



Where knowledge is wealth™



ANNUAL REPORT
2006-2007



To provide the highest quality of educational products to customers across the globe in the language / medium of their choice

mission



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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
Hasmukh Gadhecha	Director

Company Secretary

Amit D. Buch

Auditors

Ghalla & Bhansali
Chartered Accountants, Mumbai

Bankers

EXIM Bank
ICICI Bank Ltd.
ABN AMRO
BNP Paribas
Bank of Nova Scotia
Kotak Mahindra Bank Ltd.

Registered Office

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

Ahmedabad Office

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

Works

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

e-mail

investors@navneet.com

Website

www.navneet.com

Dear Shareowners,

India stands in the midst of knowledge transformation. Across the country literacy is fast improving year after year. With the exponential growth in Indian economy, disposable household income, and resultant spending, has been increasing. Parents/Students now prefer quality products in all product categories including those of your company. Various initiatives of the central government on increasing the literacy as well as quality education have also contributed to increasing the awareness for quality educational products. Students have now wider choice of selecting their future. Your company foresees a bright future for knowledge-based companies across the country.

In keeping with projections made last year, the proportion of publishing business to stationery business has increased in the year under review. Publishing new syllabus based books on time with intact quality has been a great challenge for your company. With the experience and expertise gathered over the last four decades, your company managed to publish the required titles almost in time with the help of experienced authors. Competition is increasing every year. But with the faith in the quality of our publications by the teaching and student community across the two states now has been the proof with revenues in publishing increasing to the expected numbers. Your company expects to show the same performance in future.

By appointing proper distributors channel in neighboring countries your company expects growth in export volumes of publication products.

The brand and the titles of "Grafalco", belonging to your company's subsidiary are well accepted in Spain. We are confident of leveraging the 30-year old brand in a few years when we expect the subsidiary to be a significant contributor to the bottom line of your company.

Competition in paper stationery products in domestic market is increasing but simultaneously every year the share of unorganized market is being taken away by the organized players like your company. The organic growth in domestic paper stationery business is clear and in the years to come, this business also will become another significant contributor to the top line and bottom line of your company. Your company's non-paper based stationery products have been received well by the domestic market and in few years we see this business also growing to become a valuable volume business.

Exports of paper stationery have been declining, but your company is striving to recoup the business by offering different products and also by exploring exports to different geographic areas.

Electronic learning is now being encouraged by schools and respective state governments. Real usage and benefit of such learning would be achieved well only with the involvement of teaching community. Your company is closely examining the product needs of the community and will enter the market at the right time.

In the first quarter of the current year, publications sales have improved but not to the levels expected as all the new titles were introduced during June and therefore could not be distributed in full quantities as required by the market. The additional sales would spill over in the following quarter. Exports of stationery have declined, On the other hand, stationery sales in domestic have increased considerably. Your company's new initiative of non paper based stationery is seeing good acceptance in the market and we are confident of noteworthy success in this sector.

Over all your company is growing steadily in both the segments.

Shivji K.Vikamsey

(I) NAVNEET'S POLICY ON DIVIDEND

The Company continues with its liberal dividend policy and accordingly the Company has paid two interim dividends for the year under review. The first interim dividend of Rs. 6/- (60%) per share on Rs. 10/- face value and second interim dividend of Rs. 0.80 (40%) per share on Rs. 2/- face value against 75% on Rs. 10/- face value paid last year. Accordingly, the total dividend paid by the Company is Rs. 2/- per share on face value of Rs. 2/-. The dividend pay out for the year under review works out to 44.67% against your Company's policy of distribution of minimum of 25% of profit after tax.

(II) CREATING SHAREHOLDER VALUE

To improve the liquidity in the volume of shares traded on the stock exchanges where shares of Company are listed, the face value of the share has been sub divided from Rs.10/- paid-up to Rs. 2/- paid-up.

The net worth of the Company has increased year after year and has increased from Rs.184 Crores to Rs. 205 Crores.

The dividend payout has increased from 27.75% in 1999-2000 to 44.67% during the year under review.

(III) MARKET CAPITALISATION

Market capitalization of the Company was Rs. 553 Crores as at 31st March 2007 as against Rs. 575 Crores as at 31st March 2006.

(IV) BUSINESS OVERVIEW

The Company has two major business divisions namely "Book Publishing Division" and "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 change in the syllabus in the State of Gujarat and Maharashtra, the Company's book publishing

division grew by 18% during the year under review.

The Company has a reasonable sized Children and General Books category publishing business.

The turnover of the division has increased from Rs.180 Crores to Rs. 213 Crores.

(B) Stationery Division

The Stationery Division has two geographic divisions i.e. Domestic and International Markets mainly manufacturing value added quality stationery products.

(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 the country. To leverage the Brand "Navneet", your Company decided to offer non – paper stationery products to the student community and accordingly have launched several products in the category and intends to launch all possible non-paper stationery products in near future.

(ii) International Market

Your Company has been catering to USA, Europe and African Countries since more than a decade. However, the appreciation in the Domestic currency and competition from neighboring countries has impacted the growth of the exports business and to offset the reduction in the export business, the Company intends to penetrate the domestic market. Further, the Company has made aggressive plans to penetrate the domestic market.

The turnover of the stationery division remained marginally low at Rs. 109 Crores as against Rs. 112 Crores in the previous year.

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

What was the performance of the Company in the period under review?

The publication segment revenue increased by 18%, and the stationery segment revenue decreased marginally.

The growth in publication segment is mainly on account of syllabus change in Maharashtra and Gujarat. The stationery exports continue its declining trend and the management expects the trend to continue. The Company has planned to increase penetration in domestic market.

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

As expected, both the states (Maharashtra & Gujarat) are witnessing growth in Publication business because of change in syllabus of few standards for the current year. The Company expects around 15% growth for this segment in current year.

The Company expects declining trend in Paper Stationery exports due to the stiff competition from neighboring countries and difficulties in exporting to US due to dumping duties.

Paper stationery business in Domestic market is showing encouraging signs both in terms of volume and profitability. The management has started focusing more on domestic

markets and expects better utilization of capacities in near future.

Your Company has a strong brand in Domestic markets. To capitalize on the same, your Company has introduced non-paper stationery products in the domestic market and intends to launch all possible non-paper stationery products in near future.

How were the operating margins during the year? Is it likely to improve henceforth?

As expected, the operating margins of your Company has improved by 2% mainly on account of higher contribution of publication segment which historically generates higher profits as compared to paper stationery business.

With various progressive initiatives undertaken together with focussed attention on Publications revenues, your Company is likely to maintain operating margins in the coming year.

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

Overall paper consumption is increasing year on year, simultaneously new capacities are coming up offsetting the mismatch of demand and supply. Paper prices do fluctuate during the year but overall your Company has been successful in passing on the price rise to final consumer. Over all Company believes that paper prices will remain more or less constant.

What are capex plan in the current year?

The Company has built up adequate infrastructure to cater to the needs of changing syllabus last year. As informed earlier your Company has decided to invest Rs. 2400 Lacs in wind power generation in the current year. Beyond this your Company does not have any major capex plan for the coming year.

What has been the progress of Spanish acquisition?

“Grafalco” was acquired in mid 2005 through a wholly owned subsidiary. Accounts of the subsidiary are part of this annual report. The Company’s focus has been on introducing new products and tying-up with super markets having presence across the country. The Company has received encouraging response from the market and has achieved a turnover of Euro 1-mn in its full year (second year) of its operation. Your management is confident of a consistent growth and success of this venture.

Does your Company cater to any social responsibilities?

Your Company uses eco friendly paper for all its major products catering to environmental needs. Moreover, your Company donates generously of its net earnings mainly in the areas of education, rehabilitation and medical. For the year under consideration, your Company donated Rs.58 Lacs for medical help and Rs.13 Lacs towards education. The

management will continue to discharge its voluntary commitment to society year on year.

What is the windmill project ?

The Company has planned to invest in 4 windmills of 1.2 MW each at a approximate cost of Rs. 2400 Lacs. The Company has tied-up with ENERCON and the same would be installed in Gujarat. The windmills would be operative by August 2007. Considering the projected financials, the Company believes that these windmills would largely be self-financed assets.

Why there is a huge increase in Loans & Advances?

The Company has paid security deposit for its windmill project and the same is the main reason of huge increase in loans & advances.

Considering the success of e-learning models in the country, is Company considering a re-entry in this business?

The Company always was confident in the potential of Information Technology and was of the opinion that the initiative of Navneet Edutainment Limited was a pre-mature venture. Though the Company had continued marketing the CD-ROMs and was observing the increasing acceptance of technology in the business.

The Company has initiated its efforts to re-enter into the business segment. The Company has initiated marketing class-room teaching software in Gujarat from the current year and would initiate its efforts in Maharashtra from next year.

(1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to maintain highest standard of ethical behaviour and strive persistently to manage it in accordance with the fundamental principles of trusteeship, transparency, empowerment, accountability and integrity. For Navneet Publications, Corporate Governance stands for responsible and value creating management and control of the Company.

The Company has put in its best efforts to ensure that it follows the Code of Corporate Governance not only in letter but also in spirit.

(2) BOARD OF DIRECTORS

2.1 Composition

The Board of Directors comprises of 13 directors. The Company has 6 Independent Directors, 1 Non-Executive Director and 6 Promoter / Executive Directors. The Chairman of the Board is an Independent Director.

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 attended and remuneration for the year is given below:-

Sr. No.	Name of Director	Category	Board Meetings during 2006-2007		Salary (Rs.)	Other Benefits (Rs.)	Contri. To PF (Rs.)	Sitting Fee (Rs.)	Total Remuner. (Rs.)	Last AGM attended
			Held	Attended						
1.	Shri S. K. Vikamsey	ID	7	7	0	0	0	38,000	38,000	Yes
2.	Shri A. R. Gala	PD	7	6	17,40,000	12,22,833	2,08,800	0	31,71,633	Yes
3.	Shri J. K. Sampat	PD	7	6	17,40,000	12,22,833	2,08,800	0	31,71,633	Yes
4.	Shri D. R. Gala	PD	7	6	17,40,000	12,22,833	2,08,800	0	31,71,633	Yes
5.	Shri H. R. Gala	PD	7	4	17,40,000	12,22,833	2,08,800	0	31,71,633	Yes
6.	Shri S. R. Gala	PD	7	5	17,40,000	12,22,833	2,08,800	0	31,71,633	No
7.	Shri J. L. Gala	PD	7	7	17,40,000	12,22,833	2,08,800	0	31,71,633	Yes
8.	Shri A. M. Nadkarni	ID	7	7	0	0	0	48,000	48,000	Yes
9.	Shri K. S. Vikamsey	ID	7	7	0	0	0	48,000	48,000	Yes
10.	Shri L. D. Shah	ID	7	6	0	0	0	27,500	27,500	Yes
11.	Dr. R. Varadarajan	ID	7	2	0	0	0	0	0	No
12.	Shri V. D. Rai	NED	7	6	0	0	0	24,000	24,000	Yes
13.	Shri H. U. Gadhecha	ID	7	4	0	0	0	14,500	14,500	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, 2007:

Sr. No.	Name of Director	No. of Directorships	No. of Committee Positions Held	No. of Committees Chaired
1	Shri Shivji K. Vikamsey	1	1	1
2	Shri Amarchand R. Gala	-	-	-
3	Shri Jaisinh K. Sampat	-	-	-
4	Shri Dungarshi R. Gala	-	-	-
5	Shri Shantilal R. Gala	-	-	-
6	Shri Harakhchand R. Gala	-	-	-
7	Shri Jitendra L. Gala	-	-	-
8	Shri Ashok M. Nadkarni	-	-	-
9	Shri Liladhar D. Shah	-	-	-
10	Shri Dr. R. Varadarajan	-	-	-
11	Shri Kamlesh S. Vikamsey	2	2	2
12	Shri Vijay D. Rai	6	3	2
13	Shri Hasmukh U. Gadhecha	-	-	-

2.4 Number of Board Meetings held and dates on which held:-

There were seven board meeting held during 2006-2007 and gap between two board meetings did not exceeds four months. The dates of the board meetings are as under:

- | | |
|-------------------------------------|--------------------------------------|
| (1) 22 nd April, 2006 | (2) 31 st July, 2006 |
| (3) 4 th September, 2006 | (4) 21 st September, 2006 |
| (5) 25 th October, 2006 | (6) 25 th January, 2007 |
| (7) 8 th March, 2007 | |

2.5 A brief resume of Directors seeking re-appointment:-

Shri Shivji Kunverji Vikamsey

Shri Shivji Kunverji Vikamsey is renowned practising Chartered Accountant. He has wide experience in the field of Finance and Accounts.

Shri Harakhchand Ramji Gala

Shri Harakhchand Ramji Gala has wide experience in the field of Educational Books Publishing. He is actively involved in formulating the strategy for publishing Educational Books.

Shri Kamlesh Shivji Vikamsey

Shri Kamlesh Shivji Vikamsey is renowned practising Chartered Accountant with rich experience in accounts. He is an immediate past President of the Institute of Chartered Accountants of India.

(3) CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGEMENT PERSONNEL

The Board at its meeting held on 7th November, 2005 have adopted the Code of Conduct for the Directors and Senior Management Personnel.

A copy of Code of Conduct has been put on the Company's Website www.navneet.com

Code of Conduct has been circulated to all the Members of the Board and Senior Management Personnel of the Company and compliance of the same is affirmed by them. A declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct is given below:-

In accordance with Clause 49I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct guideline as applicable to them for the Financial Year ended 31st March 2007.

Amarchand R Gala
Managing Director

(4) AUDIT COMMITTEE

4.1 Composition

The Audit Committee was reconstituted and Shri Hasmukh U. Gadhecha was included as a Member of Audit Committee w.e.f. 31-7-2006.

The Audit Committee presently comprises of four Independent Directors namely, Shri Shivji K. Vikamsey, Shri Kamlesh S. Vikamsey, Shri Ashok M. Nadkarni and Shri Hasmukh U. Gadhecha. The Chairman of the Audit Committee is an Independent Director namely Shri Kamlesh S. Vikamsey.

4.2 Shri Amit D. Buch, Company Secretary is Secretary to the Audit Committee.

4.3 Attendance

Four Audit Committee Meetings were held during the year under review on 22nd April 2006, 31st July 2006, 25th October 2006 and 25th January 2007.

The composition of the Audit Committee, the number of meetings held and attended are as under:-

Name of Director	Meetings Held	Meetings Attended
Shri Shivji K. Vikamsey	4	4
Shri Kamlesh S. Vikamsey	4	4
Shri Ashok M. Nadkarni	4	4
Shri Hasmukh U. Gadhecha	4	1

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 4th September, 2006.

The Minutes of the Audit Committee are noted at the meeting of the Board of Directors of the Company.

4.4 Powers of Audit Committee

- (1) To investigate any activity within its terms of reference.
- (2) To seek information from any employee.
- (3) To obtain outside legal or other professional advice.
- (4) To secure attendance of outsiders with relevant expertise, if it considers necessary.

4.5 Broad Terms of References of the Audit Committee

- (1) To review with the management the Management discussion and analysis of financial condition and results of operations.
- (2) To review Statement of significant related party transactions (as defined by the Audit Committee) submitted by management.
- (3) To review Management letters / letters of internal control weaknesses issued by the statutory auditors.
- (4) To review Internal Audit Reports relating to internal control weaknesses.
- (5) To review appointment, removal and terms of remuneration of the Chief internal auditor.
- (6) To overview the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (7) To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- (8) To approve payment to statutory auditors for any other services rendered by the statutory auditors.

- (9) To review with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft Audit Report.
- (10) To review with the management, the quarterly financial statements before submission to the board for approval.
- (11) To review with the management, performance of statutory, internal auditors, and adequacy of the internal control system.
- (12) To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (13) To discuss with internal auditors any significant findings and follow up there on.
- (14) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (15) To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (16) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (17) To carry out any other function as may be added by the Board of Directors in the terms of reference of the Audit Committee, by the Board from time to time.

(5) SUBSIDIARY COMPANY

Grafalco Ediciones S.L. (previously Chaplin Disenos S. L.) a Wholly Owned Subsidiary of the Company in Spain, acquired the Brand GRAFALCO, and the intellectual Property rights in respect of around 600 titles of Children Publications in Spanish Language.

The Board of Directors periodically review the investments and transaction of its Wholly Owned Subsidiary Company.

(6) INVESTORS' GRIEVANCE COMMITTEE

6.1 Composition

Investors' Grievance Committee consists of the three Independent Directors namely;

- (a) Shri Liladhar D. Shah
- (b) Shri Kamlesh S. Vikamsey
- (c) Shri Ashok M. Nadkarni

The Chairman of Investors' Grievance Committee is an Independent Director namely Shri Liladhar D. Shah.

6.2 Terms of Reference

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

6.3 Investors' Grievance Committee meetings were held on 22nd April 2006, 31st July 2006, 25th October 2006 and 25th January 2007.

The number of Investors' Grievance Committee Meetings held and attended thereat are as under:-

Name of Director	No. of Meetings Held	No. of Meeting Attended
Shri Liladhar D. Shah	4	4
Shri Kamlesh S. Vikamsey	4	4
Shri Ashok M. Nadkarni	4	4

Shri Amit D. Buch, Company Secretary is the Compliance Officer. The Minutes of Investors' Grievance Committee Meetings are noted by the Board of Directors of the Company.

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

Description	Received	Resolved	Pending
Transfer / Demat	17	17	0
Non-receipt of Share Certificate	12	12	0
Non-receipt of Dividend Warrant	32	32	0
General Correspondence / Complaints	7	7	0
Total	68	68	0

(7) REMUNERATION COMMITTEE

7.1 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 Amit D. Buch, Company Secretary of the Company is appointed as the Secretary of the Remuneration Committee.

7.2 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.

7.3 Attendance

One Remuneration Committee Meeting was held during the year under review on 17th April 2006 which was attended by all the Members of Remuneration Committee.

(8) GENERAL BODY MEETINGS

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

Financial Year & Meeting No.	Day & Date	Time	Venue
2005-06 Twentieth	Monday 4 th Sept. 2006	3:30 p.m.	Textile Committee Auditorium, Textile Committee Building, P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai – 400025.
2004-05 Nineteenth	Saturday 3 rd Sept. 2005	3:30 p.m.	Mini Theatre, 3 rd Flr., P.L.Deshpande Maharashtra Kala Academy, Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai – 400025.
2003-04 Eighteenth	Monday 6 th Sept., 2004	3:30 p.m.	-do -

8.2 Special Resolutions passed at last three Annual General Meetings.

- a) **20th AGM held on 4th September 2006**
Approving substitution of existing regulation 3 of the Articles of Association in respect of authorised share capital of the Company with new regulation 3.
- b) **19th AGM held on 3rd September 2005**
 - ❖ Approving payment of Sitting Fees to Non-Executive and Independent Directors for attending Board / Committee Meetings.
 - ❖ Approving the enhancement of investment limits under Section 372(A) of the Companies Act, 1956.
- c) **18th AGM held on 6th September 2004**
Approving appointment of relative of Director under Section 314 of the Companies Act, 1956.

8.3 Passing of Resolutions by Postal Ballot

Pursuant to Section 192A of the Companies Act, 1956 and

Companies (Passing of the Resolutions By Postal Ballot) Rules, 2001, the following Resolutions were passed by the Members by way of Postal Ballot on 25th January 2007:

Special Resolution

Incorporation of new sub-clause 69 after the existing sub-clause 68 in Part C other objects of Clause III of the Memorandum of Association of the Company.

Special Resolution

Approval to the Board of Directors to commence and to carry on all or any of the business and activities specified in new sub-clause 69 of Part C of Clause III of the Memorandum of Association of the Company.

Mr. Sunil M. Dedhia, practising Company Secretary was appointed as Scrutiniser for conducting the Postal Ballot Voting process. Based on the Scrutiniser's Report dated 23rd January 2007, the results of Voting by Postal Ballot were declared on 25th January 2007. The same is summarized as under:

Particulars	Resolution No.1		Resolution No. 2	
	Alteration of MOA by insertion of new object Clause		Approval to Board of Directors to commence the new business	
	No. of Postal Ballots	No. of Votes	No. of Postal Ballots	No. of Votes
Valid Ballots / Votes	717	60038949	717	60039124
In Favour / Assent	709	60021674	709	60021049
Percentage		99.97		99.97
Against / Dissent	08	17275	08	18075
Percentage		0.03		0.03
Invalid Ballots / Votes	31	37300	31	37300

Thus, both the aforesaid resolutions were passed by majority by the Members of the Company.

Resolutions if required, shall be passed by Postal Ballot during the year ending 31st March 2008 as per the prescribed procedure.

(9) DISCLOSURES

9.1 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 was placed before the Board regularly for its approval and concurrence.

9.2 There were no materially significant related party transactions which have potential conflict with the interest of the Company at large.

9.3 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.

9.4 Risk assessment and its minimisation procedures have been laid down by the Company and the same have been informed to the Board Members. These procedures are periodically reviewed to ensure that the Executive Management controls risk through means of a properly defined framework.

9.5 The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure ID to Clause 49 of the listing agreement with the Stock Exchanges:

9.5.1 The Company has set up a Remuneration Committee. Please see the Para on Remuneration Committee for the details.

(10) MEANS OF COMMUNICATIONS

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

10.2 The Company normally publishes its Quarterly Results in "Business Standard", Mumbai and "Sakaal", Mumbai.

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

(11) SHAREHOLDERS' INFORMATION

11.1 21st Annual General Meeting :

Date : 31st July 2007

Time : 3:30 p.m.

Venue : Textile Committee Auditorium,
Textile Committee Building,
P. Balu Road, Near Tata Press,
Prabhadevi Chowk, Mumbai – 400025.

11.2 Financial Year : 1st April to 31st March.

11.3 Financial Calendar :

Board Meetings to be held for approving Quarterly Results :-

Particulars	Date
Quarterly Results for 1 st Quarter	Last Week of July 2007
Quarterly Results for 2 nd Quarter	Last Week of October 2007
Quarterly Results for 3 rd Quarter	Last Week of January 2008
Quarterly Results for 4 th Quarter	Last Week of April 2008

11.4 Date of Book Closures :

The Register of Members and Share Transfer Books will remain closed from 24th July 2007 to 31st July 2007 (both days inclusive).

11.5 Dividend Payment (Ex-dividend Dates) :

1st Interim Dividend

Stock ex-dividend on BSE / NSE from : 27th September 2006

2nd Interim Dividend

Stock ex-dividend on BSE / NSE from : 15th March 2007

11.6 Dividend paid during the year under review :

First Interim Dividend of Rs.6/- per share (60%) (on Rs.10/- face value) was paid on 13th October 2006.

Second Interim Dividend of Rs.0.80/- per share (40%) (on Rs.2/- face value) was paid on 26th March 2007.

The total dividend paid for the year ended 31st March 2007 is Rs.2/- per share on face value of Rs.2/-.

11.7 Company's Shares are listed on :

Shares of the Company are listed on National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd.

Corporate Governance Report

11.8 Stock Codes on Stock Exchanges :

BSE : 508989 NSE : NAVNETPUBL
 ISIN : INE 060A01024

Listing Fees for 2007-2008 have been paid to both the Stock Exchanges where the shares of the Company are listed.

11.9 Volume of Shares traded and Stock Price Movement on a month to month basis :

Month	BSE	NSE	BSE	BSE	NSE	NSE
	No. of Shares	No. of Shares	(High)	(Low)	(High)	(Low)
April, 2006	470331	285104	354	301	349.90	302.05
May, 2006	165215	139082	341	280	350	262.20
June, 2006	141494	143724	308	230	309	226
July, 2006	60652	57341	310	263.20	318	255
August, 2006	60369	62810	309.60	276.50	308	276.05
September, 2006	528838	666447	349.90	61.05	348	60.70
October, 2006 (upto 5 th October 2006 Rs.10/- paid-up and thereafter Rs.2/- paid-up)	550806	682021	66.90	57.50	67.40	56.15
November, 2006	308241	328076	60	51	60.45	52.50
December, 2006	763686	809187	64.50	52.60	64.80	51
January, 2007	296239	211584	61.40	55	60	50.05
February, 2007	6966020	3779578	64.50	50.50	64.75	50
March, 2007	651296	688631	58	51.10	57.90	51

Navnnet Publication VS Nifty for year ended 31.03.2007

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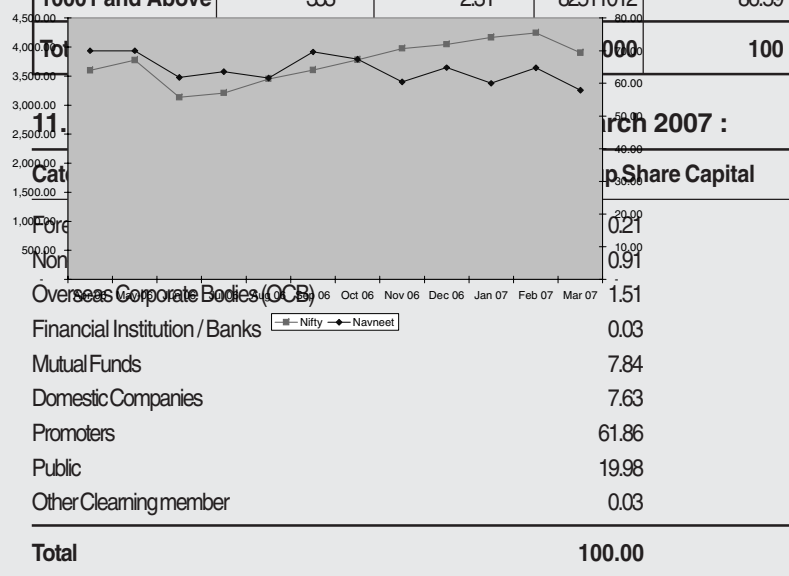
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11.10 Volume of Shares traded during the year under review as a percentage of the number of Shares outstanding:

BSE volume as a percentage to total shares outstanding : 17.50%
 NSE volume as a percentage to total shares outstanding : 13.93%

11.11 Distribution of Shareholding as on 31st March 2007 :

No of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
001-500	9982	65.51	1962962	2.06
501-1000	1488	9.77	1277104	1.34
1001-2000	1604	10.53	2455185	2.58
2001-3000	947	6.22	2354802	2.47
3001-4000	204	1.34	735835	0.77
4001-5000	304	1.99	1422362	1.49
5001-10000	355	2.33	2566738	2.70
10001 and Above	353	2.31	82511012	86.59
Total	100		100	100



11.13 Registrar & Share transfer Agent:

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mill Compound,

L. B. S. Marg, Bhandup (West),

Mumbai – 400078

Tel : (91-022) 2596 3838

Fax : (91-022) 2594 6969

E-mail : raghunath.poojary@intimespectrum.com

Website : www.intimespectrum.com

11.14 Dematerialisation of Shares of the Company.

The Company's shares are compulsorily traded in dematerialised form and available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Securities (India) Ltd. (CDSL).

Equity shares of the Company representing 95.59% of the Company's Share Capital are dematerialised as on 31st March 2007.

The Company's shares are regularly traded on National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. in electronic form.

In 2006-2007	-	95.59%	In 2003-2004	-	93.63%
In 2005-2006	-	95.13%	In 2001-2003	-	92.84%
In 2004-2005	-	94.62%			

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

11.15 Share Transfer in Physical Form

Share Transfer in physical form can be lodged with the Registrar and Transfer Agent namely Intime Spectrum Registry Limited at the address mentioned herein above or at their Branch Offices

mentioned in its website. The transfers are normally processed within 15 days if the documents are complete in all respect and thereafter the share certificates duly transferred are despatched.

Total Number of Shares transferred in physical form during the year were 51340 against 21527 for the previous year.

Investors Contact Information :

Mr. Raghunath Poojary

Email Address : raghunath.poojary@intimespectrum.com

11.16 Outstanding GDRs / ADRs / Warrants:

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

11.17 Plant Locations:

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

- ❖ Village Dantali, Dist. & Tal. Gandhi Nagar, Gujarat.
- ❖ Village Sayali, Silvassa.
- ❖ Gokhiware, Chinchpada, Vasai, Dist. Thane
- ❖ Dabhel, Nani Daman, U.T. Daman & Diu.
- ❖ Rakanpur, Taluka Kalol, Dist. Mehsana

11.18 Registered Office :

Navneet Bhavan, Bhavani Shankar Road,
Dadar (West), Mumbai 400028

Tel : +91-022-66626565

Fax : +91-022-66626470

E-mail : members@navneet.com

11.19 Compliance Officer :

Company Secretary and

Compliance Officer : Mr. Amit D. Buch

E-mail : amit.buch@navneet.com

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

Name of Director	Date of Birth	Date of Appointment	Experience in specific Functional Area	Qualification	Directorship held in Other Public Companies	Committee position held in other companies	Equity Shares held
Shri Shivji K. Vikamsey	25/05/27	14/12/01	He is renowned practising Chartered Accountant. He has wide experience in the field of Finance and Accounts.	B.Com. F.C.A.	1. Euro Ceramics Ltd.	1	NIL
Shri Harakhchand R. Gala	04/06/38	21/02/95	He has a wide experience in the field of Educational Book Publishing.	S.S.C.	NIL	NIL	771370
Shri Kamlesh S. Vikamsey	06/12/60	30/05/92	He is renowned practising Chartered Accountant with rich experience in Accounts	B.Com. F.C.A.	1. Centuriion Bank of Punjab Ltd. 2. Ramky Infra-structure Ltd.	2	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 2007 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 statement of the Company.

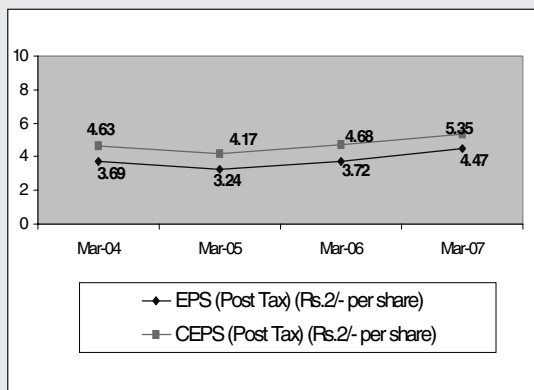
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

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

**Place : Mumbai
Date : 28th June 2007.**



Ratio Analysis	Mar-04	Mar-05	Mar-06	Mar-07	Mar 04 without extraordinary income	Mar 05 without extraordinary loss
Profitability Ratios						
ROACE & ANW % (Post Tax)	23.62	18.63	19.86	21.94	20.63	19.41
ROACE & ANW % (Pre Tax)	34.86	28.09	27.95	32.74	32.06	28.84
ROFA % (Post Tax)	51.88	43.84	52.21	64.22	44.56	45.88
ROFA % (Pre Tax)	76.55	66.12	73.49	95.83	69.23	68.16
Operating Margin %	21.50	20.58	20.06	22.07	21.50	20.58
Profit After Tax Margin %	13.91	11.26	12.05	13.05	11.95	11.79

ROACE : Return on average capital employed.

ROANW : Return on average not worth.

ROFA : Return on Fixed Assets.

NOTES :

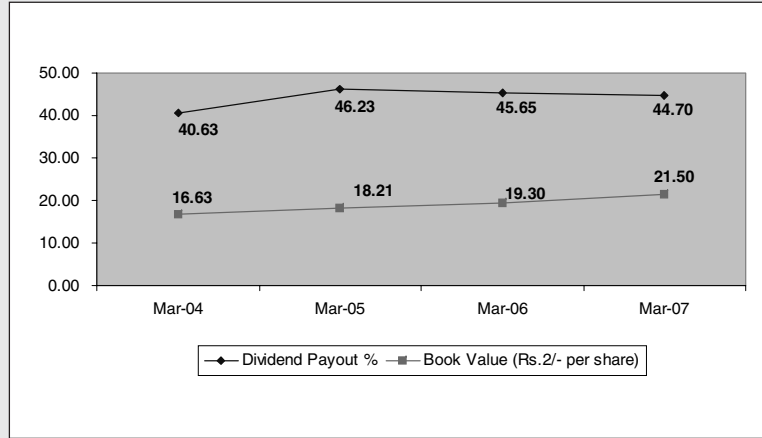
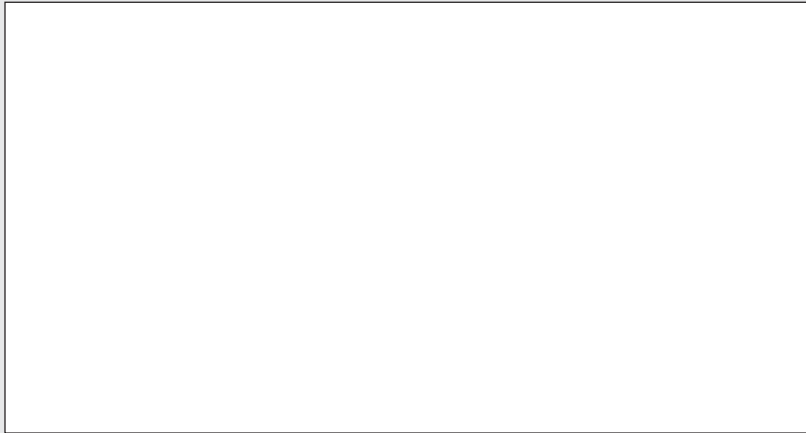
- 1) Loan of Rs. 4913 (Rs. 5036 Lac) are of short term in nature and have been treated as current liability above and not included in capital employed.
- 2) Extraordinary income / loss pertains to exchange fluctuation.

Solvency Ratio

Debt-equity	0.00	0.00	0.00	0.00
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Liquidity Ratio

Current	1.79	2.89	2.70	3.07
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Ratio Analysis Profitability Ratios	Mar-04	Mar-05	Mar-06	Mar-07	Mar 04 without extraordinary income	Mar 05 without extraordinary loss
-------------------------------------	--------	--------	--------	--------	-------------------------------------	-----------------------------------

Miscellaneous Ratios

EPS (Post Tax)(Rs 2/- per share) 3.69 3.24 3.72 4.47 3.17 3.40

EPS (Pre Tax) (Rs 2/- per share) 3.73 3.89 4.33 4.92

CEPS (Post Tax) (Rs 2/- per share) 1.60 1.58 1.60 1.60

CEPS (Pre Tax) (Rs 2/- per share) 1.60 1.58 1.60 1.60

Dividend Payout % 40.63 46.23 45.65 44.70

Price Earning 16.63 18.21 19.30 21.50

Book Value (Rs 2/- per share) 16.63 18.21 19.30 21.50

Employee Cost to Sales % 7.04 7.12 8.01 7.99

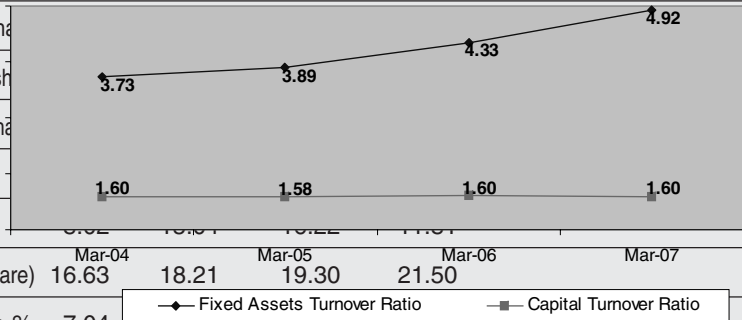
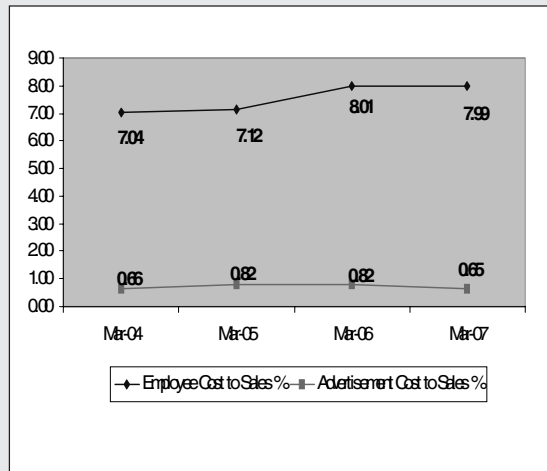
Advertisement Cost to Sales % 0.66 0.82 0.82 0.65

Fixed Assets Turnover Ratio 3.73 3.89 4.33 4.92

Capital Turnover Ratio 1.60 1.58 1.60 1.60

Average Collection (Days) 63 63 57 45

Average Payment (Days) 23 32 23 15



Financial Highlights (Rs. in Lacs)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	2001-03	2003-04	2004-05	2005-06	2006-07
Revenue	32345	25285	27454	29439	32676
Gross Profit (PBDT)	6461	6084	5548	5905	7193
Depreciation	1144	893	885	910	831
Tax	1630	1673	1571	1426	2097
Net Profit (PAT)	3693	3518	3092	3548	4263
Dividend	1620	1429	1429	1620	1906
Dividend (%)	85	75	75	85	100
Retained Profit	1927	1901	1511	1033	2091
Book Value (Face Value at Rs.2/-)	15	17	18	19	21
Equity Capital	1906	1906	1906	1906	1906
Reserves & Surplus	12035	13936	15447	16481	18577
Borrowings (Short term)	7041	7815	3966	5036	4913
Capital Employed	13939	15842	17353	18386	20483
Gross Block	10909	11911	12877	13632	14219
Net Block	6841	6781	7052	6792	6595
Net Current & Other Assets	6225	6780	10091	11729	13259

NOTES :

- 1) Figures for 2001-03 are for 18 months ended 31st March 2003.
- 2) Loans of Rs.4913 Lac (Rs.5036 Lac) 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

	2001-03	2003-04	2004-05	2005-06	2006-07
Revenue (USD-Mn)	73.51	57.47	62.39	66.91	74.26
Gross Profit (PBDT)	14.68	13.83	12.61	13.42	16.35
Depreciation	2.60	2.03	2.01	2.07	1.89
Tax	3.70	3.80	3.57	3.24	4.77
Profit After Tax (USD-Mn)	8.39	7.99	7.03	8.06	9.69
Dividend	3.68	3.25	3.25	3.68	4.33
Dividend (%)	85	75	75	85	100
Retained Profit	4.38	4.32	3.44	2.35	4.75
Reserves (USD-Mn)	27.35	31.67	35.11	37.46	42.22
Book Value (USD) (Face Value at Rs.2/-)	0.33	0.38	0.41	0.44	0.49
Equity Capital	4.33	4.33	4.33	4.33	4.33
Borrowings (Short term)	16.00	17.76	9.01	11.45	11.17
Capital Employed	31.68	36.00	39.44	41.96	46.55
Gross Block	24.79	27.07	29.27	30.98	32.32
Net Block	15.55	15.41	16.03	15.44	14.99
Net Current & Other Assets	14.15	15.41	22.93	26.66	30.13

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 11.17 Mn (USD 11.45 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)

	2004-05 (Mar-05)		2005-06 (Mar-06)		2006-07 (Mar-07)	
Sales	2004-05		2005-06		2006-07	
Publishing Division						
Educational Books	14416		15704		18716	
Children's and General Books	1194		1147		1269	
Children's and General Books Export	861	16471	808	17659	955	20939
Stationery Division						
Exports (including incentives)	4464		2782		2258	
Paper Stationery (Domestic)	6002		8240		8272	
Non Paper Stationery (Domestic)	0	10467	0	11022	283	10813
Others						
Manufacturing & Labour Charges		61		103		42
Trading		86		209		393
Power Generation Income		51		40		42
Media Charges		40		39		15
Scrap / Waste & Other Sales		278		366		431
		<u>27454</u>		<u>29439</u>		<u>32676</u>

Economic Value Added (EVA)

Economic Value Added means the profitability of a company after taking into account the cost of capital. It is the post-tax return on capital employed (adjusted for the tax shield on debt) less cost of capital employed. Companies which earn higher returns than cost of capital create value. Companies which earn lower returns than cost of capital are deemed destroyer of shareholder value.

	Rs. In Lac		
	Mar-07	Mar-06	Mar-05
Average Network	19,435	17,870	16,597
Average Debt (Refer note 3 & 4)	-	-	-
Average Capital Employed	19,435	17,870	16,597
Beta Variant	0.51	0.56	0.60
Risk free Debt Cost (%)	8.50	8.50	8.50
Market Premium (%)	8.50	8.50	8.50
Cost of Equity (%)	12.85%	13.29%	13.63%
Cost of Debt (Post tax) (Note 3 & 4)	-	-	-
Weighted Average Cost of Capital Employed	12.85%	13.29%	13.63%
Cost of Capital Employed	2,497	2,375	2,263
<u>EVA Calculation</u>			
Profit Before Tax	6,362	4,994	4,663
Add : Interest on long term capital	--	--	--
Profit Before Interest & Tax	6,362	4,994	4,663
Less : Other Income	144	228	145
Net Operating Profit Before Interest & Tax	6,218	4,766	4,517
Less : Tax	2,097	1,426	1,571
Net Operating Profit After Tax Before Interest	4,121	3,339	2,946
Less : cost of Capital	2,497	2,375	2,263
EVA	1,624	965	684
EVA on capital employed (%)	8.36%	5.40%	4.12%

Note :

1. Cos of equity calculated by using the following formula :
return on risk free investment + expected risk premium on equity adjustment for our beta variant in India
2. Risk premium is assumed at 100% of risk-free return.
3. Secured and unsecured loans are for short term in nature, hence not considered in capital employed.
4. Interest payment is for short term loans only, hence not added in profit to calculate operating profit for EVA calculation.

Notice

NAVNEET PUBLICATIONS (INDIA) LIMITED

NOTICE is hereby given that the Twenty First Annual General Meeting of Navneet Publications (India) Limited will be held on Tuesday, the 31st July 2007 at 3:30 p.m. at Textile Committee Auditorium, Textile Committee Building, P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai – 400025 to transact the following business:

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2007, the Balance Sheet as at that date and the Reports of Directors and Auditors thereon.
- 2) To confirm the payment of Interim Dividends on Equity Shares for the year ended 31st March 2007 as Final Dividend.
- 3) To appoint a Director in place of Shri Shivji K. Vikamsey, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri Harakhchand R. Gala, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5) To appoint a Director in place of Shri Kamlesh S. Vikamsey, 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.

By Order of the Board of Directors

Place : Mumbai

Date : 28th June 2007

Amit D. Buch

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] Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
- [C] Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
- [D] The Register of Members and Share Transfer Books of the Company will remain closed from 24th July 2007 to 31st July 2007 (both days inclusive).
- [E] Members holding shares in physical form, are requested to promptly intimate about the change of address, if any, to the Registrar and Transfer Agent M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mill Compound, L. B. S. Road, Bhandup (West), Mumbai – 400078.
- [F] 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.
- [G] Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/ unpaid dividends upto the financial year ended 30th September 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not yet encashed their dividend warrant(s) upto 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

Notice

[H] Pursuant to provisions of Section 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed as unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unclaimed or unpaid dividend for the Financial Year 1998-99 has been transferred to the IEPF. Unclaimed dividend for the financial years 1999-2000 and thereafter, is still lying in the respective unpaid dividend accounts of the Company. Members who have not encashed the dividend warrants for the financial years 1999-2000 and thereafter, are requested to contact Company's Registrar and Transfer Agent – M/s.Intime Spectrum Registry Limited at the earliest.

Unclaimed dividend for 1999-2000 is due for transfer to IEPF on 16th March 2008. Kindly note that no claim shall lie against the Company or IEPF after such transfer.

- [I] 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.
- [J] Members with Non-Resident Indian Status are requested to inform change in their residential status on return to India for permanent settlement. The Non-Resident shareholders are also requested to provide their NRE A/c. No. with complete name, address and Pin Code of the branch, and account type, to the Registrar and Transfer Agent.
- [K] 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 the Registrar and Transfer Agent of the Company with full bank account details.
- [L] 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.

[M] As per the provisions of the Companies Act, 1956, the facility for making nominations is also available to individuals holding physical shares in the Company. Those who desire to avail this facility may send their request for nomination in the prescribed Form 2B duly filled in and signed to the Share Transfer Agent.

Brief profiles of Directors to be re-appointed as required by Clause 49 of the Listing Agreement :-

Name of the Director	Date of Birth	Date of Appointment	Experience in Specific Functional Area	Qualification	Directorship held in Other Public Cos.	Committee position held in other Cos.	Equity Shares Held
Shri Shivji K. Vikamsey	25/05/27	14/12/01	He is renowned practising Chartered Accountant. He has wide experience in the field of Finance and Accounts.	B.Com, F.C.A.	1. Euro Ceramics Ltd.	1	NIL
Shri Harakhchand R. Gala	4/06/38	21/02/95	He has a wide experience in the field of Educational Books Publishing.	S.S.C.	NIL	NIL	771370
Shri Kamlesh S. Vikamsey	6/12/60	30/05/92	He is renowned practising Chartered Accountant with rich experience in Accounts.	B.Com, F.C.A.	1. Centurion Bank of Punjab Ltd. 2. Ramky Infrastructure Ltd.	2	NIL

Dear Shareowners,

Your Directors have pleasure in presenting their Twenty First Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March 2007.

(1) FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	Current Year	Previous Year
(a) Profit before interest, Depreciation and Tax	7355	6134
(b) Less : Interest	162	229
(c) Profit before Depreciation and Tax	7193	5905
(d) Less : Depreciation	831	910
(e) Profit before Tax	6362	4995
(f) Less : (i) Provision for Tax (including FBT)	2146	1497
(ii) Provision for deferred tax	(49)	(71)
(g) Profit after Tax	4265	3569
(h) (i) Add / (Less) : Provision of tax for earlier years	(2)	(20)
(ii) Add : Balance brought forward from last year	8480	8447
(iii) Add : Subsidiary Merger (Loss) / Profit	0	(668)
(i) Profit available for Appropriation	12743	11328
APPROPRIATIONS :		
(a) 1st Interim Dividend	1143	953
2nd Interim Dividend	762	667
(b) Corporate tax on Dividend	267	228
(c) General Reserve	1000	1000
(d) Balance Carried to Balance Sheet	9571	8480
	12743	11328

(2) DIVIDEND :

Your Directors have pleasure in informing you that the Company had paid first Interim Dividend of Rs. 6/- (60%) per share on Rs. 10/- face value on 13th October, 2006 and Second Interim Dividend of Rs. 0.80 (40%) per share on face value of Rs. 2/- per share on 26th March, 2007. Thus, the total dividend paid for the year under review is Rs. 2/- per share on face value of Rs. 2/- per share. Thus the dividend pay-out for the year works out to 44.67% as against your Company's policy of distribution of minimum of 25%. In view of this, there is no final dividend for the year under review.

(3) OPERATIONS :

- (i) Sales and Income from the operations of the Company increased from Rs. 29439 Lacs to Rs. 32676 Lacs.
- (ii) Profit before depreciation and taxes for the year under review stood at Rs. 7193 Lacs.
- (iii) After providing Rs. 831 Lacs and Rs. 2097 Lacs for depreciation and tax respectively, profit after tax stood at Rs. 4265 Lacs.

(4) PERFORMANCE OF DIVISIONS :

Book Publishing Division

As expected Company's book publishing division grew by 18% to Rs. 21319 Lacs mainly on account of change in syllabus in the State of Maharashtra and Gujarat. Management expects growth of around 15% in coming year.

Stationery Division

Paper Stationery Division produces a large variety of paper stationery products mainly for the student community. Because

of stiff competition from neighbouring countries and import restriction in USA, your Company's export business declined to Rs. 2258 Lacs. Similar trend is expected in the foreseeable future.

To offset decline in exports, your company has focussed more in domestic markets and has plans to penetrate the domestic market. Domestic market has been growing at a decent pace and the management expects increase in the growth rate in domestic market.

To leverage the Brand "Navneet", your Company decided to offer non – paper stationery products to the student community and accordingly have launched several products in the category and intends to launch all possible non-paper stationery products in near future.

Turnover of stationery segment remained marginally lower at Rs. 10921 Lacs.

(5) COMMENCEMENT OF NEW BUSINESS :

Pursuant to the resolutions passed by the Members by way of Postal Ballot for inserting new object Clause in Memorandum of Association and authorising the directors for commencement of the business of generation of electricity by non-conventional sources, your Company has taken necessary steps for the procurement and installation of 4 windmills of 1.2 MW each in the State of Gujarat. The installation and running of the windmills is in its advanced stage and Company expects the windmills to be operative in August 2007.

(6) SUB-DIVISION OF FACE VALUE OF EQUITY SHARES :

Pursuant to approval received from Members of the Company, each Equity Share of the Company of face value of Rs.10/- has been sub-divided into 5 Equity Shares of face value of Rs.2/- each (Stock Split) w.e.f. 6th October, 2006. Consequently, the paid-up equity share capital of the Company of Rs.19,05,72,000/- now comprises of 9,52,86,000 Equity Shares of Rs.2/- each (prior to Stock Split : 1,90,57,200 Equity Shares of Rs.10/- each).

Further, consequent to the said Stock Split, new International Securities Identification Number (ISIN) INE 060A01024 has been created for the Company's shares in dematerialised form.

(7) CORPORATE GOVERNANCE :

Your Company has complied with the Clause 49 of the Listing Agreement entered with the Stock Exchanges. Further, as required by Clause 49 of the Listing Agreement entered with the Stock Exchanges, the detailed Report on Corporate Governance alongwith the Auditor's Certificate on compliance with the Corporate Governance is given as part of this Annual Report.

(8) MANAGEMENT DISCUSSION AND ANALYSIS :

The Management Discussion and Analysis forms part of this Annual Report.

(9) SUBSIDIARY COMPANY :

As the Members would be aware the Company has set up its Wholly Owned Subsidiary Company in Spain. This subsidiary Company is in the business of publishing Children's Books in

Spanish titles which has good demand in Spain at present and USA in future, where Spain is the second official language. The name of the Wholly Owned Subsidiary Company has been changed from Chaplin Disenos S.L. to Grafalco Ediciones S.L. during the year under review.

The financial statements of the Wholly Owned Subsidiary Company forms part of this Annual Report as a separate section and the same has been included in the Consolidated Financial Statement as required by the Accounting Standard and Listing Agreement with the Stock Exchanges.

(10) NETWORTH AND BORROWING :

Net worth of your Company increased from Rs. 18386 Lacs to Rs. 20478 Lacs. Your Company does not have any long term debt. Further, your Company utilises the credit facilities from the banks and other short term finances for its working capital requirements only.

(11) 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.

(12) AWARD :

Your Directors have pleasure in informing you that the Company has been honoured with 'The Federation of Publisher's and Book Seller's Association in India – Best Publisher Award' during the year under review.

(13) DIRECTORS :

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Shivji K. Vikamsey, Shri Harakhchand R. Gala and Shri Kamlesh S. Vikamsey retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Brief profiles of these Directors as required by the Clause 49 of the Listing Agreement relating to Corporate Governance are given in the notes to the notice Convening this Annual General Meeting.

(14) CORPORATE SOCIAL RESPONSIBILITY :

Your Company continues to use eco friendly paper for all its products catering to environmental needs. Moreover, your Company donates around 5 to 10% of its net earnings mainly for the social causes such as education, rehabilitation and medical. For the year under review, your company donated Rs.58 Lacs for medical help and Rs. 13 Lacs towards education. The management will continue to discharge its voluntary commitment to society year on year.

(15) CEO / CFO CERTIFICATE :

The Managing Director, being the CEO of the Company, and President (Finance), being the CFO of the Company, have submitted a Certificate to the Board regarding the Financial Statements and other Matters as required under Clause 49 (V) of the Listing Agreement.

(16) DE-MATERIALISATION OF SHARES :

9,11,89,585 Equity Shares representing 95.70% of paid up equity share capital were de-materialised as at 8th June,2007.

(17) FIXED DEPOSITS :

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

(18) CONSERVATION OF ENERGY, TECHNOLOGY

ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information as required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is given in Annexure 'A' forming part of this Report.

(19) PARTICULARS OF EMPLOYEES :

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to all Members of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any Member interested in obtaining a copy of said statement may write to Company Secretary at the Registered Office of the Company.

(20) 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 the limits prescribed under Section 224(1B) of the Companies Act, 1956.

(21) INDUSTRIAL RELATIONS :

During the year under review, cordial and harmonious relationship continued between the management and employees at all levels.

(22) DIRECTORS' RESPONSIBILITIES STATEMENT :

Your Directors hereby state:

- (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 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.

(23) ACKNOWLEDGEMENTS :

Your Directors take this opportunity to express their sincere appreciation and thank all the employees for their valuable contribution made in the sure and steady growth of the Company. Your Directors also express their deep appreciation and gratitude to the Bankers, Financial Institutions, Authorities of the States

of Maharashtra and Gujarat. Your Directors are also thankful to all the shareowners for their confidence and trust reposed in the Company.

On behalf of the Board of Directors

Place : Mumbai

Shivji K. Vikamsey

Date : 28th June, 2007

Chairman

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

(A) Conservation of 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

FORM - B

Form of Disclosure of Particulars with respect to Technology Absorption

Research & Development

Your Company has content creation and design development activity at Mumbai, Ahmedabad and Vasai.

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

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

Annexure 'A' to the Directors' Report

NAVNEET PUBLICATIONS (INDIA) LIMITED

(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.

Total Foreign Exchange used and earned:

- (i) Foreign Exchange earned : Rs. 2883 Lacs
- (ii) Foreign Exchange used : Rs. 87 Lacs

(3) In case of Imported Technology

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

On behalf of the Board of Directors

Place : Mumbai

Shivji K. Vikamsey

Date : 28th June, 2007

Chairman

(C) Foreign Exchange Earnings and Outgo

The Company's export turnover has been Rs. 2883 Lacs.

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Subsidiary Company for the year ended 31st March 2007

- | | |
|---|--------------------------------|
| 1) Name of the Subsidiary Company | Grafalco Ediciones S.L. |
| 2) Financial Year of the Subsidiary Company | 31 st December 2006 |
| 3) No. of Shares held in Subsidiary Company as on the above date 1 each | 5,03,600 Equity Shares @ Euro |
| 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 31 st December 2006 | NIL |
| b) Not Dealt with in the Accounts of the Company for the year ended 31 st December 2006 | Rs.2,75,291/- |
| 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 31 st December 2006 | NIL |
| b) Not Dealt with in the Accounts of the Company for the year ended 31 st December 2006 | Rs.2,75,291/- |
| 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 31 st December 2006. | NIL |
| 9) Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial Year ended 31 st March 2007 | NIL |

For and on behalf of the Board

Mumbai : 28th June, 2007

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

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To The Members of Navneet Publications (India) Limited,

We have audited the attached Balance Sheet of NAVNEET PUBLICATIONS (INDIA) LIMITED, as at 31st March 2007, the Profit and Loss Account and the Cash Flow Statement of the Company period 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 the 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 enclosed 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 in para (1) 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 the 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, is in compliance with the Accounting Standards specified by the institute of Chartered Accountants of India, referred to in sub-section (3C) of section 211 of the Companies Act, 1956; to the extent applicable to the Company.
- 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 are disqualified as on 31st March 2007 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 2007;
 - 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 : 28th June, 2007

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, 2007 of Navneet Publications (India) Limited)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 not 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) (e) (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, VAT, 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 VAT, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute, except for the following.

Name of the Staute	Name of Dues	Amount (In Lacs) Rs.	Forum where disputes is Pending
I.T. Act, 1961	Assmt. Dues A.Y. 98-99	7.62	High Court
I.T. Act, 1961	Assmt. Dues A.Y. 00-01	26.08	I.T.A.T.
I.T. Act, 1961	Assmt. Dues A.Y. 01-02	96.15	I.T.A.T.
I.T. Act, 1961	Assmt. Dues A.Y. 03-04	53.33	I.T.A.T.
I.T. Act, 1961	Assmt. Dues A.Y. 04-05	16.17	C.I.T. (Appeals)

10. The Company has neither accumulated losses as at March 31, 2007, 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. The Company has given guarantee for loans taken by others from banks and in our opinion, the terms and conditions of such guarantee are not, prima facie, prejudicial to the interest of the Company.
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.

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

Place : Mumbai
Date : 28th June, 2007

Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	As at		
		31st March, 2007	31st March, 2006	
		Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	A	1,906		1,906
Reserves & Surplus	B	<u>18,577</u>		<u>16,480</u>
			20,483	<u>18,386</u>
Loan Funds				
Secured Loans	C	2,913		3,036
Unsecured Loans	D	<u>2,000</u>		<u>2,000</u>
			4,913	<u>5,036</u>
Deferred Tax Liability			<u>386</u>	<u>435</u>
Total Funds Employed			<u>25,782</u>	<u>23,857</u>
Application of Funds				
Fixed Assets				
Gross Block		14,219		13,632
Less: Depreciation	E	<u>7,624</u>		<u>6,839</u>
Net Block		6,595		6,792
Capital Work-in-Progress		<u>44</u>		<u>4</u>
			6,639	<u>6,796</u>
Investments	F		970	296
Current Assets, Loans and Advances	G			
Inventories		12,557		12,217
Sundry Debtors		4,057		4,604
Cash and Bank Balances		479		184
Loans and Advances		<u>2,562</u>		<u>1,734</u>
		19,654		18,740
Less: Current Liabilities and Provisions	H			
Current Liabilities		1,372		1,895
Provisions		<u>110</u>		<u>80</u>
		1,482		1,975
Net Current Assets			18,172	16,765
Total Funds Utilised			<u>25,782</u>	<u>23,857</u>
Significant Accounting Policies and Notes on Accounts	P			
Schedule referred to above form an integral part of the accounts				

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 : 28th June, 2007

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Profit and Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	2006 -2007	2005 -2006
		Rs. In Lacs	Rs. In Lacs
Income			
Income from Operations		32,676	29,439
Other Income	I	144	228
		<u>32,820</u>	<u>29,667</u>
Expenditure			
(Increase)/Decrease in stocks	J	(1,697)	(1,037)
Cost of Materials	K	18,226	16,180
Manufacturing Expenses	L	1,843	1,713
Salaries, Wages & Employee Benefits	M	2,611	2,358
Administrative and Selling Expenses	N	4,484	4,318
Interest	O	162	229
		<u>25,628</u>	<u>23,763</u>
Profit before Depreciation and Tax		7,193	5,905
Depreciation	E	831	910
Profit before Tax		6,362	4,994
Less : Provision for Taxation -Current		2,063	1,415
- Fringe Benefit Tax		83	82
- Defened tax		(49)	(71)
Add/(Less) : Excess/(Short) Provision of Earlier Year W/off/Back		2	20
Profit after Tax		4,263	3,568
Add : Balance brought forward from last year		8,480	8,447
Add : (Loss)/Profit on merger of Subsidiary		0	(668)
Profit available for Appropriation		<u>12,744</u>	<u>11,327</u>
Appropriations			
Dividend (First interim)		1,143	953
Dividend (Second interim)		<u>762</u>	<u>667</u>
		1,906	1,620
Corporate Tax on Dividend		267	227
General Reserve		<u>1,000</u>	<u>1,000</u>
		3,173	2,847
Surplus carried to Balance Sheet		<u>9,571</u>	<u>8,480</u>
Basic and Diluted Earning per share of Rs. 2/- each			
[Refer Note 20 of Schedule 'P']			
Before Extraordinary Items		4.47	3.72
After Extraordinary Items		4.47	3.72
Significant Accounting Policies and Notes on Accounts	P		

Schedule referred to above form an integral part of the accounts

As per our report of even date attached hereto

For and on behalf of :

Ghalla & Bhansali

Chartered Accountants

Haresh K. Chheda

Partner

Mumbai : 28th June, 2007

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

For and on behalf of the Board

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2007	As at 31st March, 2006
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE A : SHARE CAPITAL			
Authorised :			
10,00,00,000 (2,00,00,000) Equity Shares of Rs.2/- each (Rs. 10/- each)		2,000	2,000
Issued, Subscribed & Paid Up :			
9,52,86,000 (1,90,57,200) Equity Shares of Rs.2/- each (Rs. 10/- each)		1,906	1,906
Total		1,906	1,906
Note :			
(1) Of the above 6,35,24,000 (1,27,04,800) Shares were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium and General Reserve.			
(2) The shares of the company were sub divided from Rs.10/- each into 5(five) equity shares of Rs.2/-each on 6th Oct., 2006			
SCHEDULE B : RESERVES & SURPLUS			
Capital Reserve			
As per last Balance Sheet		0	0
General Reserve			
As per last Balance Sheet	8,000		7,000
Add : Set aside this Year	1,000		1,000
		9,000	8,000
Foreign currency Translation Reserve		6	0
Surplus as per Profit and Loss Account		9,571	8,480
Total		18,577	16,480

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Rs. In Lacs	As at 31st March, 2007 Rs. In Lacs	As at 31st March, 2006 Rs In Lacs
SCHEDULE C : SECURED LOANS			
Loans from Banks :			
Working Capital Borrowings :			
- Local Currency Loans	256		1,678
- Foreign currency loan	2,656		1,343
- Other loans	<u>1</u>		<u>15</u>
Total		<u>2,913</u>	<u>3,036</u>
Notes :		<u>2,913</u>	<u>3,036</u>

- (a) All Rupee and foreign currency loans equivalent to Rs. 2,912/- Lacs (Previous year Rs. 3,021/- Lacs) 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 spares, tools and accessories both present and future of the Company.
- (b) Other loans are secured against hypothecation of respective assets.

SCHEDULE D : UNSECURED LOANS

Debentures :			
Non-Convertible Debentures		0	2,000
Working Capital Demand Loan		2,000	0
Total		<u>2,000</u>	<u>2,000</u>

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

SCHEDULE E : FIXED ASSETS

Rs. In Lacs

Sr. No.	Description of Assets	Gross Block				Depreciation / Amortization				Net Block	
		As at 31.03.2006	Additions during the year	Deductions / Adjustments	as at 31.03.2007	up to 31.03.2006	For the Year	Deductions / Adjustments	up to 31.03.2007	As at 31.03.2007	As at 31.03.2006
	Tangible										
1	Land - Freehold	340	0	0	340	0	0	0	0	340	340
	- Leasehold	84	0	0	84	13	6	0	19	64	71
2	Building	3,678	100	0	3,778	1,149	164	0	1,314	2,464	2,529
3	Plant & Machinery	7,536	432	30	7,937	4,457	467	21	4,903	3,035	3,078
4	Office Equipment	180	19	2	197	107	12	2	118	79	72
5	Furniture & Fixtures	940	35	0	975	548	77	0	625	350	392
6	Vehicles	620	37	29	628	362	72	23	411	217	259
	Intangible										
7	Trade Mark	57	0	0	57	6	6	0	11	46	51
8	SAP	190	0	0	190	190	0	0	190	0	0
9	Software	7	26	0	33	7	26	0	33	0	0
	Total	13,632	649	62	14,219	6,839	831	46	7,624	6,595	6,792
	Previous Year	12,877	840	85	13,632	5,974	910	45	6,839	6,792	

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2007	As at 31st March, 2006
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE F : INVESTMENTS			
Long Term-Non Trade			
Other Investments			
Unquoted			
In Subsidiary			
Grafalco Ediciones S.L.	270		270
— 5,03,600 Equity Shares of Euro 1/- each.	<u>270</u>	270	<u>270</u>
Current Investments			
Mutual Funds			
Units of Rs. 10/- each fully paid up			
— (2,28,207.8390) LICMF Liquid Fund	0		25
— (8,719.4998) SBI Magnum Institutional Income	0		1
3984190.881 (—) UTI Money Market Fund	<u>700</u>	700	<u>0</u>
			<u>26</u>
Note :			
Repurchase value of Quoted Mutual Fund Rs. 700 Lacs (Previous Year Rs. 26)			
Aggregate Book Value of Investments : Total		<u><u>970</u></u>	<u><u>296</u></u>

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2007	As at 31st March, 2006
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories			
Stores, Spares and Consumables	290		242
Raw Materials	3,683		5,088
Finished Goods	7,990		6,300
Work In Process	593		586
		12,557	12,217
Sundry Debtors (Unsecured, considered good)			
Over six months	497		1,592
Others	3,560		3,013
		4,057	4,604
Cash and Bank Balances			
Cash on hand			
	23		23
Balance with Scheduled Banks			
- In Current Account	334		36
- In Fixed Deposit Account	1		1
- In Dividend Account	120		124
		479	184
Loans and Advances (Unsecured, considered good)			
Loans			
- Staff Loan	161		148
- Corporate Deposits	92		235
- Other Deposits	158		184
		412	567

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES (Cont.)

Advances

Advances Recoverable in Cash or in Kind or
for value to be received

Deposits with Public Bodies, Govt., etc.

Deposits with Others

Advance Tax paid (Net)

Interest Accrued But Not Due

	Rs. In Lacs	As at 31st March, 2007 Rs. In Lacs	As at 31st March, 2006 Rs. In Lacs
	890		716
	45		53
	748		26
	467		372
	0		0
	<u>2,150</u>		<u>1,167</u>
		<u>2,562</u>	<u>1,734</u>
Total		<u><u>19,654</u></u>	<u><u>18,740</u></u>

SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry Creditors

Advances Received from customers

Investors Education and Protection Fund to be credited as and when due

- Unclaimed Dividend

Other Liabilities

Interest Accrued But Not Due

Provisions

For Leave Encashment Benefit

	649		1,104
	73		82
	120		124
	525		564
	5		21
		<u>1,372</u>	<u>1,895</u>
	110		80
		<u>110</u>	<u>80</u>
Total		<u><u>1,482</u></u>	<u><u>1,975</u></u>

Schedules forming part of the Profit & Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended
31st March, 2007

For the year ended
31st March, 2006

	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE I : OTHER INCOME			
On Current Investments (Gross)			
Dividend		42	46
Profit/Loss on Sale of Investments		2	6
Miscellaneous Income		(7)	(17)
Interest and Financial Income [TDS Rs.23 Lacs; (Previous year Rs.16 Lacs)]		107	194
Total		<u>144</u>	<u>228</u>
SCHEDULE J : INCREASE/(DECREASE) IN STOCK			
Closing Stock			
Work in Process	593		586
Finished Goods	<u>7,990</u>		<u>6,300</u>
		8,583	6,886
Opening Stock			
Work in Process	586		709
Finished Goods	<u>6,300</u>		<u>5,140</u>
		6,886	5,849
Total		<u>1,697</u>	<u>1,037</u>
SCHEDULE K : COST OF MATERIAL			
Raw Materials Consumed		16,816	15,997
Freight and Octroi		362	96
Purchase of Goods		<u>1,047</u>	<u>87</u>
Total		<u>18,226</u>	<u>16,181</u>
SCHEDULE L : MANUFACTURING EXPENSES			
Printing Expenses		529	534
Binding Expenses		304	273
Other Manufacturing Expenses		592	525
Power and Fuel		183	155
Stores and Spares Consumed		154	136
Repairs to Plant and Machinery		<u>80</u>	<u>91</u>
Total		<u>1,843</u>	<u>1,713</u>

Schedules forming part of the Profit & Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended
31st March, 2007

For the year ended
31st March, 2006

SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS

	Rs. In Lacs	Rs. In Lacs
Salaries, Wages and Bonus	2,203	1,999
Contribution to Provident and Other Funds	246	204
Staff Welfare	162	155
Total	<u>2,611</u>	<u>2,358</u>

SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES

Rates & Taxes	172	51
VAT / Sales TAX	381	317
Rent	168	122
Royalty	708	570
Building Repairs & Maintainance	107	114
Other Repairs	71	65
Insurance	78	91
Transportation Expenses	508	765
Commission	40	48
Advertisement	214	240
Marketing Expenses	482	414
Sales Promotion Expenses	227	248
Discount & Rebate	212	189
Bad debts and other irrecoverable advance written off	11	0
Donation	84	159
Bank Charges	47	23
Prior Period items	(1)	1
Other Expenses	973	901
Total	<u>4,484</u>	<u>4,318</u>

SCHEDULE O : INTEREST & FINANCIAL CHARGES

Debentures	61	37
Others	101	192
Total	<u>162</u>	<u>229</u>

For the year ended 31st March, 2007

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) Revenue Recognition

Sales are recognised on transfer of significant risks and rewards in connection with the ownership at the time of dispatch of goods. sales are recorded net of trade discounts and rebates.

(C) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment loss if any. Cost comprises of the purchase price and all other attributable costs for bringing the asset to its working condition for its intended use.

(D) 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 Softwares is amortised in the year of acquisition.

(E) 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.

(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, 2007

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.
- (vi) Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

(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. 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

Tax expense comprises of current, deferred and fringe benefit tax.

Provision for current tax is determined on the basis of estimated taxable income for the period as per the provisions of Income Tax act, 1961.

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 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.

Fringe benefit tax is provided in accordance with the provisions of the Income Tax act, 1961.

- 2 Estimated amount of Capital Contracts (net of advances) remaining to be executed and not provided for Rs. 6.08 Lacs (Previous Year Rs.32.82 Lacs)

3 Contingent Liability

- (a) For disputed Income-tax matters Rs.585.07 Lacs (Previ-

For the year ended 31st March, 2007

ous Year Rs.536.66 Lacs) against which amount paid is Rs.486.95 Lacs (Previous Year Rs.479.24 Lacs)

(b) Against Bond

(i) Rs.NIL (Previous Year Rs.92.13 lacs) : For fulfilment of export obligation of USD NIL (0.95 lacs) equivalent to Rs.NIL, (Previous Year Rs.42.44 lacs) for import of machinery against licence granted under EPCG scheme. The Company has already fulfilled the said export obligation during the last year.

(ii) Rs.380.61 lac (Previous Year Rs.380.61 lacs) : For fulfillment of export obligation of US \$ 26.70 lac equivalent to Rs.1150.14 lac (Previous Year Rs.1195.52 lacs) 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.

(iii) Rs.3300 lac (Previous Year Rs.3090 lac) : For purchase of excisable inputs without payment of duty under bond to manufacture goods meant for exports. The Company has already fulfilled obligation upto Rs.3238.19 lac (Previous Year Rs.2986.11 lac) till the end of the year.

(c) Forward foreign exchange contracts of USD 4.5 Mn (Rs.20.45 cr.) and EUR 0.32 Mn (Rs.1.83 cr.) (Previous Year USD 6.80 Mn Rs.30.26 cr.) are open as on balance sheet date.

(d) In respect of bank guarantees given for other Companies of Euro 1-mn equivalent to INR 584-lac.

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

	2006-2007	2005-2006
	Rs. In Lacs	Rs. In Lacs
(i) Salary and Bonus	178	153
(ii) Contribution to Provident Fund	13	11
Total	<u>190</u>	<u>164</u>
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	6,362	4,994
Add : Expenses not to be considered as per Section 349		
Directors' Remuneration	190	164
Directors' Fees	2	2
Loss on Sale of Fixed Assets	10	0
	<u>202</u>	<u>166</u>
	<u>6,594</u>	<u>5,160</u>
Less : Income not to be considered		
Profit on Sale of Investments	2	6
	<u>2</u>	<u>6</u>
Net Profit computed as per Section 349 of Companies Act, 1956 :	<u>6,562</u>	<u>5,154</u>

Notes forming part of the Accounts

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2007

	2006-2007	2005-2006
	Rs. In Lacs	Rs. In Lacs
6. Auditors' Remuneration		
Audit Fees	4	2
Tax Audit Fees	1	1
Other Matters	6	5
	<u>11</u>	<u>8</u>

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.

	Value (Rs. In Lacs)
8. Opening & Closing Stocks	
(a) Opening Stock :	
(i) Finished Goods :	6,288
	(5,122)
(ii) Trading Stock	11
	(17)
(iii) Work In Process	586
	(709)
Total	<u>6,886</u>
	<u>(5,849)</u>
(b) Closing Stock :	
(i) Finished Goods	7982
	(6,288)
(ii) Trading Stock	8
	(11)
(iii) Work In Process	593
	(586)
Total	<u>8583</u>
	<u>(6,886)</u>

Notes forming part of the Accounts

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2007

	Quantity in Lacs	Value (Rs. In Lacs)
9. Information as regards Raw Materials Consumed		
(a) Paper	449 Kgs. (433) Kgs.	15,631 (14,870)
(b) Other Raw Materials		1,185 (1,128)
Total		16,816 (15,997)
10. Information as regards Purchase of goods made during the year :		
(a) Paper	11 Kgs. (6) Kgs.	363 (204)
(b) Books and Other Stationery Items		684 (5)
Total		1,047 (208)
11. Information as regards to Sales made during the year :		
Sales :		
(i) Publication sales		21,319 (18,034)
(ii) Stationery sales		10,921 (11,155)
(iii) Others		436 (249)
Total		32,676 (29,439)

For the year ended 31st March, 2007

	Value (Rs. In Lacs)
12. Value of Imports on C.I.F. Basis :	
(i) Capital Goods	213 (83)
(ii) Raw Material (Including Consumables)	21 (5)
(iii) Components, Stores & Spares	65 (39)
(iv) Finished Goods	622 (0)
13. Expenditure in Foreign Currency on Account of	
(i) Royalty	0 (1)
(ii) Interest	0 (13)
(iii) Professional Fees	15 (3)
(iv) Other Matters	72 (160)
14. Earning in Foreign Exchange :	
Export of Goods on FOB basis	2,883 (3,196)
Interest Income	12 (8)
15. Percentage and Value of Imported and Indigenous Raw Material and Stores & Machinery Spares Consumed.	

	Raw Material		Stores & Machinery Spares, etc.	
	Percentage	Value (Rs. In Lacs)	Percentage	Value (Rs. In Lacs)
Imported	0.16%	28	12.12%	28
	(0.19)%	(31)	(7.53)%	(17)
Indigenous	99.84%	16,788	87.88%	206
	(99.81)%	(15,966)	(92.47)%	(210)
Total :	100%	16,816	100%	235
	(100)%	(15,997)	(100)%	(227)

For the year ended 31st March, 2007

16. During the year, the Company has spent an amount of Rs.7.08 crores (Previous Year Rs.5.70 Crores) under the head Royalty, the said amount is for payment to various authors who writing 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. 94.63 lacs (Previous Year Rs. 97.66 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.in lacs
- | | |
|------------------------|---|
| Akshata Arts Pvt. Ltd. | 1 |
| Colour Process | 1 |
| Printmann | 5 |
| PARA-PACK | 2 |
- (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.
- (d) In the absence of necessary information with the Company, relating to the registration status of suppliers under the Micro, Small and Medium enterprise Development Act, 2006, the information required under the said Act could not be compiled and disclosed.
18. Due to Foreign Currency Translation Total amount of Rs. 74.92 lacs (Previous Year Rs. 63.78 lacs) being the exchange difference is credited to the Profit & Loss account.
19. Related party transactions
- (a) Party where control exists :
Grafalco Ediciones S.L. – Subsidiary Company 100% of whose equity share capital is held by the Company as at 31st March, 2007.
- (b) Other related parties with whom transaction have taken place during the year.

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 & Relatives

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

For the year ended 31st March, 2007

Transaction with Related Parties :

Items / Related Parties	Subsidiaries	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	- (0)	852 (669)	444 (369)	1,296 (1,038)
(ii) Sales of goods and services	61 (17)	- (-)	2 (-)	63 (17)
(iii) Investment in equity shares	-- (270)	-- (-)	- (-)	-- (270)
(iv) Loans given	-- (235)	35 (-)	- (-)	35 (235)
(v) Loan received back	154	35	--	189
(vi) Balance outstanding at year end Debtors	5 (16)	- (-)	- (-)	5 (16)
Loans and advances given	88 (235)	- (-)	- (-)	88 (235)

20. Earning Per Share :

	2006-2007 Rs. In Lacs	2005-2006 Rs. In Lacs
(a) Net Profit after tax	4,265	3,568
Add/(Less) : Excess/(Short) Provision of Taxation of the Earlier Years W / off / back	(2)	(20)
Net profit available for Equity Shareholders	4,263	3,548
(b) Number of Equity Shares (in Lacs)	953	953
(c) Basic and Diluted Earning per share of Rs.2/- each		
(i) before Extraordinary Items	4.47	3.72
(ii) after Extraordinary Items	4.47	3.72

For the year ended 31st March, 2007

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
(a) Loans & Advances in the nature of Loans :			
(i) Subsidiaries			
Grafalco Ediciones S.L.	88 (235)	-- (--)	88 (235)

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 in Lacs	Value (Rs. in Lacs)	Number of Units in Lacs	Value (Rs. in Lacs)	Number of Units in Lacs	Value (Rs. in Lacs)	Number of Units in Lacs	Value (Rs. in Lacs)
LIC Mutual Fund	2	25	1,714	18,812	1,716	18,838	--	--
Principal Mutual Fund	--	--	188	1,925	188	1,925	--	--
Reliance Mutual Fund	--	--	40	450	40	450	--	--
SBI Mutual Fund	0	1	95	956	95	957	--	--
UTI Mutual Fund - 1	--	--	264	4,624	224	3,925	40	700
UTI Mutual Fund - 2	--	--	1	1,516	1	1,516	--	--

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. Deferred tax liability Comprises of following

	Deferred tax (asset)/liability as at April 1, 2006 Rs. In Lacs	Current Year charge /(credit) Rs. In Lacs	Deferred tax (asset)/liability as at March 31, 2007 Rs. In Lacs
Depreciation	460	(39)	420
Disallowance under section 43B - Leave Encashment Provision	(25)	(10)	(35)
Total	435	(49)	386
Previous Year	506	(71)	435

Notes forming part of the Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

25 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, 2007
(For the year ended 31st March, 2006)

	Publication		Stationery		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	21,319	18,034	10,921	11,155	436	249	32,676	29,439
Less : Inter Segment Revenue	—	—	—	—	—	—	—	—
Net Revenue	21,319	18,034	10,921	11,155	436	249	32,676	29,439
Other Income	4	49	9	99	—	—	13	148
Segment Revenue	21,323	18,083	10,930	11,254	436	249	32,690	29,586
Segment Results	6,048	4,900	1,028	1,036	53	34	7,129	5,969
Add : Unallocated Other Income/(Expense)	—	—	—	—	—	—	131	81
Less : Financial Expenses	—	—	—	—	—	—	162	229
Less : Unallocable Expenditures (net of unallocable interest income)							736	827
Profit Before Taxation							6,362	4,994
Provision for Taxation (current tax FBT and deferred tax)							2,097	1,426
Profit after taxation							4,263	3,548
Segment Assets	15,652	14,821	8,427	9,487	768	63	24,847	24,371
Unallocated Assets							2,416	1,461
Total Assets							27,263	25,832
Segment Liabilities	680	882	593	822	7	2	1,280	1,706
Unallocated Liabilities							5,500	5,740
Total Liabilities							6,780	7,446
Depreciation on Segmental Assets	499	476	275	304	8	9	782	789
Unallocated Depreciation							49	121
Amortization							—	—

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 reasonable 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, 2007						Rs. in Lacs
	(For the year ended 31st March, 2006)						
	North & Central America	Africa	Europe	Australia & Oceania	Rest of the world except India	India	Total
Segment Revenue	809 (1,543)	1,188 (1,211)	241 (212)	31 (22)	617 (440)	29,803 (26,158)	32,690 (29,586)
Segment Assets	215 (1,261)	155 (128)	48 (31)	9 (0)	259 (303)	26,576 (24,110)	27,263 (25,832)

26. 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 : 28th June, 2007

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Cash Flow Statement

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year ended 2006-2007	For the Year ended 2005-2006
	Rs. in Lacs	Rs. in Lacs
Cash Flow from Operating Activities		
Net profit before tax	6362	4994
Adjustments for		
Interest & Financial Income (non operational)	(133)	(107)
(Profit) / Loss on sale of fixed assets	10	21
(Profit) / Loss on sale of Investments	(2)	(6)
Interest and Financial Expense	162	229
Depreciation	831	910
Changes in Current Assets and liabilities		
(Increase) / Decrease in Inventory	(340)	(2514)
(Increase) / Decrease in Debtors	548	159
(Increase) / Decrease in Loans and advances	(726)	-27
Increase / (Decrease) in current liabilities and provision	(489)	207
Income Taxes Paid	(2219)	(1633)
Net cash inflow / (outflow) from Operating Activities (A)	4002	2235
Cash flow from Investing Activities		
Purchase of Fixed Asset and change in capital WIP	(689)	(602)
Proceeds from sales of fixed Asset	6	14
(Increase) / Decrease in Investment other than Subsidiary	(675)	(20)
(Increase) / Decrease in Investment in Subsidiary	0	(223)
(Profit) / Loss on sale of Investments	2	6
Interest & Financial Income	136	150
Net cash inflow / (outflow) from Investing Activities (B)	(1220)	(675)
Cash flow from Financing Activities		
Increase / (Decrease) in Loan Fund	(123)	1071
Interest and Financial Expense	(187)	(288)
Dividend Paid (including Dividend Tax)	(2177)	(2342)
Net cash inflow / (outflow) from Financing Activities (C)	(2488)	(1559)
Net Increase / (Decrease) in Cash and Cash Equivalents	293	(1)
Cash and cash equivalent as at the commencement of the year	184	185
Cash and cash equivalent as at the end of the year	479	184
Net Increase / (Decrease) as mentioned above	293	(1)
Notes: (1) Cash and cash equivalent includes cash, cheque in hand and remittance in transix	23	23
Balance with banks	455	161

As per our report of even date attached hereto

For and on behalf of the Board

For and on behalf of :

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 28th June, 2007

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

NAVNEET PUBLICATIONS (INDIA) LIMITED

Consolidated Financial Statements

for the year ended 31st March, 2007

Auditor's Report

NAVNEET PUBLICATIONS (INDIA) LIMITED

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 **GRAFALCO EDICIONES S.L. (subsidiary)**, as at 31st March 2007, 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.

Attention is invited to note no 1(d) in schedule P in connection with the consolidation of financial statements of subsidiary.

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 2007;
- 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

Place: Mumbai

Date: 28th June, 2007

Partner

Membership No. 38262

Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	Rs. In Lacs	As at 31st March, 2007 Rs. In Lacs	As at 31st March, 2006 Rs. In Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	A	1,906		1,906
Reserves & Surplus	B	<u>18,559</u>		<u>16,456</u>
			20,465	18,362
Loan Funds				
Secured Loans	C	3,254		3,039
Unsecured Loans	D	<u>2,000</u>		<u>2,000</u>
			5,254	5,039
Deferred Tax Liability			386	435
Total Funds Employed			<u>26,104</u>	<u>23,836</u>
Application of Funds				
Fixed Assets				
Gross Block	E	14,440		13,828
Less : Depreciation		<u>7,656</u>		<u>6,848</u>
Net Block		<u>6,784</u>		<u>6,980</u>
Capital Work In Progress		<u>44</u>		<u>4</u>
			6,828	6,984
Investments	F		754	122
Current Assets, Loans and Advances				
Inventories	G	12,790		12,373
Sundry Debtors		4,396		4,813
Cash & Bank Balances		479		185
Loans & Advances		<u>2,473</u>		<u>1,498</u>
		<u>20,137</u>		<u>18,870</u>
Less: Current Liabilities and Provisions	H			
Current Liabilities		1,552		2,063
Provisions		<u>110</u>		<u>80</u>
		<u>1,662</u>		<u>2,143</u>
Net Current Assets			18,475	16,727
Miscellaneous Expenditure (To the extent not written off or adjusted)				
Preliminary / Deferred Revenue Expenditure		<u>46</u>		<u>2</u>
			46	2
Total Funds Utilised			<u>26,104</u>	<u>23,836</u>

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

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 28th June, 2007

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

For and on behalf of the Board

Profit and Loss Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	2006 -2007	2005 - 2006
		Rs. In Lacs	Rs. In Lacs
Income			
Income from Operations		33,228	29,626
Other Income	I	135	225
		<u>33,363</u>	<u>29,851</u>
Expenditure			
(Increase)/Decrease In Stocks	J	(1,774)	(1,177)
Cost of Materials	K	18,356	16,383
Manufacturing Expenses	L	1,992	1,818
Salaries Wages & Employee Benefit	M	2,750	2,402
Administrative & Selling Expenses	N	4,661	4,305
Interest	O	166	229
		<u>26,151</u>	<u>23,960</u>
Profit before Depreciation & Tax		7,213	5,891
Depreciation	E	854	921
Profit before tax		6,359	4,970
Less: Provision for taxation - Curent		2063	1,415
- Fringe Benefit Tax		83	82
- Defered Tax		(49)	(71)
		<u>2</u>	<u>20</u>
Add/(Less) : Excess/(Short) Provision of taxation of Earlier Year W/off/back		4,260	3,524
Profit after Tax		8,457	7,993
Add : Balance Brought Forward from last year		--	(213)
Less : Goodwill W/off on Merger			
		<u>8,457</u>	<u>7,780</u>
Profit available for Appropriation		<u>12,718</u>	<u>11,304</u>
Appropriations / Adjustments :			
Dividend (First Interim)		1,143	953
Dividend (Second Interim)		762	667
			<u>1,620</u>
Corporate Tax on Dividend		267	227
General Reserve		1,000	1,000
		<u>3,173</u>	<u>2,847</u>
Surplus Carried to Balance Sheet		<u>9,545</u>	<u>8,457</u>
Basic and Diluted Earning per Share of Rs. 2 each of [Refer Note 7 of Schedule 'P']			
Before Extraordinary Items		4.47	3.70
After Extraordinary Items		4.47	3.70
Significant Accounting Policies and Notes on accounts	P		
Schedule referred to above form an integral part of the accounts			

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 : 28th June, 2007

Amit D. Buch
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, 2007	As at 31st March, 2006
	Rs. In Lacs	Rs. In Lacs
SCHEDULE A : SHARE CAPITAL		
Authorised :		
10,00,00,000 (2,00,00,000) Equity shares of Rs. 2. each (Rs.10/- each)	<u>2,000</u>	<u>2,000</u>
Issued, Subscribed & Paid Up :		
9,52,86,000 (1,90,57,200) Equity Shares of Rs. 2 each (Rs.10/- each)	<u>1,906</u>	<u>1,906</u>
Total	<u>1,906</u>	<u>1,906</u>
Note :		
(1) Of the above 6,35,24,000 (1,27,04,800) Shares were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium and General Reserve		
(2) The shares of the company were subdivided from Rs. 10/- each into 5(five) equity shares of Rs. 2/- each on 6th Oct, 2006.		
SCHEDULE B : RESERVES & SURPLUS		
Capital Reserve		
As per last Balance Sheet	0	0
General Reserve		
As per last Balance Sheet	<u>8,000</u>	<u>7,000</u>
Add: Set aside this Year	1,000	1,000
	9,000	8,000
Foreign Currency Translation Reserve	14	(1)
Surplus as per Profit and Loss Account	<u>9,545</u>	<u>8,457</u>
Total	<u>18,559</u>	<u>16,457</u>

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	As at 31st March, 2007	As at 31st March, 2006
	Rs. In Lacs	Rs. In Lacs
SCHEDULE C : SECURED LOANS		
Loans from Banks :		
Working capital borrowings		
– Local Currency Loans	597	1,681
– Foreign Currency Loans	2,656	1,343
Other Loans	1	15
Total	<u>3,254</u>	<u>3,039</u>

Notes :

- (a) All rupee loans and foreign currency loans equivalent to Rs. 3,253/- Lac (Previous Year Rs. 3,024/-) 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.
 - (3) Secured against bank guarantee of parent Company.
- (b) Other loans are secured against hypothecation of respective assets

SCHEDULE D : UNSECURED LOANS

Debtures :		
Non-Convertible Debtures	<u>0</u>	<u>2,000</u>
Working Capital Demand Loan	<u>2,000</u>	<u>0</u>
Total	2,000	2,000

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

SCHEDULE E : FIXED ASSETS

Sr. No.	Description of Assets	Gross Block				Depreciation/Amortization				Net Block	
		As at 31.03.2006	Additions during the year	Deduction on/ Adjustment	As at 31.03.2007	up to 31.03.2006	For the year	Deductions/ Adjustment	upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
	Tangible										
1	Land - Freehold	340	0	0	340	0	0	0	0	340	340
	Land - Leasehold	84	0	0	84	13	6	0	19	64	71
2	Building	3,678	100	0	3,778	1,149	164	0	1,314	2,464	2,529
3	Plant & Machinery	7,537	432	30	7,939	4,457	467	21	4,903	3,036	3,080
4	Office Equipment	184	24	2	205	108	14	2	120	85	76
5	Furniture & Fixtures	945	37	0	982	548	78	0	626	357	397
6	Vehicles	621	37	29	628	362	72	23	411	217	259
	Intangible										
7	Intellectual Property	203	0	0	203	8	20	0	29	174	195
8	Trade Mark	57	0	0	57	6	6	0	11	46	51
9	SAP	190	0	0	190	190	0	0	190	0	0
10	Software	7	26	0	33	7	26	0	33	0	0
	Total	13,846	656	62	14,440	6,848	854	46	7,656	6,784	6,998
	Previous Year	12,992	1,036	199	13,828	6,049	921	123	6,847	6,980	

As at 31st March, 2007 As at 31st March, 2006

SCHEDULE F : INVESTMENTS

Rs. In Lacs Rs. In Lacs Rs. In Lacs

LONG TERM - NON TRADE

Long Term financial Investments 16 57

OTHER INVESTMENTS

Temporary Financial Investments 38 39

CURRENT INVESTMENTS

Mutual Funds

Units of Rs.10/-each fully paid up

- (2,28,207.8390) LICMF Liquid Fund 0 25

- (8,719.4998) SBI - magnum Institutional Income 0 1

3984190.881 (-) UTI Money Market Fund 700 700 26

Repurchase value of quoted Mutual Fund Rs. 700

Previous year Rs. (26)

Aggregate Book Value of Investments TOTAL 754 122

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	As at 31st March, 2007	As at 31st March, 2006
	Rs. In Lacs	Rs. In Lacs
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories		
Stores Spares & Consumables	290	242
Raw Materials	3,698	5,102
Finished Goods	8,209	6,442
Work In Process	<u>593</u>	<u>586</u>
		12,790
Sundry Debtors (Unsecured considered good)		
Over six months	501	1,592
Others	<u>3,895</u>	<u>3,221</u>
		4,396
Cash and Bank Balances		
Cash on hand	24	23
Balance with Scheduled Banks		
In Current Account	334	36
In Fixed Deposit Account	1	1
In Dividend Account	<u>120</u>	<u>124</u>
		479
LOANS & ADVANCES (Unsecured considered good)		
LOANS		
Staff Loans	161	148
Corporate Deposits	5	0
Other Deposits	<u>158</u>	<u>184</u>
		324
ADVANCES		
Advances Recoverable in Cash or in Kind or for value to be received	888	712
Deposits with Public Bodies Govt.etc	45	53
Deposit with Others	748	30
Advance Tax paid (Net)	467	372
Interest Accrued But Not Due	<u>0</u>	<u>0</u>
		2,149
		2,473
TOTAL		<u>20,137</u>
		<u>18,870</u>

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Rs. In Lacs	As at 31st March, 2007 Rs. In Lacs	As at 31st March, 2006 Rs. In Lacs
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors	804		1,272
Advances Received from customers	73		82
Investors Education and Protection Fund to be credited as and when due			
- Unclaimed Dividend	120		124
Other Liabilities	549		564
Interest Accrued But Not Due	5		21
		1,552	2,063
Provisions			
For Leave Encashment Benefit	110		80
		110	80
TOTAL		1,662	2,143

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

NAVNEET PUBLICATIONS (INDIA) LIMITED

		For the Year Ended 31st March, 2007	For the Year Ended 31st March, 2006
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE I : OTHER INCOME			
On Current Investment (Gross)			
Dividend		42	46
Profit / Loss on Sale of Investments		2	6
Miscellaneous Income		(5)	(17)
Exchange Fluctuation on Consolidation		2	0
Interest & Financial Income [TDS Rs. 20 Lac (Previous year Rs. 16 Lac-)]		95	190
TOTAL		<u>135</u>	<u>225</u>
SCHEDULE J : INCREASE/(DECREASE) IN STOCK			
Closing Stock			
Work In Process	593		586
Finished Goods	<u>8,209</u>		<u>6,442</u>
		8,802	7,028
Opening Stock			
Work In Process	586		709
Finished Goods	<u>6,442</u>		<u>5,142</u>
		7,028	5,851
TOTAL		<u>1,774</u>	<u>1,177</u>
SCHEDULE K : COST OF MATERIAL			
Raw Materials Consumed		16,946	16,083
Freight & Octroi		362	196
Purchase of Goods		<u>1,047</u>	<u>105</u>
TOTAL		<u>18,356</u>	<u>16,383</u>
SCHEDULE L : MANUFACTURING EXPENSES			
Printing Expenses		581	580
Binding Expenses		355	307
Other Manufacturing Expenses		639	549
Power & Fuel		183	155
Stores & Spares Consumed		154	136
Repairs to Plant & Machinery		80	91
TOTAL		<u>1,992</u>	<u>1,818</u>

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

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year Ended 31st March, 2007	For the Year Ended 31st March, 2006
	Rs. In Lacs	Rs. In Lacs
SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	2,309	2,033
Contribution to Provident & Other Funds	246	205
Staff Welfare	195	164
TOTAL	<u>2,750</u>	<u>2,402</u>
SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES		
Rates & Taxes	172	51
VAT/ Sales Tax	381	317
Rent	202	135
Royalty	708	570
Building Repairs & Maintenance	107	114
Other Repairs	76	67
Insurance	80	91
Transportation Expenses	540	671
Commission	56	51
Advertisement	214	240
Marketing Expenses	511	424
Sales Promotion Expenses	230	248
Discount & Rebate	212	189
Preliminary Expenses written off	1	0
Bad debts and other irrecoverable advance written off	11	0
Donation	84	159
Bank Charges	51	25
Prior Period Items	(1)	1
Other Expenses	1,025	952
TOTAL	<u>4,661</u>	<u>4,305</u>
SCHEDULE O : INTEREST		
Debentures	61	37
Others	105	192
TOTAL	<u>166</u>	<u>229</u>

For the year ended 31st March, 2007

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 subsidiaries Grafalco Ediciones S.L. Disenos S.L.

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) 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.
- (iii) Grafalco Ediciones S.L. accounts are drawn considering depreciation at straight line method as against W.D.V.method adopted by NPIL. The same is not aligned with for consolidation purpose considering the negligible impact of the same.

(iv) Grafalco Ediciones S.L. Balance Sheet is as at 31st December, 2006 with effect for inter party transaction for interveining period.

(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.

(d) As per the law governing the subsidiary, statutory audit is obligatory only if

- a) The turnover is above Euro 4,747,996 and
- b) Total employees are more than 50

Since the subsidiary has not met any of the above conditions, accounts of the subsidiary are not subject to audit for the year. Accordingly consolidated financial statements are compiled on the basis of such unaudited accounts.

2 Estimated amount of Capital Contracts (net of advances) remaining to be executed and not provided for Rs. 6.08 Lacs (Previous Year Rs.32.82 Lacs)

3 Contingent Liability

(a) For disputed Income-tax matters Rs.585.07 Lacs (Previous Year Rs.536.66 Lacs) against which amount paid

For the year ended 31st March, 2007

is Rs.486.95 Lacs (Previous Year Rs.479.24 Lacs)

(b) Against Bond

(i) Rs.NIL (Previous Year Rs.92.13 lacs) : For fulfilment of export obligation of USD NIL (0.95 lacs) equivalent to Rs.NIL, (Previous Year Rs.42.44 lacs) for import of machinery against licence granted under EPCG scheme. The Company has already fulfilled the said export obligation during the last year.

(ii) Rs.380.61 lac (Previous Year Rs.380.61 lacs) : For fulfillment of export obligation of US \$ 26.70 lac equivalent to Rs.1150.14 lac (Previous Year Rs.1195.52 lacs) 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.

(iii) Rs.3300 lac (Previous Year Rs.3090 lac) : For purchase of excisable inputs without payment of duty under bond to manufacture goods meant for exports. The Company has already fulfilled obligation upto Rs.3238.19 lac (Previous Year Rs.2986.11 lac) till the end of the year.

(c) Forward foreign exchange contracts of USD 4.5 Mn (Rs.20.45 cr.) and EUR 0.32 Mn (Rs.1.83 cr.) (Previous Year USD 6.80 Mn Rs.30.26 cr.) are open as on balance sheet date.

(d) In respect of bank guarantees given for other companies of Euro 1-mn equivalent to Rs.584-lac.

(e) In respect Bank Guarantee given of Euro 64,200 equivalent to Rs.37.49 lac.

4 During the year, the Company has spent an amount of Rs.7.08 crores (Previous Year Rs.5.70 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 Due to foreign currency translation total amount of Rs.74.92 lacs (Previous Year Rs.63.78 lacs) being the exchange difference is credited to the Profit & Loss account.

6 **Related party transactions**

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

(i) <i>Enterprises owned or significantly influenced by key management personnel or their relatives</i>	-	Navneet Prakashan Kendra Vikas Prakashan Gala Publishers Sandeep Agency Ankur Offset Nav Vikas Trading Pvt.Ltd.
---	---	--

(ii) *Key Management Personnel & Relatives*

Shri A.R.Gala	Shri D.R.Gala	Shri H.R.Gala
Shri S.R.Gala	Shri N.N.Shah	Shri B.A.Gala
Shri J.L.Gala	Shri J.K.Sampat	Shri A.D.Gala
Shri G.D.Gala	Shri R.H.Gala	Shri D.C.Sampat
Shri S.J.Gala	Shri S.J.Gala	Shri K.H.Gala
Shri S.S.Gala	Shri K.B.Gala	

Notes forming part of the Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2007

Transaction with Related Parties:

(Rs. In Lacs)

Items / Related Parties	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Total
(i) Purchase, expenses and other services from related parties	852 (669)	444 (369)	1296 (1038)
(ii) Sales of goods and services	— (—)	2 (—)	2 (—)
(iii) Loan given	35 (—)	— (—)	35 (—)
(vii) Loan received back	35 (—)	— (—)	35 (—)

Notes forming part of the Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

7 Earning Per Share :

	2006-2007 Rs. In Lacs	2005-2006 Rs. In Lacs
(a) Net Profit after tax	4,262	3,544
Add (Less) : Excess/(Short) Provision of Earlier Year W/off/back	(2)	(20)
Net Profit available for Equity Shareholders	4,260	3,524
(b) Number of Equity Shares	953	953
(c) Basic and Diluted Earning per share of Rs.2/- each		
(i) before Extra Ordinary Item	4.47	3.70
(ii) after Extra Ordinary Item	4.47	3.70

8 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.

9 Deffered tax liability Comprises of following

	Deferred Tax (asset)/liability as at April 1, 2006	Current Year charge / (credit)	Deferred Tax (asset)/liability as at March 31, 2007
Depreciation	460	(39)	420
Disallowance under section 43B - Leave Encasment Provision	(25)	(10)	(35)
Total	435	(49)	385
Previous Year	506	(71)	435

10 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 Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

[A] Primary - Business Segments

For the year ended 31st March, 2007
(For the year ended 31st March, 2006)

	Publication		Stationery		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Revenue	21,871	18,222	10,921	11,155	436	249	33,228	29,626
Less : Inter Segment Revenue	—	—	—	—	—	—	—	—
Net Revenue	21,871	18,222	10,921	11,155	436	249	33,228	29,626
Other Income	7	45	9	99	0	0	16	144
Segment Revenue	21,878	18,267	10,930	11,254	436	249	33,244	29,770
Segment Results	6,045	4,876	1,028	1,036	53	34	7,126	5,945
Add : Unallocated Other Income/(Expense)	—	—	—	—	—	—	120	81
Less : Financial Expenses	—	—	—	—	—	—	166	229
Less : Unallocable Expenditures (net of unallocable interest income)	—	—	—	—	—	—	720	827
Profit Before Taxation	—	—	—	—	—	—	6,359	4,970
Provision for Taxation (current tax, FBT and deferred tax)	—	—	—	—	—	—	2,097	1,426
Profit after taxation	—	—	—	—	—	—	4,262	3,524
Segment Assets	16,155	14,966	8,427	9,487	768	63	25,350	24,515
Unallocated Assets	—	—	—	—	—	—	2,416	1,461
Total Assets	—	—	—	—	—	—	27,766	25,979
Segment Liabilities	1,202	1,050	593	822	7	2	1,802	1,874
Unallocated Liabilities	—	—	—	—	—	0	5,500	5,719
Total Liabilities	—	—	—	—	—	0	7,302	7,590
Depreciation on Segmental Assets	522	486	275	304	8	9	805	799
Unallocated Depreciation	—	—	—	—	—	—	49	121
Amortization	—	—	—	—	—	—	—	—

Notes :

- 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.
- Segment assets and segment liabilities represent assets and liabilities of respective segments, however the assets and liabilities not identifiable or allocable on reasonable basis being related to enterprise as a whole have been grouped as unallocable.
- 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, 2007
(For the year ended 31st March, 2006)**

	North & Central	Africa	Europe	Australia & Oceania	Rest of the world except India	India	Total
America as per b/s							
Segment Revenue	809 (1,543)	1,188 (1,211)	795 (212)	31 (22)	617 (440)	29,803 (26,342)	33,244 (29,770)
Segment Assets	215 (1,261)	155 (128)	48 (31)	9 (0)	259 (303)	26,738 (24,254)	27,425 (25,976)

11. 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 : 28th June, 2007

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

Cash Flow Statement (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year ended 2006-2007	For the Year ended 2005-2006
	Rs. In Lacs	Rs. In Lacs
Cash Flow from Operating Activities		
Net profit before tax	6,359	4,970
Adjustments for		
Interest & Financial Income (non operational)	(121)	(103)
(Profit) / Loss on sale of fixed assets	10	21
(Profit) / Loss on sale of Investments	(2)	(6)
Exchange Fluctuation on Consolidation	(2)	-
Interest and Financial Expense	166	229
Foreign Currency Translation Reserve	(14)	(1)
Depreciation	854	921
Changes in Current Assets and liabilities		
(Increase) / Decrease in Inventory	(417)	(2,668)
(Increase) / Decrease in Debtors	417	(46)
(Increase) / Decrease in Loans and advances	(879)	210
Increase / (Decrease) in current liabilities and provision	(477)	371
Income Taxes Paid	(2,219)	(1,633)
(Increase) / Decrease in Preliminary Expenses (Net)	(44)	(2)
Net cash inflow / (outflow) from Operating Activities (A)	3,632	2,262
Cash flow from Investing Activities		
Purchase of Fixed Asset and change in capital WIP	(698)	(762)
Proceeds from Sale of Fixed Asset	6	20
(Increase) / Decrease in Investment other than Subsidiary	(675)	-
(Increase) / Decrease in Investment in Subsidiary	43	(122)
(Profit) / Loss on sale of Investments	2	6
Interest & Financial Income	123	146
Net cash inflow / (outflow) from Investing Activities (B)	(1,198)	(713)
Cash flow from Financing Activities		
Increase / (Decrease) in Loan Fund	215	1,073
Interest and Financial Expense	(192)	(288)
Dividend Paid (including Dividend Tax)	(2,177)	(2,342)
Net cash inflow / (outflow) from Financing Activities (C)	(2,155)	(1,556)
Foreign Currency Translation Reserve	14	-
Net Increase / (Decrease) in Cash and Cash Equivalents	294	(6)
Cash and cash equivalent as at the commencement of the year	185	191
Cash and cash equivalent as at the end of the year	479	185
Net Increase / (Decrease) as mentioned above	294	(6)
Notes:		
(1) Cash and cash Equivalent includes		
cash, cheque in hand and remittance in transit	24	23
Balance with banks		

As per our report of even date attached hereto

For and on behalf of the Board

For and on behalf of :

Ghalla & Bhansali Chartered Accountants

Haresh K. Chheda

Partner

Mumbai : 28th June, 2007

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director
455

S. K. Vikamsey
Chairman
162

Balance Sheet Abstract

Accounting Year : 2006 - 2007 (12 months)

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 period (Amount in Rs Thousands)

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

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

Total Liabilities <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="5"/>	Total Assets <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="5"/>
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Sources of Funds

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

Application of Funds

Net Fixed Assets <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="1"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="4"/>	Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="9"/>	Deferred Revenue Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

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

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

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

Item Co No. (ITC Code) <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/>	Product Description <input type="text" value="P"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="D"/> <input type="text" value=""/> <input type="text" value="B"/> <input type="text" value="O"/> <input type="text" value="O"/> <input type="text" value="K"/> <input type="text" value="C"/> <input type="text" value="H"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="D"/> <input type="text" value="R"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="S"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="P"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="T"/> <input type="text" value="U"/> <input type="text" value="R"/> <input type="text" value="E"/> <input type="text" value=""/> <input type="text" value="B"/> <input type="text" value="O"/> <input type="text" value="O"/> <input type="text" value="K"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="T"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value=""/> <input type="text" value="P"/> <input type="text" value="A"/> <input type="text" value="D"/> <input type="text" value="S"/> <input type="text" value=""/>
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Grafalco Ediciones S. L.

Financial Statements

for the year ended 31st December, 2006

AMOUNTS IN EURO

Balance Sheet

Grafalco Edicones S. L.

	Schedule		As at 31st Dec, 2006 EURO	As at 31st Dec, 2006 EURO
Sources of Funds				
Shareholders' Funds				
Share Capital	A	503,006		503,006
Reserves & Surplus	B	<u>(55,634)</u>	447,372	<u>(34,501)</u>
				468,505
Loan Funds				
Secured Loans	C	473,080		5,340
Unsecured Loans	D	<u>266,320</u>	739,400	<u>440,000</u>
				445,340
			<u>1,186,772</u>	<u>913,845</u>
Total Funds Employed				
Application of Funds				
Fixed Assets				
Gross Block	E	378,517		366,958
Less: Depreciation		<u>54,577</u>		<u>15,224</u>
Net Block		<u>323,940</u>		<u>351,734</u>
Capital Work-in-Progress		-	323,940	-
				351,734
Investments				
Current Assets, Loans and Advances	F		91,680	180,762
Inventories	G	413,261		300,877
Sundry Debtors		620,705		425,039
Cash and Bank Balances		440		1,248
Loans and Advances		-		<u>6,776</u>
		<u>1,034,406</u>		<u>733,939</u>
Less: Current Liabilities and Provisions				
Current Liabilities	H	342,519		357,200
Provisions		<u>-</u>		<u>-</u>
		<u>342,519</u>		<u>357,200</u>
Net Current Assets				
Preliminary/Deferred Revenue Expenditure (To the extent not written off or adjusted)			691,887	376,739
			<u>79,265</u>	<u>4,608</u>
Total Funds Utilised			<u>1,186,772</u>	<u>913,845</u>

For and on behalf of the Board

Profit and Loss Account

Grafalco Edicones S. L.

Schedule	For the year ended 31st Dec, 2006		For the year ended 31st Dec, 2005	
	EURO	Rs. In Lacs EURO	Rs. In Lacs EURO	EURO
Income				
Income from Operations		1,055,260		345,099
Other Income	I	3,896		189
		<u>1,059,156</u>		<u>345,289</u>
Expenditure				
(Increase)/Decrease In Stocks	J	(113,538)		(274,751)
Cost of Materials	K	304,995		207,359
Manufacturing Expenses	L	262,240		193,099
Salaries Wages & Employee Benefit	M	243,796		71,448
Administrative & Selling Expenses	N	310,327		159,636
Interest	O	33,115		7,773
		<u>1,040,936</u>		<u>364,566</u>
Profit before Depreciation & Tax		18,219		(19,276)
Depreciation	E	39,352		15,224
Profit before Tax		<u>(21,133)</u>		<u>(34,501)</u>
Profit after Tax		(21,133)		(34,501)
Add : Balance Brought Forward from last year		(34,501)		-
		<u>(55,634)</u>		<u>(34,501)</u>
Profit available for Appropriation				
		<u>(55,634)</u>		<u>(34,501)</u>
Surplus Carried to Balance Sheet				
		<u>(55,634)</u>		<u>(34,501)</u>

For and on behalf of the Board

A. D. Gala
Director

Dilip Sampat
Director

G. D. Gala
Director

Mumbai : 31st March, 2007.

**AMOUNTS IN INR
IN LACS**

Balance Sheet As At 31st December, 2006

Grafalco Edicones S. L.

	Schedule	As at	
		31st Dec, 2006	31st Dec, 2005
		Rs. In Lacs	Rs. In Lacs
Sources of Funds			
Shareholders' Funds			
Share Capital	A	294	269
Reserves & Surplus	B	<u>(32)</u>	<u>(18)</u>
			250
			261
Loan Funds			
Secured Loans	C	276	3
Unsecured Loans	D	<u>156</u>	<u>235</u>
			238
			432
			<u>693</u>
Total Funds Employed			<u>488</u>
Application of Funds			
Fixed Assets			
Gross Block	E	221	196
Less: Depreciation		<u>32</u>	<u>8</u>
Net Block		<u>189</u>	<u>188</u>
			188
			189
Investments	F		97
Current Assets, Loans and Advances	G		
Inventories		241	161
Sundry Debtors		362	227
Cash and Bank Balances		0	1
Loans and Advances		<u>--</u>	<u>4</u>
		<u>604</u>	<u>392</u>
Less: Current Liabilities and Provisions	H		
Current Liabilities		<u>200</u>	<u>191</u>
		<u>200</u>	<u>191</u>
Net Current Assets			201
Preliminary/Deferred Revenue Expenditure (To the extent not written off or adjusted)			46
			404
			<u>693</u>
Total Funds Utilised			<u>488</u>
Significant Accounting Policies and Notes on Accounts	P		
Schedule referred to above form an integral part of the accounts			

For and on behalf of the Board

Profit and Loss Account for the Year Ended 31st Dec., 2006

Grafalco Edicones S. L.

Schedule	For the year ended		
	31st Dec, 2006	31st Dec, 2005	
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Income			
Income from Operations		601	185
Other Income	I	2	0
		<u>603</u>	<u>185</u>
Expenditure			
(Increase)/Decrease in stocks	J	(80)	(147)
Cost of Materials	K	174	111
Manufacturing Expenses	L	149	104
Salaries, Wages & Employee Benefits	M	139	38
Administrative and Selling Expenses	N	177	86
Interest	O	19	4
		<u>577</u>	<u>196</u>
Profit before Depreciation and Tax		26	(11)
Depreciation	E	23	8
Profit before Tax		3	(19)
Profit after Tax		3	(19)
Add: Balance brought forward froms last year		(19)	-
Profit available for Appropriation		<u>(16)</u>	<u>(19)</u>
Surplus carried to Balance Sheet		<u>(16)</u>	<u>(19)</u>
Basic and Diluted Earning per share of Euro Rs. 1/- each			
Before Extraordinary Items		0.01	(0.07)
After Extraordinary Items		0.01	(0.07)
Significant Accounting Policies and Notes on Accounts	P		
Schedule referred to above form an integral part of the accounts			

For and on behalf of the Board

A. D. Gala
Director

Dilip Sampat
Director

G. D. Gala
Director

Schedules forming part of the Balance Sheet

Grafalco Edicones S. L.

		As at 31st Dec, 2006	As at 31st Dec, 2005
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE A : SHARE CAPITAL			
Issued, Subscribed & Paid Up :			
5,03,600 Equity Shares of Euro Rs.1/- each		294	269
Total		<u>294</u>	<u>269</u>
SCHEDULE B : RESERVES & SURPLUS			
Exchange Fluctuation on Translation		(16)	1
Surplus as per Profit and Loss Account		<u>(16)</u>	<u>(19)</u>
Total		<u>(32)</u>	<u>(18)</u>
SCHEDULE C : SECURED LOANS			
Loans from Banks :			
Working capital borrowings			
– Local Currency Loans (secured by bank guarantee of parent Company)	276		3
– Foreign Currency Loans	<u>0</u>		<u>0</u>
Total		<u>276</u>	<u>3</u>
		<u>276</u>	<u>3</u>
SCHEDULE D : UNSECURED LOANS			
Other Loans & Advances			
Inter Corporate Deposits	156		235
Total		<u>156</u>	<u>235</u>
		<u>156</u>	<u>235</u>

SCHEDULE E : FIXED ASSETS

Sr. No.	Description of Assets	Gross Block				Depreciation/amortization				Net Block	
		as at 31.12.2005	Additions during the year	Deduction/ Adjustments	as at 31.12.2006	up to 01.01.2006	For the year	Deductions/ Adjustments	upto 31.12.2006	As at 31.12.2006	As at 31.12.2005
1	Intellectual Property	203	--	--	203	8	20	--	29	174	195
2	Plant & Machinery	2	--	--	2	0	0	--	0	1	2
3	Office Equipment	4	4	--	8	0	2	--	2	7	4
4	Furniture & Fixtures	5	2	--	7	0	1	--	1	6	5
5	Vehicles	1	--	--	1	0	0	--	0	-	1
	Total	214	7	--	221	9	23	--	32	189	205
	Previous Year	--	196	--	196	0	8	--	8	188	

Notes :

Difference in previous year closing Gross Block and current year opening Gross Block is due to translation of Foreign Currency amounts at the closing rate of the respective year.

	As at 31st Dec, 2006	As at 31st Dec, 2005
	Rs. In Lacs	Rs. In Lacs
SCHEDULE F : INVESTMENTS		
CURRENT INVESTMENTS		
Long Term financial Investments	16	57
Temporary Financial Investments (Bonds)	38	39
	54	97
Aggregate Book Value Investments Total	54	97

Schedules forming part of the Balance Sheet

Grafalco Edicones S. L.

	As at 31st Dec., 2006	As at 31st Dec., 2005
	Rs. In Lacs	Rs. In Lacs
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories		
Stores Spares & Consumables		
Raw Materials	15	14
Finished Goods	227	147
	<u>241</u>	<u>161</u>
Sundry Debtors (Unsecured considered good)		
Over six months	4	0
Others	358	227
	<u>362</u>	<u>227</u>
Cash and Bank Balances		
Cash on hand	0	1
	<u>0</u>	<u>1</u>
ADVANCES		
Advances Recoverable in Cash or in Kind or for value to be received	0	0
Deposit with Others	0	3
	<u>0</u>	<u>4</u>
	<u>0</u>	<u>4</u>
TOTAL	<u>604</u>	<u>392</u>
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	176	191
Other Liabilities	24	0
	<u>200</u>	<u>191</u>

Schedules forming part of the P & L Account

Grafalco Edicones S. L.

	For the Year Ended 31st Dec, 2006	For the Year Ended 31st Dec, 2005
	Rs. In Lacs	Rs. In Lacs
SCHEDULE I : OTHER INCOME		
Miscellaneous Income	2	0
Interest & Financial Income	0	0
TOTAL	<u>2</u>	<u>0</u>
SCHEDULE J : INCREASE/(DECREASE) IN STOCK		
Closing Stock		
Finished Goods	<u>227</u>	<u>147</u>
Opening Stock		
Finished Goods	<u>147</u>	<u>0</u>
TOTAL	<u>227</u>	<u>147</u>
SCHEDULE K : COST OF MATERIAL		
Raw Materials Consumed	130	86
Purchase of Finished / Trading Goods	44	26
TOTAL	<u>174</u>	<u>111</u>
SCHEDULE L : MANUFACTURING EXPENSES		
Printing Expenses	51	47
Binding Expenses	51	33
Other Manufacturing Expenses	47	24
TOTAL	<u>149</u>	<u>104</u>
SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	106	29
Staff Welfare	33	9
TOTAL	<u>139</u>	<u>38</u>

Schedules forming part of the P & L Account

Grafalco Edicones S. L.

	For the Year Ended 31st Dec, 2006	For the Year Ended 31st Dec, 2005
	Rs. In Lacs	Rs. In Lacs
SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES		
Rent	34	12
Other Repairs	6	2
Insurance	2	0
Transportation Expenses	31	6
Commission	16	3
Marketing Expenses	29	10
Sales Promotion Expenses	3	0
Preliminary Expenses written off	1	0
Bank Charges	4	2
Other Expenses	52	50
TOTAL	<u>177</u>	<u>86</u>
SCHEDULE O : INTEREST		
Others	19	4
TOTAL	<u>19</u>	<u>4</u>

“GRAFALCO EDICIONES, S.L. UNIPERSONAL SOCIETY”

**BRIEF ANNUAL REPORT CORRESPONDING TO THE CLOSED EXERCISE THE
31st OF DECEMBER OF 2006**

I. NATURE AND MAIN ACTIVITY.-

“GRAFALCO EDICIONES, S.L. UNIPERSONAL SOCIETY” (in ahead, the Society) constituted like limited society on 8 of February of 2005, by a period of indefinite time being his main activity the infantile book edition, import, export, distribution and transaction.

II. BASES OF PRESENTATION.

In fulfilment of the effective legislation, the Council of Administration of the Society has formulated the attached annual accounts with object to show the faithful image of the patrimony, the financial situation and the results of the Society.

The mentioned annual accounts have been prepared from the auxiliary registries of accounting and they are formulated expressing its values in euros. The same is converted to INR for presentation in this report.

The Council of Administration of the Society esteem that the accounts of the exercise closed to the 31st of December of 2006 will be approved without significant variations by the unique partner of the company.

III. DISTRIBUTION OF RESULTS.

It does not come to propose the distribution of the result obtained in the exercise, because it throws a profit of Rs.2.75 Lacs, mainly due to Foreign Currency Translation Reserve of Rs.16.06 Lacs.

IV. NORMS OF VALUATION.

The main norms of valuation used by the Society in the

elaboration of its annual accounts for exercise 2006, in agreement with the established ones by the General Plan of Accounting, and other applicable legislation, have been the following:

A) EXPENSES OF ESTABLISHMENT AND DEFERRED

This inscription basically gathers the expenses of constitution, increase in capital, and expenses whose benefit is recognized over a period and are entered by the incurred costs. Its amortization is carried out in five years and they appear in the attached Balance sheet by its value of net cost of the accumulated amortization.

B) INTANGIBLE ASSETS

Intangible Assets essentially consisting of rights of intellectual property, appear valued by their price of acquisition and they are amortized linearly based on its considered life utility. This considered life utility is of 10 years.

C) TANGIBLE ASSETS

Tangible Assets appear valued to the acquisition cost and they are amortized linearly based on its considered life utility as of the moment of entrance in operation. The life utility considered by each category is the following one:

Type	Years
Furniture	10
Computer informatics equipment	4

Machinery

8

D) EXISTENCE:

The Existence valued on the criteria established under the norms of valuation of general accounting plan. The Finished goods are valued on average production cost.

E) NONCOMMERCIAL DEBTS

The non commercial debts are registered by the value of reimbursement. In the balance non-commercial debts by a value of Rs.155.53 Lacs consist, amounts that have been lent by the matrix Navneet Publications India Limited. This loan is given for 2years. The interests accrued by these loans appear in the liabilities of the balance.

F) TAX OF SOCIETIES:

The Society is subject to the general regime of the Tax on Societies. In the exercise the tax basis of the company has been negative. In application of the prudence principle the company has chosen not to recognize in the assets of the balance the credit by compensation of negative taxes basis in future exercises.

G) INCOME AND EXPENSES:

The income and expenses are imputed following the criteria of accrued income, this is, when the real current of goods and services to that those respond, of the moment takes place independently at which the collection or respective payment takes place.

(H) CONTINGENT LIABILITY

In respect of bank guarantees of Euro 64,200 equivalent to INR 37.49 lac

V. OWN CAPITAL :

To the 31 of December of 2006 the share capital is made up of FIVE HUNDRED THREE THOUSAND SIX social participation of a EURO of nominal value each one of them. All the constituent participation of the subscribed capital enjoy such right.

VI. REPAYMENTS AND BENEFITS TO THE ADMINISTRATION ADVICE.

During the present exercise repayments for benefits to the members of the Council of Administration of the Society have not existed, by the exercise of their position.

VII. ENVIRONMENTAL INFORMATION.

The global operations of the organization do not affect the environment, that is why organization has not adopted any measurable opportunity in relation to the protection and improvement of the environment and the minimization, in its case, of the environment impact.

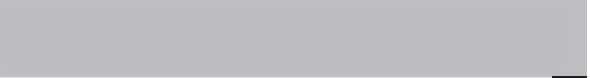
For and on behalf of the board

Mr. A. D. Gala
Director**Mr. Dilip C. Sampat**
Director

Mumbai, 31st March, 2007

Mr. G. D. Gala
Director

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NAVNEET PUBLICATIONS (INDIA) LIMITED

Registered Office : Navneet Bhavan, Bhavani Shankar Road, Dadar (W), Mumbai - 400 028.

ATTENDANCE SLIP

Twenty-First Annual General Meeting on Tuesday, the 31st July, 2007

Please fill in this Attendance Slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain additional Attendance Slip on request.

Master Folio No. _____ No. of Share Held _____

DPID _____ Client ID _____

Mr./Ms./Mrs. _____

Address : _____

I hereby record my presence at the TWENTY-FIRST ANNUAL GENERAL MEETING of the Company on Tuesday, 31st July, 2007 at 3.30 p.m. at Textile Committee Auditorium, Textile Committee Building, P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai - 400 025.

(Proxy's Name in Block Letters)

(Member's / Proxy's Signature#)

Strike out whichever is not applicable

-----**TEAR HERE**-----

NAVNEET PUBLICATIONS (INDIA) LIMITED

Registered Office : Navneet Bhavan, Bhavani Shankar Road, Dadar (W), Mumbai - 400 028.

PROXY FORM

Client ID _____

DPID _____

Master Folio No. _____

I/We _____ of _____ being a member / members of Navneet Publications (India) Limited, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held on Tuesday, the 31st July, 2007 at 3.30 p.m. and at any adjournment(s) thereof.

Signed _____ day of _____ 2007.

Affix One
Rupee
Revenue
Stamp

Note : 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. The Proxy need not be a member of the Company



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NAVNEET PUBLICATIONS (INDIA) LIMITED

