board

A. R. Gala
Director

G. D. Gala
Director

Schedules forming part of the Balance Sheet

NAVNEET EDUTAINMENT LIMITED

	As at 31st March, 2005	As at 31st March, 2004
	Rupees	Rupees
SCHEDULE A : SHARE CAPITAL		
Authorised Share Capital :		
75,00,000 (75,00,000) Equity Shares of Rs.10/- each	<u>7,50,00,000</u>	<u>7,50,00,000</u>
Issued and Subscribed Capital and Paid-up Share Capital		
73,00,000 (70,00,000) Equity Shares of Rs.10/- each	7,30,00,000	7,00,00,000
(of above 1,50,000 equity shares are issued for consideration other than cash)	<u>7,30,00,000</u>	<u>7,00,00,000</u>

SCHEDULE B : FIXED ASSETS

Sr. No.	Description of Assets	Gross Block				Depreciation				Net Block	
		Cost as on 01.4.2004	Additions during the year	Deductions during the year	Cost as on 31.03.2005	Provided up to 31.03.2004	For the year	Deductions on Sale/Transfer	Total up to 31.03.2005	As on 31.03.2005	As on 31.03.2004
1.	Plant & Machinery	70,54,340	8,750	0	70,63,090	42,69,821	6,57,317	0	49,27,138	21,35,952	27,84,519
2.	Office Equipment	4,90,482	1,200	0	4,91,682	2,04,176	98,150	0	3,02,326	1,89,356	2,86,306
3.	Furniture & Fixtures	37,33,472	0	0	37,33,472	18,68,779	3,37,509	0	22,06,288	15,27,184	18,64,693
4.	Software	1,29,726	0	0	1,29,726	1,29,726	0	0	1,29,726	0	0
	Total	1,14,08,020	9,950	0	1,14,17,970	64,72,502	10,92,977	0	75,65,479	38,52,491	49,35,518
	Previous Year	1,08,15,294	5,92,726	0	11,40,80,020	50,29,337	14,43,165	0	64,72,502	49,35,518	57,85,957

Schedules forming part of the Balance Sheet

NAVNEET EDUTAINMENT LIMITED

	As at 31st March, 2005		As at 31st March, 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE C: CURRENT ASSETS, LOANS & ADVANCES				
Current Assets				
Sundry Debtors :				
(Unsecured, considered good)				
More than Six Months		0		0
Others		3,96,971		15,000
		<u>3,96,971</u>		<u>15,000</u>
Cash & Bank Balances				
Cash on Hand		8,629		14,339
Balance with Scheduled Banks		6,35,612		11,19,585
		<u>6,44,241</u>		<u>11,33,924</u>
Loans and Advances				
(Unsecured considered good)				
Deposits :				
Telephone Deposit	0		5,000	
Deposit with BMC	4,400		0	
National Saving Certificate	5,000		0	
Office Deposit	–	9,400	15,27,000	15,32,000
				<u>15,32,000</u>
Advances :				
Income Tax Paid	4,062		1,944	
Advance to Staff	18,430		28,950	
Advance Receivable in Cash or Kind	88,530	1,11,022	1,33,855	1,64,749
		<u>1,20,422</u>		<u>1,64,749</u>
SCHEDULE D: CURRENT LIABILITIES & PROVISIONS				
Sundry Creditors		343		2,26,115
Other Liabilities		4,70,628		13,57,246
		<u>4,70,971</u>		<u>15,83,361</u>

Schedules forming part of the Profit & Loss Account

NAVNEET EDUTAINMENT LIMITED

	For the year ended 31st March, 2005		For the year ended 31st March, 2004	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE E : TURNOVER				
Sales (Net)		28,86,346		14,60,999
Content providing fees (TDS NIL; Previous Year Rs. 296/-)		26,22,800		27,00,035
		<u>55,09,146</u>		<u>41,61,034</u>
SCHEDULE F : OTHER INCOME				
Other Income		64		129
Bank Interest (TDS Rs.3,766/-; Previous Year Rs.1,648/-)		18,007		7,230
		<u>18,071</u>		<u>7,359</u>
SCHEDULE G : INCREASE / (DECREASE) IN STOCK				
Closing Stock		2,53,887		-
Finished Goods		-		-
Opening Stock		-		-
Finish Goods		-		-
		<u>2,53,887</u>		<u>-</u>
SCHEDULE H : CD-ROM MANUFACTURING EXPENSES				
Cover Printing Expenses		1,06,378		2,71,669
CD-ROM Replication Expenses		2,88,458		5,12,877
Packaging Expenses		4,11,616		4,80,615
Stamper Charges		52,500		1,35,000
Other Expenses		2,11,114		2,74,879
Total		<u>10,70,066</u>		<u>16,75,040</u>
SCHEDULE I : PAYMENT TO AND PROVISIONS FOR EMPLOYEES				
Director Remuneration		6,22,164		-
Salary		36,93,293		62,46,374
Contribution to Provident Fund & Other Funds		2,09,819		3,95,327
Staff Welfare		17,296		1,33,819
Total		<u>45,42,571</u>		<u>67,75,520</u>

Schedules forming part of the Profit & Loss Account

NAVNEET EDUTAINMENT LIMITED

		For the year ended 31st March, 2005	For the year ended 31st March, 2004
		Rupees	Rupees
SCHEDULE J : ADMINISTRATIVE AND OTHER EXPENSES			
Repairs and Maintenance			
Plant & Machinery	92,414	2,25,884	
Building	37,200	23,831	
Others	7,520	74,248	3,23,963
Professional Charges		2,44,855	18,31,798
Advertisement Expenses		10,262	1,77,432
Canvassing Expenses		4,56,822	12,24,849
Office Rent		9,43,400	23,38,460
Printing and Stationery		64,455	2,36,828
Share Issue Expenses Written Off		0	50,894
Telephone Expenses		88,877	2,66,490
Sales / Business Promotion		16,586	4,99,891
Membership and Subscription Fees		69,867	2,64,931
Electric Expenses		2,73,113	7,07,599
Office Expenses		7,354	64,841
Travelling Expenses		0	7,30,802
Conveyance		11,819	1,32,914
Gift & Presentation		1,002	0
Security Guard Expenses		60,945	1,16,389
Rates & Taxes		2,22,800	2,07,485
Sales Tax		42,207	66,644
Income Tax		4,639	0
Previous Year Expense		18,425	0
Other Administrative Expenses		1,20,715	96,006
Total		27,95,276	93,38,215

SCHEDULE K: NOTES TO ACCOUNTS

Notes forming part of the Accounts for the year ended 31st March 2005.

1. Statement of Significant Accounting Policies:

(A) Accounting Convention: The accounts are prepared on an accrual basis and under the historical cost convention.

(B) Fixed Assets: Fixed Assets have been stated at cost. Cost comprises of purchase price and all other attributable cost of bringing the asset to its working condition for its intended use.

(C) Depreciation:

(i) Depreciation on Fixed Assets is provided on Written Down Value method in accordance with the rates, as prescribed in Schedule XIV to the companies Act, 1956.

(ii) Depreciation on fixed assets added / disposed off during the year has been provided on pro-rata basis with reference to the month of addition or disposal.

(D) Expenditure during construction period: Expenses during construction period are included under capital work-in-progress and the same are allocated to the respective fixed asset on the completion of construction. There is no capital work-in-progress as on the date of balance sheet.

(E) Retirement Benefits: The Company has made provision in respect of total present liability for future payment of leave encashment and gratuity.

(F) Inventories: Finished Goods inventories are valued at lower of cost and estimated realizable values.

(G) Foreign Currency Transaction: The realized gains and losses on foreign exchange transaction other than those relating to fixed assets are recognized in the profit and loss account.

2. Contingent Liabilities: Nil (Previous Year Rs. Nil)

3. Payment to and provision for Employees includes, Managing and Whole Time Director's Remuneration under Section 198 of Companies Act, 1956.

Particulars	Year ended 31.03.2005	Year ended 31.03.2004
Salary & Bonus	Rs. 5,77,458	Rs. Nil
Contribution to Provident Fund	Rs. 44,706	Rs. Nil
Total	Rs. 6,22,164	Rs. Nil

4. Computation of Net Profit as per Sec.349 read with Sec.309(5) and Sec. 198 of the Companies Act, 1956:

	Year ended 31.03.2005	Year ended 31.03.2004
Loss before tax as per Profit & Loss A/c.	44,00,787	1,56,29,259
Less: Expenses not to be considered as per Sec.349		
Directors Remuneration	6,22,164	Nil
Add: Income not to be considered	Nil	Nil
Net Loss Computed as per Section 349 of the Companies Act, 1956	<u>37,78,623</u>	<u>1,56,29,259</u>

5. Auditors Remuneration:

	Current Year	Previous Period
Audit Fees	16,530	16,200
Tax Audit Fees	16,530	16,200
Other Matters	25,000	1,600

6. Information as regards to Income earned during the period.

	Value in Rupees
Sales	28,85,926
	(14,60,999)
Content Providing Fees	26,44,800
	(27,00,035)

7. Opening & Closing Stock

Opening: Finished Goods	Nil
	(Nil)
Closing: Finished Goods	253,887
	(Nil)

8. Value of Imports on C.I.F. Basis

Nil

Nil

9. Expenditure in Foreign Currency

Nil

(Rs. 4,44,269)

10. Earning in Foreign Exchange

Rs.16,17,080

(Nil)

11. Previous Year Figures have been regrouped/rearranged wherever necessary.

Notes forming part of the Accounts

NAVNEET EDUTAINMENT LIMITED

For the year ended 31st March, 2005

12. Related Party Transaction

The Company had transactions with following related parties:

(a) Party where control exists :

Navneet Publications (India) Limited

Parent Company holding 100% of equity share capital of the Company

(b) Other related parties with whom transactions have taken place during the year

Key Management Personnel

Mr. Ketan B. Gala

(c) Transactions with Related Parties:

Items / Related Parties

Parent Company

Key Management personnel

Total

i) Purchases, Expenses and Other Services from related Parties

70,000

6,22,164

6,92,164

(-)

(-)

(-)

ii) Sales of Goods & Services

26,23,463

-

26,23,643

(26,63,652)

(-)

(26,63,652)

iii) Subscription to Equity Shares

30,00,000

-

30,00,000

(1,34,97,000)

(-)

(1,34,97,000)

Balance Outstanding at Year End

Debtors

-

-(-)

-

(8,44,500)

(-)

(8,44,500)

13. Sundry Creditors under schedule E includes Rs. Nil (Previous Year Rs. Nil) due to small scale industries.

14. The Company has adopted Accounting Standard 22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. The Company has net deferred tax assets as at 31.03.2004 as well as at 31.03.2005. Deferred tax asset is arising mainly on account of unabsorbed depreciation and carried forward losses under the tax laws which have not been considered for recognition as there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. Therefore such deferred tax asset has not been recognized in the accounts of the Company.

15. Earning Per Share:

	2004 2005	2003 04
Net Loss after tax	(44,14,267)	(1,56,29,259)
No of Equity Shares	73,00,000	70,00,000
Basic and diluted EPS of Rs.10/- each	Rs. (0.60)	Rs. (2.23)

16. Comparative figures of previous year are shown in Brackets.

As per our report of even date attached hereto

For & On behalf of :

Ghalla & Bhansali

Chartered Accountants

Haresh K. Chheda

Partner

Mumbai, 15th July 2005

For and on behalf of the Board

A.R. Gala

Director

G.D. Gala

Director

Balance Sheet Abstract

Additional Information as required Under Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract and the Company's General Business Profile.

1. Registration Details

Registration no. State Code No. (Refer Code List 1) Balance Sheet Date

2. Capital Raised During the year (Amount in Rs Thousands)

Public Issue <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Right Issue <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
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3. Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands)

Total Liabilities <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 7 3 0 0 0	Total Assets <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 7 3 0 0 0
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Sources of Funds

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Application of Funds

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4. Performance of the Company (Amount in Rs Thousands)

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Earnings per share (in Rs.) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Dividend (%) <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

5. Generic Names of three Principal Products / Services of the Company

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Acquisition made in Spain

Shri. Dilip Sampat, President (International Business) receiving IPRs from
Mr. Jose Luise Mejias Cubero, of Grafalco S. A., Spain on 27-6-2005



Left to Right - Mr. Dilip Sampat (Navneet), Ramiro Gonzalez (Legal Advisor),
Sanitiago Orío and Juan Manual Redondo (Merchant Bankers), and Jose Luis Mejias Cubero (Grafalco S.A.)



Where knowledge is wealth™