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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
Kamlesh S. Vikamsey	Director
Liladhar D. Shah	Director
Dr. R. Varadarajan	Director
Vijay Rai	Director
Tushar K. Jani	Director

Company Secretary

Amit D. Buch

Auditors

Ghalla & Bhansali
Chartered Accountants, Mumbai

Bankers

ICICI Bank Ltd.
Barclays Bank PLC
Kotak Mahindra Bank Ltd.
HDFC Bank Ltd.
DBS Bank Ltd.
Deutsche Bank

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's FY10 GDP numbers have come as a positive surprise at 7.4% beyond the expectations of 7.2%, this was achieved against the global turmoil especially at a time when the developed economies like US and Europe witnessed challenges like unemployment, slowdown in manufacturing activities and falling consumption.

The estimate for India 2010-11 of 7.9% has been pulled up to 8.2% based on the Central Statistical Organisation advance estimates, while worries over factors like Europe's debt crisis, high inflation, rising fuel prices remain. The government has got a breather by the recent 3G spectrum auction and broadband auction to counter the rising fiscal deficit.

A continued slowdown in the global economy could lead to exports remaining depressed especially in US and Europe contributing to 20% and 12% of our exports respectively and any tightening by the Reserve Bank of India to combat inflationary pressure could cost the Indian economy 0.5% in terms of GDP, but estimates by various institutions across India point to a 8% GDP growth rate in 2010-11.

Your company concluded FY10 with 3.3% increase in revenues at INR 522 crores, led by the stationery business which grew 5% at INR 240 crores and publications segment grew by 3% at INR 277 crores, despite there being no syllabus change in the two key states Gujarat and Maharashtra. The balance revenue of INR 5 crores was from other sources.

As envisaged, the publications segment performance was in line with our expectations but the performance of the stationery segment was lower than what we had anticipated at the beginning of FY10. With syllabus change commencing in the state of Maharashtra from FY11 and Gujarat likely to follow next year the company expects good growth for the publications segment over the next few years.

The stationery performance was affected on account of building focus and trying to build the business on a few states rather than on a pan-India basis, which was based on inputs from a leading consultancy firm which lowered off take amongst our distributors as operational modalities were carried on. This trend might continue for a couple of months but then the stationery business should be on track. Your company expects double digit growth for stationery business in the coming year as the outlook on exports continues to remain stable.

Your company has made good progress in its e-learning activity. More than 500 schools will use your company's classroom teaching modules in the state of Maharashtra and Gujarat. Most of these schools will use the same in their classrooms. Your company is confident that once the schools start using the product in their day-to-day teaching activities, this segment will gain impetus and your company with its strong brand and relationship built over the last many decades will create a sustainable long term business model.

With the opportunities opening up in the education sector on account of increased government spends, willingness by parents to spend on quality education, improving student-enrolment ratio, the scope for players like Navneet to deliver education based products is so large that we are confident of crossing the INR 1000 crores revenue mark over by FY2015.

Overall your company visualizes ample opportunities across the education sector in India and your company should grow steadily in the years to come.

Shivji K. Vikamsey

Dividend Policy :

Keeping in line with the low capital expenditure requirements for the business, the company continues with its liberal dividend policy and accordingly the company has paid a dividend of 50% or Re 1 per share which works out to 40% payout for FY10. Depending on the capital expenditure requirements for newer initiatives this could change. However, the company expects that a 25% dividend payout will continue.

Wealth Creation:

As the shareholders are aware that your company came out with its Public Offering in 1994 at price of INR 60 per share (INR 10 face value and INR 50 as premium). Your company has consistently rewarded its shareholders with rich dividends year after year.

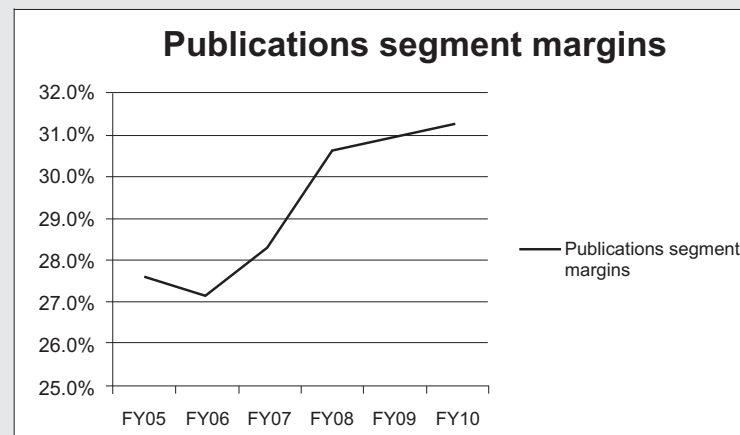
For a shareholder who invested in Public Offering in 1994 for 100 shares at INR 60 per share and the shareholder has stayed invested till date, then by now these 100 shares have become 3750 shares (by virtue of couple of bonus shares and stock split declared earlier by the company). Further, the shareholder would have also received around INR 26,800 as dividends, i.e. approximately 4.50 times of the initial investment amount. Considering the average price of around INR 48 for the month of June 2010, the 3750 shares are now worth around INR 1,80,000, i.e. a growth of 30 times over the initial investment.

Thus, a shareholder having invested INR 6000/- in 1994 has got a cumulative return of around 34.50 times (including dividends) in the last 16 years which gives a healthy compounded return of 27% since your company went public.

Business Overview and frequently asked questions about outlook, opportunities, threats and concerns

Publications Segment :

Revenues from publications business grew 3% on a y-o-y basis at INR 277 crores. The tepid growth in revenues from this segment was that no syllabus change was witnessed in our two key markets, namely Maharashtra and Gujarat during FY10. Despite revenues growing at just 3% EBIT margins were highest for this segment over the last 6 years at 31.3%.



With syllabus change starting from FY11 onwards the company expects to see a double digit growth in revenues for the next few years and expects stable margins across the segment.

Stationery Segment :

Revenues from stationery business grew 5% on a y-o-y basis at INR 240 crores which was lower than our expectations on account of a restructuring exercise undertaken by the company for the long term scalability and profitability in the business thereby reducing off take by distributors; also instead of doing business on a pan-India basis, the company will now focus on five to six states which will improve efficiency in the stationery segment in the years to come. Given the recent volatility in paper prices and benefits of the restructuring, we expect a double digit growth in the stationery business for FY11 post which we should grow at 15% over the next few years.

Other Segments:

The windmills which commenced operations in September 2007 generated power worth INR 5.40 crores and a segment profit of INR 1.10 crores as compared to a loss of 4.80 crores which was on account of ECB loans.

Operating margins and its likely improvement:

Operating profit grew by 6% on a y-o-y basis at INR 111.30 crores. Raw material costs as a percentage of sales fell by over 200 bps which was partially offset by increase in staff costs and other expenditure. The increase in other expenditure can be attributed to the sales and promotion activities pertaining to the coming back to school season. Operating margins improved from 20.7% in FY09 to 21.3% in FY10. Any improvement in margins in FY11 seems unlikely from the current levels.

Capex plans for the current year:

The company has build sufficient infrastructure to cater to its publications and stationery business over the past few years. However, the company may invest in some additional storage facilities, office premises for its various activities and some minor additions to the plant.

Update on the Spanish acquisition:

On account of the global recession the operational performance of Grafalco, a wholly owned subsidiary continues to be affected. With its focus on the European region, especially Spain, the company has now adopted a cautious approach for Grafalco and is changing its business model to cater to the demand of OEMS. With this strategy your company would continue to be a packager and tap the existing and potential client relationship around Europe. However, it would not build on inventory so that losses can be curtailed and the company could potentially grow with any probable recovery in Europe without any major investments.

However, on account of the small contribution to the consolidated turnover, any meaningful impact is not likely to be felt by the performance of Grafalco.

Are paper prices a concern?

As all of you know that paper contributes to over 90% of the total raw material consumed for the company. Over the years your company has developed a strong vendor base to ensure environment-friendly paper at most competitive rates.

The company sources its requirement through the domestic market. However, ever since the beginning of 2010 paper prices have turned very volatile and after starting the year with a downward trend have

started looking upwards and have shown a rising trend particularly every month, rising almost 15% over the last 3 months.

Our view is that various factors such as cyclone in Chile, rising pulp prices, deferment of increased costs by paper mills over last year due to global slowdown has led to such a scenario. However, we see the pace of rising prices in paper to taper off in FY 11.

Do we see some impact on our business because of this volatility?

Yes there could be some short term impact especially in our stationery business as that is a lower gross margin business as compared to our publications segment. However, your company has already increased product prices to offset any impact on profitability for the stationery business.

For the publications segment no impact is envisaged because of paper prices on account of the strong content, relationship with schools and the better margin profile.

Corporate Social Responsibility :

Your company continues to use eco-friendly materials for most of its major products catering to environmental needs. Your company continues with its corporate social responsibility initiative and donates mainly in areas of medical aid, education and rehabilitation programmes. For FY10 the company donated INR 2.8 crores as compared to INR 1.6 crores last year.

The management will continue to fulfill its social responsibility on an ongoing basis towards society in whatever best possible manner.

Future growth drivers

Common curriculum could help Navneet grow rapidly

The Ministry of Human Resources and Development has been pushing for some time to reduce stress on India's school-leaving students. The proposal to hold a single entrance exam for competitive studies should go some way towards achieving this. And it's going to be helped by a complementary reform, the adoption of a common curriculum across the country, whether students are in a school affiliated to CBSE, ICSE or one of the state boards. Such a curriculum would give a common platform to students.

Education in a diverse country like India faces unique dilemmas. To reduce stress in the system some degree of standardization is needed, yet a uniform template cannot be decreed across the country. It is possible to start with subjects like maths, science or commerce which are less history and culture dependent. We believe it could work if the education minister can pull off the difficult task of bringing uniformity across the country.

The common curriculum could open up markets beyond Gujarat and Maharashtra if this becomes a reality sooner than later. To test the market your company has already started developing curricula based on NCERT syllabus for primary classes. With common curriculum, given Navneet's strong content creation team, national reach and strong brand built over the years we are sure that we will become a significant player in the supplementary or textbooks market in the years to come.

eSense an e-initiative by Navneet :

How large can this e-learning initiative be?

There are around 1,38,000 schools across Gujarat and Maharashtra, of which nearly 32,000 are private schools and they are our target market. Even if we take a spend on INR 2,00,000 per school the potential market on e-learning or classroom teaching for the private schools can be INR 650 crores.

What is e-learning initiative?

Given the strong relationship with the schools across the two key states, Navneet has expanded the product portfolio in its content business by creating a digitized version of the textbook based on the state level curriculum with some basic and easy-to-use features. Navneet operates in this segment through its 91% subsidiary eSense Learning Private Limited.

Why are we optimistic about this product?

Given the fact that average instructional days in schools across India are just 206 in a year, student-teacher ratio is skewed, school infrastructure is below standards, we believe that our e-learning initiative can be an aid to the teachers as well as students and can aid the learning process.

e-learning business module?

The company has received encouraging response for its classroom oriented e-learning modules in Gujarat and Maharashtra over the last two years. Considering the benefits of the classroom oriented e-learning module, schools in Gujarat and Maharashtra have expressed their desire to subscribe to the classroom module instead of the audio-visual room module.

As this e-learning module is gaining acceptance from student and teacher community in both states, the company has accelerated its efforts on production and marketing. From FY11 onwards the company will offer modules across the upper primary and secondary classes for the state of Gujarat and Maharashtra in English and regional languages.

As on date the company has confirmed orders from 250 schools in Maharashtra and Gujarat and is in advanced stages of negotiation with more than 300 schools for signing of long term contracts. By offering the modules across secondary and higher secondary classes in English and regional languages the company is reasonably confident of signing contracts with 500 schools by the time the school season commences across the two states.

(1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to good Corporate Governance as it believes that good Corporate Governance is essential for achieving long term corporate goals. The Company continuously strives to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of its operations. Navneet's basic philosophy behind an endeavour towards better Corporate Governance is to enrich the value of shareholders by achieving business excellence.

(2) BOARD OF DIRECTORS

2.1 Composition

The Board of Directors comprises of 11 directors. The Company has 4 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 2009-2010		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	5	5	0	0	0	30,000	30,000	Yes
2.	Shri. A. R. Gala	PD	5	5	21,48,000	15,26,273	2,57,760	0	39,32,033	Yes
3.	Shri. J. K. Sampat	PD	5	4	21,48,000	15,26,273	2,57,760	0	39,32,033	No
4.	Shri. D. R. Gala	PD	5	5	21,48,000	15,26,273	2,57,760	0	39,32,033	Yes
5.	Shri. H. R. Gala	PD	5	5	21,48,000	15,26,273	2,57,760	0	39,32,033	Yes
6.	Shri. S. R. Gala	PD	5	5	21,48,000	15,26,273	2,57,760	0	39,32,033	Yes
7.	Shri. J. L. Gala	PD	5	5	21,48,000	15,26,273	2,57,760	0	39,32,033	Yes
8.	Shri. A. M. Nadkarni (upto 6th Aug, 2009)	ID	5	1	0	0	0	4,000	4,000	No
9.	Shri. K. S. Vikamsey	ID	5	4	0	0	0	31,000	31,000	Yes
10.	Shri. L. D. Shah	ID	5	5	0	0	0	35,000	35,000	Yes
11.	Dr. R. Varadarajan	ID	5	0	0	0	0	0	0	No
12.	Shri. V. D. Rai	NED	5	5	0	0	0	20,000	20,000	Yes

ID – Independent Director PD – Promoter Director / Executive Director

NED – Non-Executive Director

2.3 Directorships in Other Public Limited Companies of the Directors as at 31st March, 2010:

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. Liladhar D. Shah	-	-	-
9	Dr. R. Varadarajan	-	-	-
10	Shri. Kamlesh S. Vikamsey	6	7	4
11	Shri. Vijay D. Rai	7	4	1

* Committee of directors includes Audit Committee / Investors Grievances Committee only.

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

There were five Board Meetings held during 2009-2010 and gap between two Board Meetings did not exceed four months. The dates of the Board Meeting are as 22nd April, 2009; 24th June, 2009; 31st July, 2009; 29th October, 2009; 21st January, 2010

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

Shri. Vijay D. Rai

Shri Vijay D. Rai is a Mechanical Engineer B. Tech., from IIT Kharagpur, a Management Consultant having wide experience of over three decades in several industries.

Shri. Shantilal R. Gala

Shri Shantilal R. Gala is a Commerce Graduate, having over three decades of experience in the field of Educational Book Publishing. He is actively involved in the co-ordination with authors and publishing of educational books.

Shri Jaisinh K. Sampat

Shri Jaisinh K. Sampat is a Science graduate, having over three decades experience in the field of marketing of Educational Books. He is actively involved in formulating the Marketing strategy for marketing of educational books.

Shri Tushar K. Jani

Shri Tushar K. Jani is an enterpreneur with rich experience in the Shipping and Transport Industry.

2.6 Non-executive Directors do not hold any shares in the Company.

2.7 Shri. Vijay D. Rai, Shri Jaisinh K. Sampat, Shri Tushar K. Jani and Shri. Jitendra L. Gala are not related to each other. Shri. Amarchand R. Gala, Shri. Dungarshi R. Gala, Shri. Harakhchand R. Gala and Shri. Shantilal R. Gala are related as brothers.

(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 and is available 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, 2010.

Amarchand R. Gala

Managing Director

(4) AUDIT COMMITTEE

4.1 Composition

During the year under review, the Audit committee was reconstituted upon demise of Shri Ashok M. Nadkarni. The Audit Committee presently comprises of three Independent Directors namely, Shri Shivji K. Vikamsey, Shri Kamlesh S. Vikamsey and Shri Liladhar D. Shah. 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 24th June, 2009, 31st July, 2009, 29th October, 2009 and 21st January, 2010.

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

Name of Director	No. of Meetings Held	No. of Meetings Attended
Shri Kamlesh S. Vikamsey	4	3
Shri Shivji K. Vikamsey	4	4
Shri Liladhar D. Shah	4	2
Shri Ashok M. Nadkarni (upto 06/08/2009)	4	0

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 31st July, 2009.

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 review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (7) 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.
- (8) To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor

and the fixation of audit fees.

- (9) To approve payment to statutory auditors for any other services rendered by the statutory auditors.
- (10) 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 judgement 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.
- (11) To review with the management, the quarterly financial statements before submission to the board for approval.
- (12) To review with the management, performance of statutory, internal auditors, and adequacy of the internal control system.
- (13) 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.
- (14) Approval of appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
- (15) To discuss with internal auditors any significant findings and follow up there on.
- (16) 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.
- (17) 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.
- (18) 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.
- (19) 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 COMPANIES

Grafalco Ediciones 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's Publications in the Spanish Language.

Navneet e-learning Pvt. Ltd., a subsidiary Company changed its name to eSense Learning Private Limited.

The Company does not have a material non-listed Indian subsidiary Company whose turnover or networth exceeds 20% of the consolidated turnover or networth respectively of the Indian holding Company in the immediately preceding accounting year. The Board of Directors periodically review the investments and transaction of its Subsidiary companies. Copies of the minutes of the meeting of Board of Directors of the subsidiary companies are placed at the subsequent Board meeting of the Company.

(6) INVESTORS' GRIEVANCE COMMITTEE

6.1 Composition

During the year review, Investors' Grievance Committee was reconstituted upon demise of Shri Ashok M. Nadkarni.

The Investors' Grievance Committee consists of following Directors namely :

- (a) Shri Liladhar D. Shah
- (b) Shri Kamlesh S. Vikamsey
- (c) Shri Jaisinh K. Sampat

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 24th June, 2009, 31st July, 2009, 29th October, 2009 and 21st January, 2010.

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

Name of Director	No. of Meetings Held	No. of Meetings Attended
Shri Liladhar D. Shah	4	4
Shri Kamlesh S. Vikamsey	4	3
Shri Ashok M. Nadkarni (upto 06/08/2009)	4	0
Shri Jaisinh K. Sampat	4	2

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	2	2	0
Non-receipt of Share Certificate	6	6	0
Non-receipt of Dividend Warrant	46	46	0
General Correspondence / Complaints	11	11	0
Total	65	65	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 is 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

Two Remuneration Committee Meetings were held during the year under review on 22nd April, 2009 and 21st January, 2010 which were attended by all the Members of the Remuneration Committee.

7.4 Remuneration Policy

The remuneration policy of the Company is based on performance of senior managerial personnnels. The remuneration policy is in consonance with the existing industry practice.

(8) GENERAL MEETINGS

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

Financial Year & Meeting No.	Day & Date	Time	Venue
2008-09 Twenty Third	Friday 31 st July, 2009	3:30 p.m.	Textile Committee Auditorium, Textile Committee Building, P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai – 400 025.
2007-08 Twenty Second	Thursday 31 st July, 2008	3:30 p.m.	Textile Committee Auditorium, Textile Committee Building, P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai – 400 025.
2006-07 Twenty First	Tuesday 31 st July, 2007	3:30 p.m.	Textile Committee Auditorium, Textile Committee Building, P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai – 400 025.

8.2 Special Resolutions passed at last three Annual General Meetings

- a) **23rd AGM held on 31st July, 2009** : Nil
- b) **22nd AGM held on 31st July, 2008**
 - ❖ Approval to pay remuneration to the relatives of Directors u/s 314 of the Companies Act,1956.
- c) **21st AGM held on 31st July, 2007** : Nil

8.3 Passing of Resolutions by Postal Ballot

There were no resolutions passed by Postal Ballot at the Twenty Third Annual General Meeting held on 31st July, 2009. Further, there is no item on agenda of the ensuing Annual General Meeting that needs approval by postal ballot. However, resolution(s), if required, shall be passed by postal ballot during the year ending 31st March, 2011 as per 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 has complied with various rules and regulations prescribed by Stock Exchange and SEBI, relating to the capital markets during the last 3 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:

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

(10) MEANS OF COMMUNICATIONS

10.1 Financial Results and Press Releases are displayed on the Website of the Company at www.navneet.com, after its submission to Stock Exchanges.

11.10 Distribution of Shareholding as on 31st March 2010 :

No. of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
001-500	15403	64.53	2844758	1.19
501-1000	2320	9.72	1822468	0.77
1001-2000	1990	8.34	2856795	1.20
2001-3000	917	3.84	2331386	0.98
3001-4000	1009	4.22	3709758	1.56
4001-5000	326	1.37	1555171	0.65
5001-10000	1007	4.22	6816664	2.86
10001 & above	899	3.76	216278000	90.79
Total	23871	100	238215000	100

11.11 Category of Shareholders as on 31st March 2010 :

Category	% to Paid-up Share Capital
Foreign Institutional Investors (FIIs)	2.97
Non-Resident Indians (NRIs)	0.65
Financial Institutions Non-nationalised	0.01
Banks / Foreign Banks	
Mutual Funds	6.14
Domestic Companies	7.23
Promoters	61.81
Public	20.72
Other Clearing members	0.47
Total	100

11.12 Registrar & Share Transfer Agent:

Link Intime India Private Limited (formerly Intime Spectrum Registry Limited)

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

Tel : (91-022) 2596 3838

Fax : (91-022) 2594 6969

E-mail : raghunath.poojary@linkintime.co.in

Website : www.linkintime.co.in

11.13 Dematerialisation of Shares and liquidity:

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) Limited (CDSL).

Equity Shares of the Company representing 96.80 % of the Company's Share Capital are dematerialised as on 31st March 2010.

In 2009-2010	- 96.80%	In 2006-2007	- 95.59%
In 2008-2009	- 96.44%	In 2005-2006	- 95.13%
In 2007-2008	- 96.26%	In 2004-2005	- 94.62%

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

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

11.14 Share Transfer in Physical Form

Share Transfer in physical form can be lodged with the Registrar and Share Transfer Agent namely Link Intime India Private Limited (formerly known as 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 1,92,442 against 38,500 for the previous year.

Investor's Contact Information :

Mr. Raghunath Poojary

Email : raghunath.poojary@linkintime.co.in

11.15 Outstanding GDRs / ADRs / Warrants:

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

11.16 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

11.17 Registered Office :

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

Tel : +91- 22-66626565

Fax : +91- 22-66626470

E-mail : investors@navneet.com

11.18 Compliance Officer :

Company Secretary and

Compliance Officer : Mr. Amit D. Buch

E-mail : amit.buch@navneet.com

12. Details Of Directors Seeking Appointment / Re-Appointment at the forthcoming Annual General Meeting

Name of Directors	Date of Birth	Date of Appointment	Experience in special functional areas	Qualification	Directorship held in other companies	Committee positions held in other companies	Equity Shares held
Tushar K. Jani	29/04/1953	24/06/2010	He is an entrepreneur with rich experience in the Shipping and Transport Industry.	B.Sc.	NIL	NIL	NIL
Shri. Vijay D. Rai	13/10/1946	28/04/2003	He is a management Consultant having experience of over three decades in several field.	B. Tech. (Mech. Engg) from IIT Kharagpur	1. Punjab Chemicals and Crop Protection Ltd. 2. NB English Indian Clays Ltd. 3. Greaves Cotton Ltd. 4. Greaves Leasing Finance Ltd. 5. Sri Biotech Laboratories India Ltd. 6. Tech Park Industries Ltd. Kenya 7. Akola Chemicals (I) Ltd.	Member & Chairman of Audit Committee. Member of Remuneration Committee. Member & Chairman of Audit Committee. Member of Remuneration Committee.	NIL
Shri. Shantilal R. Gala	29/06/1942	15/03/1986	He is having experience of over three decades in the field of Educational Books.	B. Com.	NIL	NIL	1198500
Shri. Jaisinh K. Sampat	01/07/1942	18/09/1984	He is having experience of over three decades in the field of marketing of Educational Books	B. Sc.	NIL	NIL	142475
Shri. Amarchand R. Gala	30/06/1932	14/03/1986	He is Managing Director of the Company having experience of over five decades in the field of Educational Book Publishing.	S. S. C.	NIL	NIL	175975
Shri. Dunganrshi R. Gala	31/03/1936	30/04/1993	Visionary in Publication business having very wide experience of over five decades.	S. S. C.	NIL	NIL	56800
Shri. Harakhchand R. Gala	04/06/1938	21/02/1995	He has a wide experience in field of Educational Book Publishing	S. S. C.	NIL	NIL	1678425
Shri. Jitendra L. Gala	14/01/1942	30/05/1992	Vast experience over 4 decades in the filed of Educational Book Publishing and Marketing Operations.	B. Com.	NIL	NIL	3759925

CEO AND CFO CERTIFICATE

To
The Board of Directors
We hereby certify that -

- a) We have reviewed financial statements and the cash flow statements for the year ended 31st March 2010 and that to the best of our knowledge and belief
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) there are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken to rectify these deficiencies.
- d) We further certify that -
 - i) there have been no significant changes in the internal control over financial reporting during the year,
 - ii) there have been no significant changes in the accounting policies during the year and
 - iii) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Mumbai
Date : 24th June 2010

For Navneet Publications (India) Limited
sd/- sd/-
Amarchand R. Gala Gnanesh D. Gala
Managing Director Chief Financial Officer

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 2010 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.

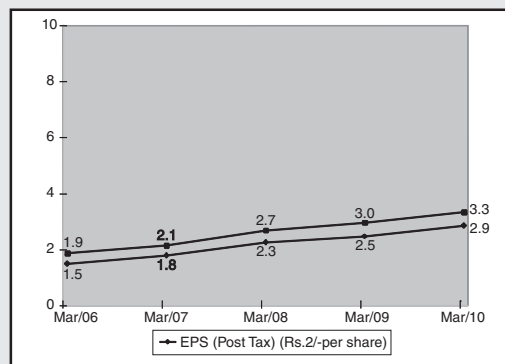
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that generally no investor grievance is pending for a period exceeding one month against these Company as per the records maintained by the Registrar & Share Transfer Agent of the Company and reviewed by the Shareholder's Grievance Committee.

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

Place : Mumbai
Date : 24th June 2010

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



Ratio Analysis	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10
Profitability Ratios					
ROACE % (Post Tax)	19.9	21.9	23.7	22.5	23.0
ROACE % (Pre Tax)	27.9	32.7	32.7	33.2	34.7
ROFA % (Post Tax)	52.2	64.2	60.4	66.3	74.7
ROFA % (Pre Tax)	73.5	95.8	83.0	97.8	112.9
Operating Margin %	20.1	22.1	20.5	20.5	21.0
Profit After Tax Margin %	12.1	13.0	13.4	11.7	13.0

ROACE : Return on average capital employed.

ROFA : Return on Fixed Assets.

NOTES :

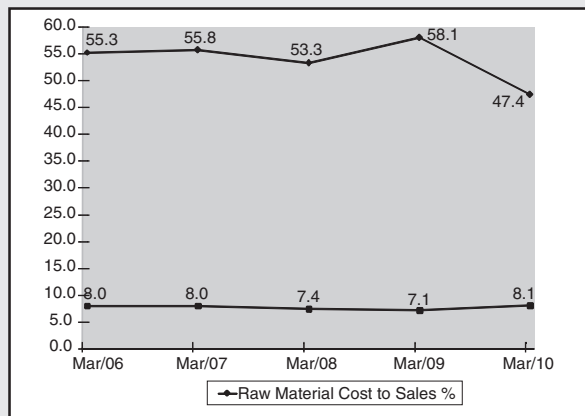
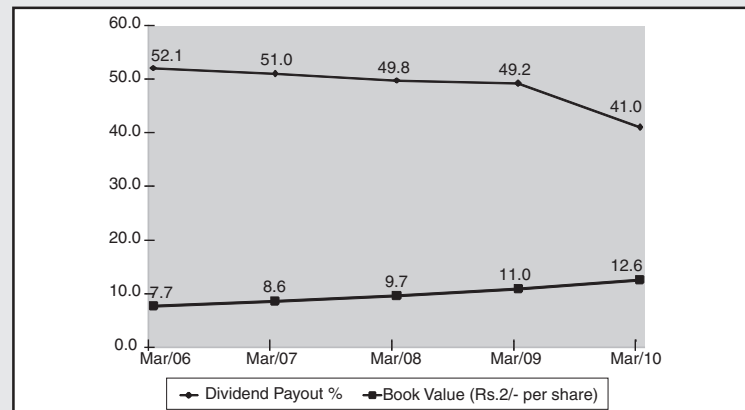
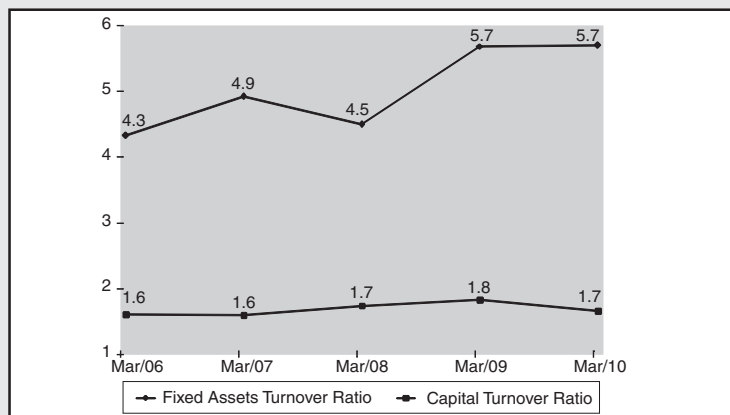
- 1) Loan of Rs. 4442 Lac (Rs.5000 Lac) are of short term in nature and have been treated as current liability above and not included in capital employed.
- 2) Loans of Rs. 1467 Lac (Rs.1509 Lac) are of long term in nature and have been treated as capital employed.
- 3) Company had issued 3 Bonus Shares for 2 share held during 2009-10. All figures are after considering the issue of Bonus Shares and Stock Splits.
- 4) EPS, CEPS, Book Value, Dividend Payout is restated for previous years following the Bonus Issue Of 3:2 during the current year.

Solvency Ratio

Debt-equity	0.0	0.0	0.1	0.1	0.0
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Liquidity Ratio

Current	2.7	3.1	2.7	2.6	4.0
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Ratio Analysis Profitability Ratios

Mar-06 Mar-07 Mar-08 Mar-09 Mar-10

Miscellaneous Ratios

EPS (Post Tax)(Rs 2/- per share)	1.5	1.8	2.3	2.5	2.9
EPS (Pre Tax) (Rs 2/- per share)	2.1	2.7	3.1	3.6	4.3
CEPS (Post Tax) (Rs 2/- per share)	1.9	2.1	2.7	3.0	3.3
CEPS (Pre Tax) (Rs 2/- per share)	2.5	3.0	3.5	4.1	4.8
Dividend Payout %	52.1	51.0	49.8	49.2	41.0
MARKET CAP (Rs. in Crore)	575.0	553.0	916.0	474.0	1217.0
Book Value (Rs 2/- per share)	7.7	8.6	9.7	11.0	12.6
Raw Material Cost to Sales %	55.3	55.8	53.3	58.1	47.4
Employee Cost to Sales %	8.0	8.0	7.4	7.1	8.1
Fixed Assets Turnover Ratio	4.3	4.9	4.5	5.7	5.7
Capital Turnover Ratio	1.6	1.6	1.7	1.8	1.7
Average Collection (Days)	57	45	49	44	53
Average Payment (Days)	23	15	25	28	21

	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue	29,439	32,676	40,043	50,490	52,221
Operating Profit (PBDT)	5,905	7,193	8,412	9,862	11,427
Depreciation	910	831	1,022	1,171	1,164
Tax	1,426	2,098	2,013	2,797	3,466
Net Profit (PAT)	3,548	4,263	5,377	5,894	6,798
Dividend	1,620	1,905	2,287	2,477	2,382
Dividend (%)	34	40	48	52	50
Retained Profit	1,033	2,091	2,702	2,996	4,011
Book Value (Face Value at Rs.2/-)	8	9	10	11	13
Equity Capital	4,764	4,764	4,764	4,764	4,764
Reserves & Surplus	16,481	18,577	21,148	24,188	25,296
Borrowings (Short term)	5,036	4,913	6,671	5,000	4,442
(Long term)	-	-	1,685	1,509	1,467
Capital Employed	18,386	20,483	24,739	27,603	31,528
Gross Block	13,632	14,219	17,408	18,506	19,338
Net Block	6,792	6,595	8,821	8,813	8,624
Net Current & Other Assets	11,729	13,259	15,879	17,593	21,895

NOTES :

- 1) Loans of Rs.4442 Lac (Rs.5000 Lac) are of short term in nature and have been treated as current liability and not included in capital employed.
- 2) Loans of Rs.1467 Lac (Rs.1509 Lac) are of long term in nature and have been treated as capital employed.
- 3) Company had issued 3 Bonus Shares for 2 Share held during 2009-10. All figures are after considering the issue of of Bonus Shares.

	2005-06	2006-07	2007-08	2008-09	2009-10
Revenue (USD-Mn)	62.11	68.94	84.48	106.52	110.17
Operating Profit (PBDT)	12.46	15.17	17.75	20.81	24.11
Depreciation	1.92	1.75	2.16	2.47	2.45
Tax	3.01	4.43	4.25	5.90	7.31
Profit After Tax (USD-Mn)	7.49	8.99	11.34	12.43	14.34
Dividend	3.42	4.02	4.82	5.23	5.03
Dividend (%)	85	100	120	130	50
Retained Profit	2.18	4.41	5.70	6.32	8.46
Reserves (USD-Mn)	34.77	39.19	44.62	51.03	53.37
Book Value (USD) (Face Value at Rs.2/-)	0.16	0.18	0.20	0.23	0.27
Equity Capital	4.02	4.02	4.02	4.02	10.05
Borrowings (Short term)	10.62	10.36	14.07	10.55	9.37
(Long term)	-	-	3.55	3.18	3.09
Capital Employed	38.79	43.21	52.19	58.23	66.51
Gross Block	28.76	30.00	36.73	39.04	40.80
Net Block	14.33	13.91	18.61	18.59	18.19
Net Current & Other Assets	24.74	27.97	33.50	37.12	46.19

Notes:

- 1) Figures in the table have been recalculated taking US \$1 = INR 47.40/-.
- 2) Loans of USD 10.10 Mn (USD 11.36 Mn) are of short term in nature and have been treated as current liability and not included in capital employed.
- 3) Loans of USD 3.33 Mn (USD 3.43 Mn) are of Long term in nature and have been treated as capital employed.
- 4) Company had issued 3 Bonus Shares for 2 Share held during 2009-10. All figures are after considering the issue of Bonus Shares.

Financial Highlights (Rs. in Lacs)

	2007-08 (Mar-08)		2008-09 (Mar-09)		2009-10 (Mar-10)	
Sales						
Publishing Division						
Educational Books	23,646		24,192		25,168	
Children's and General Books	1,195		1,529		1,569	
Children's and General Books Export	1,367	26,208	1,232	26,953	926	27,663
Stationery Division						
Exports (including incentives)	1,932		7,088		6,966	
Paper Stationery (Domestic)	10,889		13,912		14,493	
Non Paper Stationery (Domestic)	777	13,598	1,975	22,975	2,553	24,012
Others						
	239		562		545	
	40,045		50,490		52,220	

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-10	Mar-09	Mar-08
Average Network	28,077	24,574	21,769
Average Debt (Refer note 3 & 4)	1,488	1,597	843
Average Capital Employed	29,565	26,171	22,612
Beta Variant	0.52	0.63	0.73
Risk free Debt Cost (%)	8.50	8.50	8.50
Market Premium (%)	8.50	8.50	8.50
Cost of Equity (%)	12.88%	13.84%	14.68%
Cost of Debt (Post tax) (Note 3 & 4)	6.91%	2.05%	1.04%
Weighted Average Cost of Capital Employed	12.58%	13.12%	14.17%
Cost of Capital Employed	3,719	3,434	3,204
EVA Calculation			
Profit Before Tax	10,264	8,691	7,390
Add : Interest on long term capital	144	169	42
Profit Before Interest & Tax	10,408	8,860	7,432
Less/(Add) : Other Income (Expense)	654	(76)	506
Net Operating Profit Before Interest & Tax	9,754	8,936	6,926
Less : Tax	3,506	2,856	2,005
Net Operating Profit After Tax Before Interest	6,249	6,080	4,921
Less : cost of Capital	3,719	3,434	3,204
EVA	2,530	2,646	1,717
EVA on capital employed (%)	8.56%	10.11%	7.59%

Note :

1. Cost 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, except ECB of Rs.1467-lac (L.Y. Rs.1509-lac) for Windmill, are for short term in nature, hence not considered in capital employed.
4. Interest & Option Premium payment, except Rs.132-lac (L.Y. Rs.169-lac) for ECB, is for short term loans only, hence not added in profit to calculate operating profit for EVA calculation.

NOTICE is hereby given that the Twenty-Fourth Annual General Meeting of Navneet Publications (India) Limited will be held on Monday, 6th September, 2010 at 3:30 p.m. at Textile Committee Auditorium, Textile Committee Building, P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai - 400 025 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, 2010 and the Balance Sheet as at that date together with the Reports of Board of Directors and Auditors thereon.
- 2) To confirm the payment of Interim Dividend on Equity Shares for the year ended 31st March, 2010 as Final Dividend.
- 3) To appoint a Director in place of Shri. Shantilal R. Gala, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri. Jaisinh K. Sampat, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5) To appoint a Director in place of Shri. Vijay D. Rai, who retires by rotation, and being eligible, offers himself for re-appointment.
- 6) To appoint M/s. Ghalla & Bhansali, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

7) To consider and if though fit, to pass with or without modification(s), the following resolution as a Special Resolution: **“RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Amarchand R. Gala as “Managing Director” of the Company, for a period of 5 (five) years with effect from 1st April 2010 to 31st March 2015 upon terms and conditions as are set out in the Agreement entered into between the Company and

Shri Amarchand R. Gala with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Amarchand R. Gala.”

8) To consider and if though fit, to pass with or without modification(s), the following resolution as a Special Resolution: **“RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Dungarshi R. Gala as “Wholetime Director” designated as ‘Director -Educational Books Publishing’ of the Company, for a period of 5 (five) years with effect from 1st April 2010 to 31st March 2015 upon terms and conditions as are set out in the Agreement entered into between the Company and Shri Dungarshi R. Gala with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Dungarshi R. Gala.”

9) To consider and if though fit, to pass with or without modification(s), the following resolution as a Special Resolution: **“RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Harakhchand R. Gala as “Wholetime Director” designated as ‘Director- Sales & Distribution’ of the Company, for a period of 5 (five) years with effect from 1st April 2010 to 31st March 2015 upon terms and conditions as are set out in the Agreement entered into between the Company and Shri

Harakhchand R. Gala with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Harakhchand R. Gala.”

10) To consider and if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri. Jaisinh K. Sampat as “Joint Managing Director” of the Company for a period of 5 (five) years with effect from 1st April 2010 to 31st March 2015 upon terms and conditions as are set out in the Agreement entered into between the Company and Shri. Jaisinh K. Sampat with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Jaisinh K. Sampat.”

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Shantilal R. Gala as “Whole Time Director” designated as ‘Director-Educational Books Publishing’ of the Company for a period of 5 (five) years with effect from 1st April 2010 to 31st March 2015, upon the terms and conditions including

the increased remuneration as are set out in the Agreement entered into between the Company and Shri Shantilal R. Gala with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Shantilal R. Gala.”

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Shri Jitendra L. Gala as “Wholetime Director” designated as ‘Director- Marketing’, for a period of 5 (five) years with effect from 1st April 2010 to 31st March 2015 upon terms and conditions as are set out in the Agreement entered into between the Company and Shri Jitendra L. Gala with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or Agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto or any Guidelines/ Notification/ Press Notes issued by Govt. of India from time to time, as may be agreed to between the Board of Directors and Shri Jitendra L. Gala.”

13) To consider and if though fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri. Tushar K. Jani , who was appointed by the Board of Directors of the Company as an Additional Director of the Company with effect from 24th June, 2010 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature

for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board of Directors

sd/-

Place : Mumbai

Amit D. Buch

Date : 24th June, 2010

Company Secretary

Registered Office:

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

NOTES :

- [A] The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
- [B] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DULY FILLED, STAMPED, SIGNED AND SHOULD BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- [C] The Register of Members and the Share Transfer Books of the Company will remain closed from 3rd September, 2010 to 6th September, 2010 (both days inclusive) for the purpose of Annual General Meeting.
- [D] Members holding shares in physical form are requested to promptly intimate about the change of address, if any, to the Registrar and Share Transfer Agent at the address given below
M/s. Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills

Compound, L. B. S. Marg,
Bhandup (West),
Mumbai – 400078.

- [E] 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 “Investor Education and Protection Fund “ (IEPF) of the Central Government. Dividend declared by the Company after 2003 is still lying in the respective unpaid dividend account of the Company. Members who have not yet encashed these dividend(s) are requested to contact Company's Registrar and Share Transfer Agent - M/s. Link Intime India Pvt. Ltd. Kindly note that no claim shall lie against the Company after the unclaimed dividend is transferred to IEPF.
- [F] Those members who are holding shares in dematerialised form are requested to inform their respective Depository Participant about the change in their address and/or bank details, if any.
- [G] Members desiring any information, as regards the Annual Accounts are requested to write to the Company at least seven days before the date of Annual General Meeting to enable the Management to keep the information ready.
- [H] 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 Share Transfer Agent.
- [I] 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 Share Transfer Agent of the Company with full bank account details.

- [J] The member are requested to note that all correspondence regards to the shares should be made with Link Intime India Private Limited at the address given in this Annual Report.
- [K] Members are requested to bring their copy of Annual Report at the Annual General Meeting (AGM) as the same shall not be distributed at AGM venue.

ANNEXURE TO NOTICE

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under Item Nos. 7 to 13 of the accompanying Notice dated June 24, 2010.

Item Nos. 7 to 12

At the Annual General Meeting of the Company held on 3rd September 2005, Shri Amarchand R. Gala, Shri Jaisinh K. Sampat, Shri Dungarshi R. Gala, Shri Harakhchand R. Gala, Shri Shantilal R. Gala and Shri Jitendra L. Gala were appointed as Managing Director (MD), Joint Managing Director (JMD) and Whole-time Directors (WTDs) respectively for a period of five years w.e.f. 1st April 2005 to 31st March, 2010. The Board of Directors of the Company has at its meeting held on 21st January, 2010 re-appointed them as Managing Director, Joint Managing Director and Wholetime Directors respectively for a further period of five years with effect from 1st April, 2010 subject to approval of the members at the ensuing Annual General Meeting. Their terms of re-appointment including details of remuneration are as agreed to between the individual appointees and the Board of Directors as approved at the aforesaid Board meeting.

Being eligible, they offer themselves for re-appointment for a period of five years w.e.f. 1st April, 2010 to 31st March, 2015 pursuant to

the provisions of Section 198, 269, 309 and 310 of the Companies Act, 1956 read with Scheduled XIII and all other applicable provisions, if any of the Companies Act, 1956, on the terms and conditions of appointment and remuneration which has been approved by the Remuneration Committee as required pursuant to Schedule XIII.

The Board commends resolutions as set out at Item Nos. 7 to 9 of the accompanying notice to be passed as Special Resolutions and resolutions as set out at Item Nos. 10 to 12 of the accompanying notice to be passed as Ordinary Resolutions.

The Agreements entered into with MD, JMD, WTDs will be open for inspection by members at the Registered Office of the Company on all working days [except Saturday] between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

None of the Directors other than the appointees are deemed to be interested or concerned in the aforesaid resolutions.

Item No.13

The Board of Directors of the Company at its meeting held on 24th June, 2010 appointed Shri. Tushar K. Jani as an Additional Director effective 24th June, 2010 in terms of the provisions of Section 260 of the Companies Act, 1956 and Article 110 of Articles of Association of the Company. In terms of the provisions Section 260 of the Companies Act, 1956, Shri. Tushar K. Jani would hold office as Director upto the date of ensuing Annual General Meeting of the Company and is eligible for re-appointment as Director.

The Company has received a notice in writing from a Member of the Company alongwith deposit of Rs. 500/- proposing the candidature of Shri. Tushar K. Jani for office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

The Board of Directors considers that his appointment as Director will be beneficial and in the interest of the Company.

The Board commends the resolution as set out at Item No. 13 of the accompanying Notice for approval by the Members.

Shri. Tushar K. Jani is concerned or interested in the resolution as set out at Item No. 13 of the Notice which pertains to his appointment as Director of the Company. No other Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

sd/-

Amit D. Buch

Company Secretary

Place : Mumbai

Date : 24th June, 2010

Registered Office:

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

Dear Shareowners,

Your Directors have pleasure in presenting their Twenty-Fourth Annual Report along with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

(1) FINANCIAL RESULTS:

Particulars	(Rs. in Lac)	
	Current Year	Previous Year
(a) Profit before Interest, Depreciation and Tax	11615	10264
(b) Less : Interest	187	402
(c) Profit before Depreciation and Tax	11428	9862
(d) Less : Depreciation	1164	1171
(e) Profit before Tax	10264	8691
(f) Less : (i) Provision for Tax (including FBT)	3554	2894
(ii) Provision for deferred tax	(48)	(38)
(iii) (Add) / Less : Provision of tax for earlier years	(40)	(59)
(g) Profit after Tax	6798	5894
(h) Balance brought forward from last year	13268	11272
(i) Profit available for Appropriation	20066	17166
APPROPRIATIONS :		
(a) Interim Dividend	2382	-
Final Dividend	-	2477
(b) Corporate tax on Dividend	405	421
(c) General Reserve	1000	1000
(d) Balance Carried to Balance Sheet	16279	13268
	20066	17166

(2) DIVIDEND :

The Company had declared and paid interim dividend of Re.1/-(50%) per share on enhanced equity share capital during the year under review. The interim dividend so paid works out to 40% as against your Company's policy of distribution of minimum of 25% of profit after tax. In view of this, the Board of Directors do not recommend any final dividend for the year under review.

(3) OPERATIONS :

- (i) Sales and Income from the operations of the Company increased from Rs.50490 Lac to Rs.52221 Lac.
- (ii) Profit before depreciation and taxes for the year under review stood at Rs.11428 Lac as against Rs.9862 Lac in the previous year.
- (iii) After providing Rs.1164 Lac for depreciation and Rs.3466 Lac for tax, deferred tax and earlier year provisions, profit after tax stood at Rs.6798 Lac as against Rs.5894 Lac achieved in the previous year.

(4) PERFORMANCE OF DIVISIONS :

Book Publishing Division

During the year under review, the revenue of book publishing division was Rs. 27663 Lac as against Rs. 26953 Lac in the previous year. The marginal growth in revenue was mainly on account of no syllabus change witnessed in the state of Maharashtra and Gujarat during the year under review. However, your Company expects good growth in this division in the next few years due to syllabus change starting from financial year 2011 onwards.

Your Company has initiated its e-learning venture two years ago. Since then, the Company has received good response for its classroom oriented e-learning modules in the State of Gujarat and Maharashtra. Your Company has accelerated its efforts in marketing and production considering the acceptance of classroom oriented e-learning modules by student and teacher community. From the Financial Year 2011 onwards, your Company would start offering these modules across upper primary and secondary classes for the state of Gujarat and Maharashtra in English and other regional languages. Your Company visualises e-learning as the next generation medium of education and is confident that once the schools start using the product in their day-to-day teaching activities, e-learning venture will create a sustainable long term business model.

Stationery Division

During the year under review, the revenue from stationery division was Rs.24042 Lac as against Rs.22975 Lac in the previous year. The revenue from the Stationery Division was lower than expected on account of the restructuring exercise undertaken by the Company.

Your Company would start focussing on other states, in addition to Maharashtra and Gujarat for its stationery business. Your Company is expecting a double digit growth in the Stationery Division for the current year.

(5) SHARE CAPITAL & BONUS SHARES:

The shareholders approved the increase in Authorised Share Capital of the Company from Rs. 20 Crores to Rs. 50 Crores and also issue of bonus equity shares in the ratio of 3:2 at the EOGM held on 29th August, 2009. The Company accordingly issued 14,29,29,000 bonus equity shares during the year under review. The issued, subscribed and paid up equity share capital of the Company accordingly increased to Rs. 47,64,30,000/- divided into 23,82,15,000 equity shares of Rs. 2/- each.

(6) DEPOSITORY SYSTEM:

As the shareholders are aware, the Company's shares are compulsorily tradable in electronic form. The Company's 96.83 % of the paid up capital representing 23,06,65,917 equity shares are in dematerialized form as on 18th June, 2010. In view of the numerous advantages offered by the depository system, Members still holding shares in physical mode are advised to avail of the facility of getting the physical shares dematerialised on either of the depositories.

(7) WINDMILL PROJECT:

The Windmills were made operational during financial year 2007-2008 and have generated power worth Rs. 390 Lac for the year ended 31st March, 2010.

(8) CORPORATE GOVERNANCE :

Your Company has complied with Clause 49 of the Listing Agreement entered with the Stock Exchanges. A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement alongwith the Auditor's Certificate on compliance with the Corporate Governance forms part of this Annual Report.

(9) MANAGEMENT DISCUSSION AND ANALYSIS :

As per Clause 49 of the Listing Agreement, Management Discussion and Analysis report forms part of this Annual Report.

(10) SUBSIDIARY COMPANIES :

The members would be aware that the Company has set up its Wholly Owned Subsidiary Company in Spain viz. **Grafalco Ediciones S.L.** This subsidiary Company is in the business of publishing Children's Books in Spanish and other European languages which has good demand in USA where Spanish is the second official language.

During the year, the name of the subsidiary Company namely Navneet e-learning Pvt. Ltd. was changed to **eSense Learning Pvt. Ltd.** During the year under review, the Company increased its stake in this subsidiary

company from 87.17% to 90.69%. This subsidiary Company, at present, is engaged in content creation for e-learning business.

The financial statements of these subsidiary companies 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.

(11) NETWORTH AND BORROWING :

Net worth of your Company increased to Rs.30061 Lac against Rs.26094 Lac in the previous year. Your Company borrowed ECB of Rs. 1685 Lac to fund its windmill power project of which Rs.1467 Lac is outstanding as at balance sheet date which is classified as long term debt. Further, your Company utilises the credit facilities from the banks and other short term finances for its working capital requirements only.

(12) 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.

(13) DIRECTORS :

Shri. Tushar K. Jani was appointed as an Additional Director effective 24th June,2010. In terms of Section 260 of the Companies Act,1956 he shall hold office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a Member proposing his candidature for the office of Director liable to retire by rotation.

Shri. Shantilal R. Gala, Shri. Jaisinh K. Sampat and Shri. Vijay D. Rai, Directors retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Your Directors express their profound grief on the unexpected sudden demise of Shri. Ashok M. Nadkarni on 06/08/2009. The Board has placed on record its deep sense of appreciation for the contribution made by Shri Ashok M. Nadkarni during his tenure as Director of the Company.

(14) CORPORATE SOCIAL RESPONSIBILITY :

Your Company continues to use eco friendly paper for majority of its products catering to environmental needs. Your Company donates mainly for the social causes such as education, rehabilitation and medical aid. For the year under review, your Company donated Rs.288 Lac. The management will continue to discharge its voluntary commitment to society year on year.

(15) FIXED DEPOSITS :

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

(16) 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.

(17) 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.

(18) DIRECTORS' RESPONSIBILITY 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.

(19) AUDITORS :

M/s.Ghalla & Bhansali, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible to reappointment. The Company has received a letter 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.

(20) INDUSTRIAL RELATIONS :

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

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Subsidiary Companies for the year ended 31st March 2010

1)	Name of the Subsidiary Company	Grafalco Ediciones S.L.	eSense Learning Pvt. Ltd.
2)	Financial Year of the Subsidiary Company	31st December, 2009	31st March, 2010
3)	No. of Shares held in Subsidiary Company as on the above date	678006 Equity Shares @ Euro 1 each	4133500 Equity shares Rs. 10/- each
4)	% of holding (Equity)	100%	90.69%
5)	% of holding (Preference)	NIL	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 2009 & 31st March, 2010	NIL	Not applicable
	b) Not Dealt with in the Accounts of the Company for the year ended 31 st December 2009 & 31st March, 2010	(Rs. 19460587)	(Rs. 24343946)
7)	The net aggregate of Profit / (Losses) of the Subsidiary Company for the previous financial years since it became a Subsidiary Company so far as they concern the members of the Company		
	a) Dealt with in the Accounts of the Company for the year ended 31st December, 2009 & 31st March, 2010	NIL	Not applicable
	b) Not Dealt with in the Accounts of the Company for the year ended 31st December, 2009 & 31st March, 2010	(Rs. 19460587)	(Rs.24343946)
8)	Changes in the interest of the Company between the end of the financial year of the Subsidiary Company and of the Company's Financial Year ended 31st December, 2009 & 31st March, 2010	NIL	Not applicable
9)	Material changes between the end of the Financial Year of the Subsidiary Company and the Company's Financial Year ended 31st March, 2010	NIL	Not applicable

For and on behalf of the Board

Place: Mumbai

sd/-

sd/-

sd/-

Date: 24th June, 2010

Amit D. Buch

A. R. Gala

S. K. Vikamsey

Company Secretary

Managing Director

Chairman

To The Members of Navneet Publications (India) Limited,

We have audited the attached Balance Sheet of NAVNEET PUBLICATIONS (INDIA) LIMITED, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company 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 of 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 purpose of our audit.
 - b) In our opinion, proper books of accounts 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, 2010 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 2010.
 - 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.

For **Ghalla & Bhansali**
Chartered Accountants
(Registration No. 103142 W)

sd/-

Place : Mumbai
Date : 24th June, 2010

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, 2010 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, to 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 the 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.
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, investors education and protection fund, employees' state insurance, income tax, VAT, wealth tax, service tax, custom 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	Nature of Dues	Amount (In Lacs) Rs.	Forum where disputes is Pending
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	80.36	I.T.A.T.
I.T. Act, 1961	Assmt. Dues A.Y. 03-04	3.03	I.T.A.T.

10. The Company has neither accumulated losses as at March 31, 2010, 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 is not, prima facie, prejudicial to the interest of the Company.
16. The Company has obtained term loan during the year, and in our opinion and according to the information and explanations given to us, the term loan obtained are applied for the purpose for which the loans are obtained.
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. The Company has not issued any debentures during the year. Hence clause 4(xix) of the Companies (Auditor's Report) order, 2003 is not applicable to the company.
20. The Company has not raised any money by public issue during the year. Hence clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
21. According to the information and explanations given to us, during the year, no fraud by or on the Company has been noticed or reported during the course of our audit.

For **Ghalla & Bhansali**
Chartered Accountants
(Registration No. 103142 W)

sd/-

Place : Mumbai
Date : 24th June, 2010

Haresh K.Chheda
Partner
Membership No. 38262

Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	As at		
		31st March, 2010	31st March, 2009	
		Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	A	4,764		1,906
Reserves & Surplus	B	<u>25,297</u>	30,061	<u>24,188</u>
				26,094
Loan Funds				
Secured Loans	C	5,909		1,509
Unsecured Loans	D	<u>0</u>	5909	<u>5,000</u>
				6509
Deferred Tax Liability			<u>227</u>	<u>276</u>
Total Funds Employed			<u>36,197</u>	<u>32,879</u>
Application of Funds				
Fixed Assets				
Gross Block		19,338		18,506
Less: Depreciation	E	<u>10,714</u>		<u>9,693</u>
Net Block		<u>8,624</u>		<u>8,813</u>
Capital Work-in-Progress		<u>470</u>	9,094	<u>72</u>
				8,885
Investments	F		766	1402
Current Assets, Loans and Advances				
Inventories	G	17,216		19,072
Sundry Debtors		7,563		6,131
Cash and Bank Balances		1,085		630
Loans and Advances		<u>3,352</u>		<u>3,051</u>
		<u>29,216</u>		<u>28,884</u>
Less: Current Liabilities and Provisions	H			
Current Liabilities		2,555		3,173
Provisions		<u>324</u>		<u>3,118</u>
		<u>2,879</u>		<u>6,291</u>
Net Current Assets			26,338	22,593
Total Funds Utilised			<u>36,197</u>	<u>32,879</u>
Significant Accounting Policies and Notes on Accounts				
Schedule referred to above form an integral part of the accounts				
	P			

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

For and on behalf of the Board

Ghalla & Bhansali

Chartered Accountants

sd/-
Haresh K. Chheda

Partner

Mumbai : 24th June, 2010

sd/-
Amit D. Buch
Company Secretary

sd/-
A. R. Gala
Managing Director

sd/-
S. K. Vikamsey
Chairman

Profit and Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	2009 -2010	2008 -2009
		Rs. In Lacs	Rs. In Lacs
Income			
Income from Operations		52,221	50,490
Other Income	I	654	(76)
		<u>52,875</u>	<u>50,414</u>
Expenditure			
(Increase)/Decrease in stocks	J	1,461	(3,351)
Cost of Materials	K	24,746	29,326
Manufacturing Expenses	L	2,596	2,977
Salaries, Wages & Employee Benefits	M	4,223	3,601
Administrative and Selling Expenses	N	8,234	7,597
Interest	O	187	402
		<u>41,447</u>	<u>40,552</u>
Profit before Depreciation and Tax		11,428	9,862
Depreciation	E	1,164	1,171
Profit before Tax		<u>10,264</u>	<u>8,691</u>
Less : Provision for Taxation -Income Tax (Current)		3,554	2,826
- Fringe Benefit Tax		0.00	68
- Deferred tax		(48)	(38)
Add/(Less) : Excess/(Short) Provision of Earlier Year W/off/Back		(40)	(59)
Profit after Tax		<u>6,798</u>	<u>5,894</u>
Add : Balance brought forward from last year		<u>13,268</u>	<u>11,272</u>
Profit available for Appropriation		<u>20,066</u>	<u>17,166</u>
Appropriations			
Dividend (First interim)		2382	0
Dividend Final		<u>0</u>	<u>2,477</u>
		2,382	2,477
Corporate Tax on Dividend		405	421
General Reserve		<u>1,000</u>	<u>1,000</u>
		<u>3,787</u>	<u>3,898</u>
Surplus carried to Balance Sheet		<u>16,279</u>	<u>13,268</u>
Basic and Diluted Earning per share of Rs. 2/- each (Rs. 2/- each)			
[Refer Note 20 of Schedule 'P']			
Before Extraordinary Items		2.85	2.47
After Extraordinary Items		2.85	2.47
Significant Accounting Policies and Notes on Accounts	P		

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
sd/-

Haresh K. Chheda

Partner

Mumbai : 24th June, 2010

sd/-

Amit D. Buch

Company Secretary

sd/-

A. R. Gala

Managing Director

sd/-

S. K. Vikamsey

Chairman

		As at 31st March, 2010	As at 31st March, 2009
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE A : SHARE CAPITAL			
Authorised :			
25,00,00,000 (10,00,00,000) Equity Shares of Rs.2/- each (Rs. 2/- each)		<u>5,000</u>	<u>2,000</u>
Issued, Subscribed & Paid Up :			
23,82,15,000 (9,52,86,000) Equity Shares of Rs.2/- each (Rs. 2/- each) fully paid up		<u>4,764</u>	<u>1,906</u>
Total		<u>4,764</u>	<u>1,906</u>
Note :			
(1) Of the above 20,64,53,000 (6,35,24,000) Shares were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium and General Reserve.			
SCHEDULE B : RESERVES & SURPLUS			
Capital Reserve			
As per last Balance Sheet	#	0	0
General Reserve			
As per last Balance Sheet	10,872		9,872
Less : allotted 142929000 bonus shares of Rs. 2/- each	(2,859)		-
Add : Additions during the year	1,000		1,000
		9,013	10,872
Foreign currency Translation Reserve			
As per last Balance Sheet	48		
Add / (Less) during the year	(43)	5	48
Surplus as per Profit and Loss Account		16,279	13,268
Total		<u>25,297</u>	<u>24,188</u>

Note : # Number lower than Rs. 1 Lac

		As at 31st March, 2010	As at 31st March, 2009
	Rs. In Lacs	Rs. In Lacs	Rs In Lacs
SCHEDULE C : SECURED LOANS			
Loans from Banks :			
LONG TERM :			
- Foreign Currency Loans - Windmill	1,467		1,509
SHORT TERM :			
Working Capital Borrowings :			
- Local Currency Loan	3,079		0
- Foreign Currency Loans	<u>1,363</u>		<u>0</u>
Total		<u>5,909</u>	<u>1,509</u>
Notes :		<u>5,909</u>	<u>1,509</u>

- (a) All short term Rupee loans and foreign currency loans equivalent to Rs. 4,442 Lacs (Previous year Rs. NIL) are secured against :
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.
- (b) Long term foreign currency loans are exclusively secured by hypothecation of Windmills.

SCHEDULE D : UNSECURED LOANS

DEBENTURES			
Non-Convertible Debentures		0	5,000
Total		<u>0</u>	<u>5,000</u>

SCHEDULE E : FIXED ASSETS

Rs. In Lacs

Sr. No.	Description of Assets	Gross Block				Depreciation / Amortization				Net Block	
		Cost As on 01.04.2009	Additions during the year	Deduction on sale	Cost As on 31.03.2010	Provided upto 01.04.2009	For the Year	Deductions on Sale/Transfer	Total upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
	Tangible										
1	Land - Freehold	340	-	-	340	-	-	-	-	340	340
2	Land - Leasehold	84	-	-	84	32	6	-	39	45	52
3	Building	4,202	215	22	4,395	1,634	167	9	1,791	2,604	2,568
4	Plant & Machinery	11,390	346	77	11,659	6,325	753	65	7,013	4,646	5,065
5	Office Equipment	222	19	0	241	143	14	0	158	83	79
6	Furniture & Fixtures	1,003	112	-	1,115	748	59	-	807	308	255
7	Vehicles	885	288	80	1,092	503	109	69	544	549	381
	Intangible										
8	Trade Mark	57	1	-	58	23	6	-	29	30	34
9	SAP	247	-	-	247	209	19	-	228	19	38
10	Software	76	30	-	106	76	30	-	106	(0)	-
	Total	18,506	1,011	179	19,338	9,693	1,164	143	10,714	8,624	8,813
	Previous Year	17,408	1,202	104	18,506	8,587	1,171	65	9,693	8,813	-

	As at 31st March, 2010	As at 31st March, 2009
	Rs. In Lacs	Rs. In Lacs
SCHEDULE F : INVESTMENTS		
Long Term-Non Trade		
Other Investments		
Unquoted		
In Subsidiary		
Grafalco Ediciones S.L.		
— 6,78,006 (5,03,006) Equity Shares of Euro 1/- each. (Euro 1/- each) fully paid up	391	270
eSense Learning Pvt. Ltd.		
37,48,500 (26,15,000) Equity Shares of Rs. 10/- each (Rs. 10/- each) fully paid up	375	262
		532
		766
Current Investments		
Unquoted		
Mutual Funds		
Units of Rs. 10/- each fully paid up		
NIL (8685629.178) Birla Mutual Fund	0	870
		870
		0
Note :		
Repurchase value of Mutual Fund Units Rs.	NIL	
Previous Year Rs.	(870.00)	
Aggregate Book Value of Investments : Total		766
		1,402

	As at 31st March, 2010	As at 31st March, 2009
	Rs. In Lacs	Rs. In Lacs
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories		
Stores, Spares and Consumables	377	410
Raw Materials	4,925	5,286
Finished Goods	11,151	12,422
Work In Process	<u>764</u>	<u>954</u>
		17,217
Sundry Debtors (Unsecured, considered good)		
Over six months	333	321
Others	<u>7,230</u>	<u>5,810</u>
		7,563
Cash and Bank Balances		
Cash on hand	34	36
Balance with Scheduled Banks		
- In Current Account	881	460
- In Fixed Deposit Account	77	66
- In Dividend Account	<u>93</u>	<u>68</u>
		1,085
Loans and Advances (Unsecured, considered good)		
Loans		
- Staff Loan	210	196
- Loans to subsidiary	321	335
- Other Deposits	<u>226</u>	<u>240</u>
(Refer Note No. 21 of Schedule P)	<u>757</u>	<u>770</u>

		As at 31st March, 2010	As at 31st March, 2009
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES (Cont.)			
Advances			
Advances Recoverable in Cash or in Kind or for value to be received	2,019		1,484
Deposits with Public Bodies, Govt., etc.	59		54
Deposits with Others	92		74
Advance Tax paid (Net of provision)	425		669
	<u>2,595</u>		<u>2,281</u>
		3,352	3,051
Total		<u>29,217</u>	<u>28,884</u>
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors (Refer Note No. 17 of Schedule P)	1,411		2,018
Advances Received from customers	263		201
Investors Education and Protection Fund to be credited as and when due - Unclaimed Dividend	93		68
Other Liabilities	771		836
Interest Accrued But Not Due	18		50
		2,555	<u>3,173</u>
Provisions			
For Leave Encashment Benefit	324		220
Proposed Dividend	0		2,477
Corporate Tax on Proposed Dividend	0		421
		324	<u>3,118</u>
Total		<u>2,879</u>	<u>6,291</u>

Schedules forming part of the Profit & Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2010 For the year ended 31st March, 2009

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

SCHEDULE I : OTHER INCOME

On Current Investments (Gross)			
Dividend		50	44
Profit on Sale of Investments		4	4
Miscellaneous Income		84	19
Interest and Financial Income / (Expense) [TDS Rs. 28 Lacs; (Previous year Rs.30 Lacs)]		516	(143)
Total		<u>654</u>	<u>(76)</u>

SCHEDULE J : (INCREASE) / DECREASE IN STOCK

Closing Stock			
Work in Process	764		954
Finished Goods	<u>11,151</u>		<u>12,422</u>
		11,915	13,376
Opening Stock			
Work in Process	954		1,048
Finished Goods	<u>12,422</u>		<u>8,977</u>
		13,376	10,025
Total		<u>1,461</u>	<u>(3,351)</u>

SCHEDULE K : COST OF MATERIAL

Raw Materials Consumed		22,426	26,747
Freight and Octroi		545	586
Purchase of Goods		<u>1,774</u>	<u>1,993</u>
Total		<u>24,746</u>	<u>29,326</u>

SCHEDULE L : MANUFACTURING EXPENSES

Printing Expenses		702	769
Binding Expenses		614	679
Other Manufacturing Expenses		708	923
Power and Fuel		254	247
Stores and Spares Consumed		173	244
Repairs to Plant and Machinery		<u>145</u>	<u>114</u>
Total		<u>2,596</u>	<u>2,977</u>

Schedules forming part of the Profit & Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2010 For the year ended 31st March, 2009

SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS

	Rs. In Lacs	Rs. In Lacs
Salaries, Wages and Bonus	3,579	3,023
Contribution to Provident and Other Funds	340	329
Staff Welfare	304	249
Total	<u>4,223</u>	<u>3,601</u>

SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES

Rates & Taxes	192	203
VAT / Sales TAX	761	698
Rent	290	280
Royalty	935	905
Building Repairs & Maintenance	392	202
Other Repairs	140	108
Insurance	76	85
Transportation Expenses	914	887
Commission	86	73
Advertisement	418	555
Marketing Expenses	669	645
Sales Promotion Expenses	979	789
Discount & Rebate	327	349
Bad debts and other irrecoverable advance written off	11	(3)
Donation	288	162
Bank Charges	143	228
Legal and Professional Fees	577	407
Prior Period	3	5
Other Expenses	1,033	1,019
Total	<u>8,234</u>	<u>7,597</u>

SCHEDULE O : INTEREST & FINANCIAL CHARGES

Debentures	64	176
Others	123	226
Total	<u>187</u>	<u>402</u>

For the year ended 31st March, 2010

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 notified by the Company (Accounting Standards Rule, 2006) as amended and relevant Provision of the Companies Act.

(B) Use of Estimates

The Preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

(C) 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.

(D) 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.

(E) 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 instalments.

(v) Cost of SAP is amortised over a period of three years in equal instalments.

(vi) Cost of Softwares is amortised in the year of acquisition.

(F) Impairment of Assets

An Asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(G) 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.

(H) Foreign Currency Transactions & Financial Instruments

- (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

For the year ended 31st March, 2010

contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the 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. Financial derivatives are accounted on the basis of their settlement and the resultant realized gain/loss on settlement is recognized in the profit and loss account.

- (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.
- (I) **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.
- (J) **Retirement Benefits**
- (i) Contribution to the provident fund, which is a defined contribution scheme, are charged to the Profit and Loss Account in the period in which the liability is incurred.
 - (ii) Provision for gratuity, which is a defined benefit plan, is made on the basis of an actuarial valuation carried out by an independent actuary at the balance sheet date and funded through scheme administered by the Life Insurance Corporation of India ('LIC').
The actuarial valuation is done using the 'Project Unit Credit Method'.
 - (iii) Compensated absences which are not expected to occur within twelve months after the end of the period in which the

employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on an actuarial valuation carried out by an independent actuary.

(K) **Investments**

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

(L) **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 be put to use. All other borrowing cost are expensed in the period they incurred.

(M) **Leased Assets**

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

(N) **Provision for Tax**

Tax expense comprises of current and deferred tax.

Provision for current tax is determined on the basis of 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.

2 Estimated amount of Capital Contracts (net of advances) remaining to be executed and not provided for Rs. 353.97 Lacs (Previous Year Rs.598.50 Lacs)

3 **Contingent Liabilities.**

(a) For disputed Income-tax matters Rs.566.95Lacs (Previous Year Rs.587.90 Lacs) against which amount paid is Rs.559.77 Lacs (Previous Year Rs.490.82 Lacs)

(b) Against Bond

For the year ended 31st March, 2010

- (i) Rs.380.61 Lac (Previous Year Rs.380.61 lacs) : For fulfilment of export obligation of US \$ 26.70 Lac equivalent to Rs.1212.88 Lac, (Previous Year Rs.1368.52 lacs) for import of machinery against licence 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.
- (ii) Rs.551 lac (Previous Year Rs.1294 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. 527.43 lac (Previous Year Rs.1243.01 lac) till the end of the year.
- (c) We have sold USD 8.83 Mn equivalent Rs.41.79 cr. and EUR 0.44 Mn equivalent Rs.2.88 cr. (Previous Year USD 2.91 Mn equivalent Rs.14.81 cr. and Eur 0.40 Mn equivalent Rs. 2.41cr.) to cover our export receivables.
- (d) USD 0.20 Mn (Previous Year USD 1.40 Mn) worth of derivative contracts were open on balance sheet date for sale of USD, hedging Company's receivables in foreign currency.
- The company has entered into USD-JPY derivative option contracts hedging its exposure on ECB availed in JPY for wind power generation project. Option contracts worth of JPY 379-MN (Previous Year JPY 462-Mn) are open as on balance sheet date, maturing over a period of seven years on Jul 2014. The company has reasonable hedge against its ECB borrowing.
- (e) In respect of bank guarantees given for other Companies of Euro 2-mn (Previous Year Euro 1-mn) equivalent to INR 1222-lac (Previous Year Rs. 584 Lac)

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

	2009-2010	2008-2009
	Rs. In Lacs	Rs. In Lacs
(i) Salary and Bonus	220	179
(ii) Contribution to Provident Fund	15	13
Total	236	191
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	10,264	8,691
Add: Expenses not to be considered as per Section 349		
Directors' Remuneration	236	191
Directors' Fees	1	2
Loss on Sale of Fixed Assets	0	0
Loss on Sale of Investments	0	
	237	193
	10,501	8,884
Less : Income not to be considered :		
Profit on Sale of Fixed Assets	37	1
Profit on Sale of Investments	4	4
	41	5
Net Profit computed as per Section 349 of Companies Act, 1956 :	10,460	8,879

For the year ended 31st March, 2010

	2009-2010	2008-2009
	Rs. In Lacs	Rs. In Lacs
6. Auditors' Remuneration		
Audit Fees	6	5
Tax Audit Fees	2	1
Other Matters	9	4
	<u>17</u>	<u>10</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, Ruling & Binding		N.A.	* Not Ascertainable

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

8. Finished Goods and work in process stock :

(a) Opening Stock :	Quantity in Lacs (PCS/PACK)		Value (Rs. In Lacs)
(i) Publications :	1,009		7,122
	(1,079)		(6,606)
(ii) Stationery	1,916		6,247
	(1,529)		(3,409)
(iii) Others	0		6
	(1)		(10)
Total			<u>13,375</u> <u>(10,025)</u>
(b) Closing Stock :	Quantity in Lacs (PCS/PACK)		Value (Rs. In Lacs)
(i) Publications	1,016		7,181
	(1,009)	(7,122)	
(ii) Stationery	1,476		4,728
	(1,916)	(6,247)	
(iii) Others	0		5
	(0)	(6)	
Total			<u>11,915</u> <u>(13,376)</u>

For the year ended 31st March, 2010

	Quantity in Lacs	Value (Rs. In Lacs)
9. Information as regards Raw Materials Consumed		
(a) Paper	574 Kgs.	21,135
	(628) Kgs.	(25,131)
(b) Other Raw Materials		1,292
		(1,616)
Total		<u>22,426</u>
		<u>(26,747)</u>
10. Information as regards Purchase of goods made during the year :	Quantity in Lacs	Value (Rs. In Lacs)
Sales :	(PCS/PACK)	
(a) Paper	4 Kgs.	154
	(4) Kgs.	(160)
(b) Books and Other Stationery Items		1,620
		(1833)
Total		<u>1,774</u>
		<u>(1,993)</u>
11. Information as regards to Sales made during the year :	Quantity in Lacs	Value (Rs. In Lacs)
Sales :	(PCS/PACK)	
(i) Publication sales	1,253	27,663
	(1,075)	(26,953)
(ii) Stationery sales	1,020	24,012
	(947)	(22,975)
(iii) Others	93	545
	(115)	(562)
Total		<u>52,221</u>
		<u>(50,490)</u>

For the year ended 31st March, 2010

12. Value of Imports on C.I.F. Basis :	Value (Rs. In Lacs)
(i) Capital Goods	151 (367)
(ii) Raw Material (Including Consumables)	19 (52)
(iii) Components, Stores & Spares	21 (48)
(iv) Finished Goods	663 (959)
13. Expenditure in Foreign Currency on Account of	Value (Rs. In Lacs)
(i) Royalty	4 (3)
(ii) Interest	89 (73)
(iii) Professional Fees	134 (113)
(iv) Other Matters	135 (167)
14. Earning in Foreign Exchange :	Value (Rs. In Lacs)
Export of Goods on FOB basis	6,871 (7,449)
Interest Income	13 (23)
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	0.26%	60	9.84%	31
	(0.68)%	(184)	(23.96)%	(86)
Indigenous	99.74%	23,044	90.16%	287
	(99.32)%	(26,991)	(76.04)%	(272)
Total :	100.00%	23,104	100.00%	318
	(100)%	(27,175)	(100.00)%	(358)

For the year ended 31st March, 2010

16. During the year, the Company has spent an amount of Rs.9.35 crores (Previous Year Rs.9.05 Crores) under the head Royalty, the said amount is for payment to various authors who are 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. 128.07 lacs (Previous Year Rs. 168.67 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	Previous Year Rs. in Lacs
Amalgam Adhesive Pvt. Ltd.	4	–
Meghart Colour Crafters	3	10
Perfect Print & Pack	1	–

(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 Enterprises Development Act, 2006, the information required under the said act could not be compiled & Disclosed.

18. Foreign Currency Translation of Rs. 306.58 Lacs (Previous Year Rs. –379.26 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% (P.Y. 100%) of whose equity share capital is held by the Company as at 31st March, 2010.

Navneet E-Learning Pvt. Ltd. – Subsidiary Company 90.69% (P.Y. 87.17%) of whose equity share capital is held by the Company as at 31st March, 2010

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

(i) Enterprises owned or significantly influenced by key management personnel or their relatives	Navneet Prakashan Kendra Vikas Prakashan Gala Publishers Sandeep Agencies Bigspace Realty Pvt. Ltd The Flagship Advertising Pvt. Ltd.	(ii) 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, 2010

(Rs. In Lacs)

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	72 (-)	1,189 (1,057)	562 (445)	1,823 (1,503)
(ii) Sales of goods and services	14 (168)	0 (88)	- (-)	15 (256)
(iii) Loans given	142 (-)	-- (-)	-- (-)	(142) (-)
(iv) Loan received back	133 (-)	-- (-)	-- (-)	133 (-)
(v) Investments	234 (262)	-- (-)	-- (-)	234 (262)
(vi) Balance outstanding at year end Debtors	-- (-)	-- (-)	-- (-)	-- (-)
Loans and advances given	321 (335)	-- (-)	-- (-)	321 (335)

20. Earning Per Share :

	2009-2010 Rs. In Lacs	2008-2009 Rs. In Lacs
(a) Net Profit after tax	6,758	5,835
Add/(Less) : Excess/(Short) Provision of Taxation of the Earlier Years W / off / back	40	59
Net profit available for Equity Shareholders	6,798	5,894
(b) Weighted Average Number of Equity Shares (in Lacs)	2,382	2,382
(c) Basic and Diluted Earning per share of Rs.2/- each		
(i) before Extraordinary Items	2.85	2.47
(ii) after Extraordinary Items	2.85	2.47

For the year ended 31st March, 2010

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.	179	--	179
	(335)	(--)	(335)
Esence Learning Pvt. Ltd.	142	--	142
	(--)	(--)	(--)
(ii) Staff Loan given in the ordinary course of business and as per the service rules of the Company		210 (196)	244 (222)

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)
Birla Mutual Fund	87	870	1,223	12,250	1,309	13,120	-	-
Prudential ICICI Mutual	-	-	1	100	1	100	-	-
LIC Mutual Fund	-	-	982	10,782	982	10,782	-	-
Reliance Mutual Fund	-	-	604	9,237	604	9,237	-	-
Deutsche Mutual Fund	-	-	664	6,666	664	6,666	-	-
Chola Mutul Fund	-	-	118	1,191	118	1,191	-	-
UTI Mutual Fund - 1	-	-	1,302	24,155	1,302	24,155	-	-
UTI Mutual Fund - 2	-	-	11	13,847	11	13,847	-	-
Bharati Axa Mutual fund	-	-	5	5,434	5	5,434	-	-

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, 2009 Rs. In Lacs	Deferred tax (asset)/liability as at March 31, 2010 Rs. In Lacs
Depreciation	416	403
Disallowance under section 43B	(141)	(176)
Total	276	227
Previous Year	314	276

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 of 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

Rs.In Lacs

	Publication		Stationery		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	27,663	26,953	24,012	22,975	545	562	52,221	50,490
Less : Inter Segment Revenue	-	-	-	-	-	-	-	-
Net Revenue	27,663	26,953	24,012	22,975	545	562	52,221	50,490
Other Income	108	103	49	75	102	(410)	259	(232)
Segment Revenue	27,771	27,056	24,061	23,050	648	152	52,479	50,258
Segment Results	8,690	8,327	2,908	2,389	(25)	(476)	11,573	10,240
Add : Unallocated Other Income/(Expense)	-	-	-	-	-	-	395	156
Less : Financial Expenses	-	-	-	-	-	-	187	402
Less : Unallocable Expenditures	-	-	-	-	-	-	1,517	1,304
Profit Before Taxation	-	-	-	-	-	-	10,264	8,691
Provision for Taxation (Income tax, FBT and deferred tax)	-	-	-	-	-	-	3,466	2,797
Profit after taxation	-	-	-	-	-	-	6,798	5,894
Segment Assets	19,151	18,582	15,437	15,191	1,785	2,006	36,373	35,779
Unallocated Assets	-	-	-	-	-	-	2,703	3,392
Total Assets	-	-	-	-	-	-	39,076	39,170
Segment Liabilities	1,333	1,419	1,276	1,562	17	10	2,626	2,990
Unallocated Liabilities	-	-	-	-	-	-	6,389	10,086
Total Liabilities	-	-	-	-	-	-	9,015	13,076
Depreciation on Segmental Assets	510	524	307	262	272	315	1,088	1,101
Unallocated Depreciation	-	-	-	-	-	-	75	70
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

							Rs. in Lacs
	North & Central America	Africa	Europe	Australia & Oceania	Rest of the world except India	India	Total
Segment Revenue	3,525 (4,163)	2,211 (2,445)	801 (675)	14 (34)	437 (358)	45,233 (42,814)	52,221 (50,490)
Segment Assets	1,476 (495)	300 (129)	133 (101)	0 (7)	162 (68)	37,005 (38,370)	39,076 (39,170)

26. Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee benefits' -

- (a) Effective 1 April 2007, the Company adopted Accounting Standard (AS) 15 (revised 2005) on "Employee Benefits" issued by ICAI. The actuarial valuations of the various employee benefits were carried out by using the Projected Unit Credit Method and, pursuant to the adoption of revised AS 15 the Company has written back an amount of Rs.NIL (Previous Year Rs. NIL) (net of deferred tax charge of Rs. NIL) to the opening balance of reserve and surplus.
- (b) The Company has recognised the following amount as an expense and included in the Profit and Loss Account

	<u>Current Year</u>	<u>Previous Year</u>
(i) Provident Fund	190	164
(ii) ESIC	31	31

- (c) Defined benefit plan and long term employment benefits

General description

- (1) Gratuity (Defined benefit plan)

The Company makes annual contribution to the employee group gratuity scheme of the Life Insurance Corporation of India, funded defined benefits plan for qualified employees. The scheme provided for lumpsum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

- (2) Accrual for leave encashment benefit is made on the basis of a year-end actuarial valuation in pursuance of the Company's leave rules.

The following table sets out for the status of gratuity / Leave encashment plan :

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	31/03/10	31/03/09	31/03/10	31/03/09
Change in Obligation				
Opening Present Value	589	456	220	226
Service Cost including actuarial gain/(loss)	84	111	110	(2)
Interest Cost	44	37	16	16
Benefits paid	4	15	(22)	(20)
Closing Present Value	713	589	324	220
Changing in Plan Asset				
Opening Fund Balance	531	396	-	-
Return on the plan asset	51	38	-	-
Contribution paid	128	112	22	20
Benefits paid during period	4	15	(22)	(20)
Closing Fund Balance	706	531	-	-
Reconciliation of present value of obligation and plan asset				
Closing Fund Balance	706	531	-	-
Closing present value	713	589	-	-
Net Liability	7	58	324	220
Liability recognized in balance sheet	7	58	324	220
Expense recognized in the statement of P & L A/C				
Current Service Cost			62	65
Interest Cost		16	16	
Expected Return on Plan Assets			-	-
Net Actuarial (Gain) / Loss recognized for the period			48	(67)
Expense recognized in the statement of P & L A/C			126	14
Movement in the Liability recognized in Balance Sheet				
Opening Net Liability			220	226
Expenses as above			126	14
Contribution paid			(22)	(20)
Closing Net Liability			324	220
Assumptions				
Expected return on plan assets	8.00%	8.00%	0	0
Salary escalation rate	7.00%	7.00%	4.00%	4.00%
Discounting rate	8.00%	8.00%	7.50%	7.50%

27. Figures of Rs. 50,000 or less have been denoted by #

28. 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

sd/-

Haresh K. Chheda
Partner
Mumbai : 24th June, 2010

sd/-

Amit D. Buch
Company Secretary

sd/-

A. R. Gala
Managing Director

sd/-

S. K. Vikamsey
Chairman

Cash Flow Statement

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year ended 2009-2010	For the Year ended 2008-2009
	Rs. in Lacs	Rs. in Lacs
Cash Flow from Operating Activities		
Net profit before tax	10,264	8,691
Adjustments for,		
Interest & Financial Income (non operational)	(472)	260
(Profit) / Loss on sale of fixed assets	(37)	(1)
(Profit) / Loss on sale of Investments	(4)	(4)
Interest and Financial Expense	187	402
Depreciation	1,164	1,171
Changes in Current Assets and liabilities		
(Increase) / Decrease in Inventory	1,856	(2,274)
(Increase) / Decrease in Debtors	(1,433)	(720)
(Increase) / Decrease in Loans and advances	40	(187)
Increase / (Decrease) in current liabilities and provision	(592)	611
Income Taxes Paid	(3,270)	(2,884)
Net cash inflow / (outflow) from Operating Activities (A)	7,704	5,064
Cash flow from Investing Activities		
Purchase of Fixed Asset and change in capital WIP	(1,985)	(1,193)
Proceeds from sales of fixed Asset	73	40
(Increase) / Decrease in Investment other than Subsidiary	870	(870)
(Increase) / Decrease in Investment in Subsidiary	(234)	(262)
(Profit) / Loss on sale of Investments	4	4
Interest & Financial Income	285	199
Net cash inflow / (outflow) from Investing Activities (B)	(988)	(2,082)
Cash flow from Financing Activities		
Increase / (Decrease) in Share Capital	-	-
Increase / (Decrease) in Loan Fund	(601)	(1,846)
Interest and Financial Expense	(0)	(861)
Dividend Paid (including Dividend Tax)	(5,661)	(69)
Net cash inflow / (outflow) from Financing Activities (C)	(6,261)	(2,776)
Net Increase / (Decrease) in Cash and Cash Equivalents	455	206
Cash and cash equivalent as at the commencement of the year	630	424
Cash and cash equivalent as at the end of the year	1,085	630
Net Increase / (Decrease) as mentioned above	455	206
Notes: (1) Cash and cash equivalent includes		
cash, cheque in hand and remittance in transit	34	36
Balance with banks	1051	594

As per our report of even date attached hereto

For and on behalf of :

Ghalla & Bhansali

Chartered Accountants

sd/-

Haresh K. Chheda

Partner

Mumbai : 24th June, 2010

sd/-

Amit D. Buch

Company Secretary

sd/-

A. R. Gala

Managing Director

sd/-

S. K. Vikamsey

Chairman

For and on behalf of the Board

NAVNEET PUBLICATIONS (INDIA) LIMITED

Consolidated Financial Statements

for the year ended 31st March, 2010

TO THE MEMBERS 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) and ESENSE LEARNING PVT. LTD. (subsidiary)** as at 31st March 2010, 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(iii)(3) 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 2010;
- 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
(Registration No. 103142W)
sd/-

Haresh K. Chheda
Partner

Membership No. 38262

Place: Mumbai

Date: 24th June, 2010

Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	As at	
		31st March, 2010	31st March, 2009
		Rs. In Lacs	Rs. In Lacs
Sources of Funds			
Shareholders' Funds			
Share Capital	A	4,764	1,906
Reserves & Surplus	B	<u>24,633</u>	<u>23,928</u>
			29,397
			<u>25,834</u>
Loan Funds			
Secured Loans	C	7,094	2,352
Unsecured Loans	D	<u>0</u>	<u>5,000</u>
			7,094
			<u>7,352</u>
Deferred Tax Liability			230
Minority Share of Interest			4
			<u>22</u>
Total Funds Employed			<u><u>36,725</u></u>
Application of Funds			
Fixed Assets			
Gross Block	E	19,892	18,972
Less : Depreciation		<u>10,986</u>	<u>9,852</u>
Net Block		8,906	9,120
Capital Work In Progress		<u>554</u>	<u>72</u>
			9,460
			<u>9,192</u>
Investments	F		17
			<u>890</u>
Current Assets, Loans and Advances			
Inventories	G	17,930	19,713
Sundry Debtors		8,294	6,791
Cash & Bank Balances		1,109	805
Loans & Advances		<u>3,051</u>	<u>2,743</u>
		<u>30,384</u>	<u>30,052</u>
Less: Current Liabilities and Provisions	H		
Current Liabilities		2,810	3,529
Provisions		<u>327</u>	<u>3,119</u>
		<u>3,137</u>	<u>6,648</u>
Net Current Assets			27,247
			<u>23,404</u>
Total Funds Utilised			<u><u>36,725</u></u>

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
sd/-

sd/-
Amit D. Buch
Company Secretary

sd/-
A. R. Gala
Managing Director

sd/-
S. K. Vikamsey
Chairman

Profit and Loss Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	2009 -2010	2008 - 2009
		Rs. In Lacs	Rs. In Lacs
Income			
Income from Operations		53,158	51,526
Other Income	I	642	(92)
		<u>53,801</u>	<u>51,434</u>
Expenditure			
(Increase)/Decrease In Stocks	J	1,384	(3,600)
Cost of Materials	K	24,940	29,761
Manufacturing Expenses	L	2,817	3,222
Salaries Wages & Employee Benefit	M	4,742	4,000
Administrative & Selling Expenses	N	8,586	7,899
Interest	O	209	428
		<u>42,679</u>	<u>41,709</u>
Profit before Depreciation & Tax		11,122	9,725
Depreciation	E	1,281	1,263
Profit before tax		<u>9,841</u>	<u>8,462</u>
Less: Provision for taxation - Income Tax (Current)		3,554	2,826
- Fringe Benefit Tax		0	68
- Deferred Tax		(48)	(38)
Add/(Less) : Excess/(Short) Provision of taxation of Earlier Year W/off/back		(40)	(59)
Add/(Less) : Loss of subsidiary attr. to minority		(19)	(16)
Add: Excess cost over parent's portion of Equity		112	66
Less: Goodwill on consolidation w/off		(112)	(66)
Less: Deferred Revenue Expenditure W/off (As per transitional provision)		0	40
Profit after Tax		<u>6,394</u>	<u>5,641</u>
Add : Balance Brought Forward from last year		13,034	11,291
		<u>19,428</u>	<u>16,932</u>
Profit available for Appropriation			
Appropriations / Adjustments :			
Dividend (First Interim)		2382	0
Dividend (Second Interim)		0	0
Dividend (Final)		<u>0</u>	<u>2,477</u>
Corporate Tax on Dividend		2,382	2,477
General Reserve		405	421
		<u>1,000</u>	<u>1,000</u>
		<u>3,787</u>	<u>3,898</u>
Surplus Carried to Balance Sheet		<u>15,641</u>	<u>13,034</u>
Basic and Diluted Earning per Share of (Rs. 2/- each) [Refer Note 7 of Schedule 'P']			
Before Extraordinary Items		2.68	2.37
After Extraordinary Items		2.68	2.37
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

sd/-

sd/-

sd/-

Haresh K. Chheda
Partner
Mumbai : 24th June, 2010

Amit D. Buch
Company Secretary

A. R. Gala
Managing Director

S. K. Vikamsey
Chairman

	As at 31st March, 2010	As at 31st March, 2009
	Rs. In Lacs	Rs. In Lacs
SCHEDULE A : SHARE CAPITAL		
Authorised :		
25,00,00,000 (10,00,00,000) Equity shares of Rs. 2/- each (Rs.2/- each)	5,000	2,000
50,00,000 (50,00,000) Equity Shares of Rs. 10/- each (Rs.10/- each)	<u>500</u>	<u>500</u>
Issued, Subscribed & Paid Up :		
23,82,15,000 (9,52,86,000) Equity Shares of Rs. 2/- each (Rs.2/- each) fully paid UP	4,764	1,906
Total	<u>4,764</u>	<u>1,906</u>
Note :		
(1) Of the above 20,64,53,000 (6,35,24,000) Shares were allotted as fully paid-up Bonus Shares by Capitalisation of Share Premium and General Reserve		
SCHEDULE B : RESERVES & SURPLUS		
Capital Reserve		
As per last Balance Sheet	# 0	0
General Reserve		
As per last Balance Sheet	10,872	9,872
Less: allotted 142929000 bonus shares @2/- each	(2,859)	0
Add: Additions during the Year	<u>1,000</u>	<u>1,000</u>
	9,013	10,872
Foreign Currency Translation Reserve	(21)	22
Surplus as per Profit and Loss Account	<u>15,641</u>	<u>23,928</u>
Total	<u>24,633</u>	<u>23,928</u>

Note : # Number lower than Rs. 1 Lac

	As at 31st March, 2010	As at 31st March, 2009
	Rs. In Lacs	Rs. In Lacs
SCHEDULE C : SECURED LOANS		
LOANS FROM BANKS :		
LONG TERM		
Foreign Currency Loans - Windmill	1,467	1,509
SHORT TERM		
Working capital borrowings		
– Local Currency Loans	4,264	843
– Foreign Currency Loans	1,363	0
Total	<u>7,094</u>	<u>2,352</u>
Notes :		

- (a) All Short term rupee loans and foreign currency loans equivalent to Rs. 5,627/- Lacs (Previous Year Rs. 842/- Lacs) are secured against :
Hypothecation & first charge over stock of raw materials, work-in-process, finished goods, stores & spares not relating to plant and machinery & book debts.
- (b) Long term foreign currency loans are exclusively secured by Hypothecation of Windmills.
- (c) Secured against bank guarantee of parent Company.

SCHEDULE D : UNSECURED LOANS

DEBENTURES

Non-Convertible Debentures

Total

0	5,000
<u>0</u>	<u>5,000</u>

SCHEDULE E : FIXED ASSETS

Rs. in Lacs

Sr. No.	Description of Assets	Gross Block				Depreciation/Amortization				Net Block	
		Cost As at 01.04.2009	Additions during the year	Deduction / Adjustment	Cost As at 31.03.2010	up to 01.04.2009	For the year	Deductions / Adjustment	upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Tangible										
1	Land - Freehold	340	-	-	340	-	-	-	-	340	340
	Land - Leasehold	84	-	-	84	32	6	-	39	45	52
2	Building	4,202	215	22	4,395	1,634	167	9	1,791	2,604	2,568
3	Plant & Machinery	11,417	446	81	11,782	6,334	788	65	7,056	4,726	5,083
4	Office Equipment	243	22	1	263	154	19	-	172	91	89
5	Furniture & Fixtures	1,022	112	-	1,134	752	62	-	814	320	270
6	Vehicles	885	288	80	1,093	504	109	69	544	549	381
	Intangible										
7	Intellectual Property	245	-	-	235	83	23	-	103	131	161
8	Trade Mark	213	1	-	214	75	58	-	132	82	138
9	SAP	247	-	-	247	209	19	-	228	19	38
10	Software	76	30	-	106	76	30	-	106	-	-
	Total	18,972	1,115	183	19,892	9,852	1,281	143	10,986	8,906	9,120
	Previous Year	17,683	1,393	104	18,972	8,655	1,263	66	9,852	9,120	

As at
31st March, 2010 As at
31st March, 2009

Rs. In Lacs

Rs. In Lacs

Rs. In Lacs

SCHEDULE F : INVESTMENTS**LONG TERM - NON TRADE**

Long Term Financial Investments

17 19

OTHER INVESTMENTS

Temporary Financial Investments

- 1

CURRENT INVESTMENTS

Unquoted

Mutual Funds

Units of Rs.10/- each fully paid up

NIL (8685629.178) Birla Mutual Fund

0 870

0 870

Repurchase value of Mutual Fund Units Rs.

NIL

Previous year Rs.

(870)

Aggregate Book Value of Investments**TOTAL****17 890**

	Rs. In Lacs	As at 31st March, 2010 Rs. In Lacs	As at 31st March, 2009 Rs. In Lacs
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories			
Stores Spares & Consumables	378		411
Raw Materials	4,951		5,317
Finished Goods	11,837		13,019
Work In Process	764		966
		<u>17,930</u>	<u>19,713</u>
Sundry Debtors			
(Unsecured considered good)			
Over six months	348		327
Others	7,946		6,464
		<u>8,294</u>	<u>6,791</u>
Cash and Bank Balances			
Cash on hand	34		37
Balance with Scheduled Banks			
In Current Account	899		633
In Fixed Deposit Account	83		67
In Dividend Account	93		68
		<u>1,109</u>	<u>805</u>
LOANS & ADVANCES			
(Unsecured considered good)			
LOANS			
Staff Loans	211		197
Other Deposits	226		240
	<u>436</u>		<u>437</u>
ADVANCES			
Advances Recoverable in Cash or in Kind or for value to be received	2,039		1,509
Deposits with Public Bodies Govt.,etc.	59		54
Deposit with Others	92		74
Advance Tax paid (Net of provision)	425		670
	<u>2,615</u>		<u>2,306</u>
		<u>3,051</u>	<u>2,743</u>
TOTAL		<u>30,384</u>	<u>30,052</u>

	Rs. In Lacs	As at 31st March, 2010 Rs. In Lacs	As at 31st March, 2009 Rs. In Lacs
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors	1,564		2,332
Advances Received from Customers	330		206
Investors Education and Protection Fund to be credited as and when due			
- Unclaimed Dividend	93		68
Other Liabilities	804		873
Interest Accrued But Not Due	18		50
		2,810	3,529
Provisions			
For Leave Encashment Benefit	327		221
Proposed Dividend	-		2,477
Corporate Tax on Proposed Dividend	-		421
		327	3,119
TOTAL		3,137	6,648

For the Year Ended 31st March, 2010 For the Year Ended 31st March, 2009

	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE I : OTHER INCOME			
On Current Investment (Gross)			
Dividend		50	44
Profit / Loss on Sale of Investments		4	4
Miscellaneous Income		86	25
Exchange Fluctuation on Consolidation		0	1
Interest & Financial Income / (Expense) [TDS Rs. 26 Lacs; (Previous year Rs. 27 Lacs)]		502	(166)
TOTAL		<u>642</u>	<u>(92)</u>
SCHEDULE J : (INCREASE)/DECREASE IN STOCK			
Closing Stock			
Work In Process	764		966
Finished Goods	<u>11,837</u>		<u>13,019</u>
		12,601	13,985
Opening Stock			
Work In Process	966		1,070
Finished Goods	<u>13,019</u>		<u>9,314</u>
		13,985	10,385
TOTAL		<u>1,384</u>	<u>(3,600)</u>
SCHEDULE K : COST OF MATERIAL			
Raw Materials Consumed		22,692	26,889
Freight & Octroi		545	586
Purchase of Goods		1,702	2,286
TOTAL		<u>24,940</u>	<u>29,761</u>
SCHEDULE L : MANUFACTURING EXPENSES			
Printing Expenses		702	826
Binding Expenses		614	706
Other Manufacturing Expenses		929	1,085
Power & fuel		254	247
Stores & Spares Consumed		173	244
Repairs to Plant & Machinery		145	114
TOTAL		<u>2,817</u>	<u>3,222</u>

For the Year Ended 31st March, 2010 For the Year Ended 31st March, 2009

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

SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS

Salaries, Wages & Bonus	3,996	3,343
Contribution to Provident & Other Funds	355	334
Staff Welfare	391	323
TOTAL	<u>4,742</u>	<u>4,000</u>

SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES

Rates & Taxes	193	204
VAT/ Sales Tax	767	703
Rent	354	339
Royalty	935	905
Building Repairs & Maintenance	392	203
Other Repairs	152	118
Insurance	81	90
Transportation Expenses	957	944
Commission	96	90
Advertisement	421	555
Marketing Expenses	748	700
Sales Promotion Expenses	995	794
Discount & Rebate	327	349
Bad debts and other irrecoverable advance written off	11	(3)
Donation	288	162
Bank Charges	159	235
Legal & Professional Fess	615	430
Prior Period	3	5
Other Expenses	1,092	1,076
TOTAL	<u>8,586</u>	<u>7,899</u>

SCHEDULE O : INTEREST

Debentures	64	176
Others	145	253
TOTAL	<u>209</u>	<u>428</u>

For the year ended 31st March, 2010

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. and eSense Learning Pvt. Ltd.

The consolidated financial statements have been prepared on the following basis :

- (i) The financial statements of the company and its subsidiary company are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (ii) 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.
 - (1) 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.
 - (2) Grafalco Ediciones S.L. Balance Sheet is as at 31st December, 2009 with effect for inter party transactions for intervening period.
 - (3) As per the law governing the subsidiary, statutory audit is obligatory only if
 - a) The turnover is above Euro 47,47,996 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.

(iv) eSense Learning Pvt. Ltd.

- (1) Consolidated Profit/Loss statement includes figures for the period prior to eSense Learning Private Limited becoming a subsidiary.
- (2) Goodwill arising on consolidation has been fully written off during the year.

(b) Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on Accounting for Investments.

(c) Other Significant accounting Policies

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

2 Estimated amount of Capital Contracts (net of advances) remaining to be executed and not provided for Rs.353.97 Lacs (Previous Year Rs.598.50 Lacs)

3 Contingent Liabilities

(a) For disputed Income-tax matters Rs.566.95 Lacs (Previous Year Rs.587.90 Lacs) against which amount paid is Rs.559.77 Lacs (Previous Year Rs.490.82 Lacs)

(b) Against Bond

- (i) Rs.380.61 Lacs (Previous Year Rs.380.61 lacs) : For fulfilment of export obligation of US \$ 26.70 lacs equivalent to Rs.1212.88 lac (Previous Year Rs.1368.52 lacs) for import of machinery against licence 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.

For the year ended 31st March, 2010

(ii) Rs.551/- Lacs (previous year Rs. 1294/- Lacs) : For purchase of excisable inputs without payment of duty under bond to manufactured goods meant for exports. The Company has already fulfilled obligation upto Rs.527.43 Lacs (previous year Rs.1243.01 Lacs) till the end of the year.

(c) We have sold USD 8.83 Mn equivalent Rs.41.79 cr. and EUR 0.44 Mn equivalent Rs.2.88 cr. (Previous Year USD 2.91 Mn equivalent Rs.14.81 cr. and Eur 0.40 Mn equivalent Rs.2.41 cr.) to cover our export receivables.

(d) In respect of bank guarantees given for other companies of Euro 2-mn (Previous Year Euro 1-mn) equivalent to Rs.1222 lac. (Previous Year Rs. 584 Lac)

(e) USD 0.20 Mn (Previous Year USD 1.40 Mn) worth of derivative contracts were open on balance sheet date for sale of USD, hedging Company's receivables in foreign currency.

The company has entered into USD - JPY derivative option contracts hedging its exposure on ECB availed in JPY for wind power generation project. Option contracts worth of JPY 379-Mn (Previous year JPY 462-Mn) are open as on balance sheet date, maturing over a period of seven years on Jul 2014. The company has reasonable hedge against its ECB borrowing.

4 During the year, the Company has spent an amount of Rs.9.35 crores (Previous Year Rs.9.05 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 Foreign currency translation of Rs.306.58 lacs (Previous Year Rs.-374.90 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</i>	-	Navneet Prakashan Kendra
<i>owned or</i>		Vikas Prakashan
<i>significantly</i>		Gala Publishers
<i>influenced by</i>		Sandeep Agency
<i>key management</i>		Bigspace Realty Pvt. Ltd.
<i>personnel or</i>		The Flagship Advertising Pvt.Ltd.
<i>their relatives</i>		

(ii) *Key Management Personnel & Relatives*

Shri A.R.Gala	Shri D.R.Gala	Shri H.R.Gala
Shri S.R.Gala	Shri J.L.Gala	Shri J.K.Sampat
Shri N.N.Shah	Shri B.A. Gala	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	Shri T.R.Shah
		Smt.H.T.Shah

For the year ended 31st March, 2010

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	Relative of Key Management Personal	Total
(i) Purchase, expenses and other services from related parties	1,194 (1,075)	567 (450)	5 (4)	1,766 (1,529)
(ii) Purchase of Fixed Assets	- (-)	- (163)	-- (--)	- (163)

7 Earning Per Share :

	2009-2010 Rs. In Lacs	2008-2009 Rs. In Lacs
(a) Net Profit after tax	6,354	5,583
Add (Less) : Excess/(Short) Provision of Earlier Year W/off/back	40	59
Net Profit available for Equity Shareholders	6,394	5,642
(b) Weighted Average Number of Equity Shares	2,382	2,382
(c) Basic and Diluted Earning per share of Rs.2/- each		
(i) before Extra Ordinary Item	2.68	2.37
(ii) after Extra Ordinary Item	2.68	2.37

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 Deferred tax liability Comprises of following

	Deferred Tax (asset)/liability as at April 1, 2009	Deferred Tax (asset)/liability as at March 31, 2010
Depreciation	418	406
Disallowance under section 43B	(141)	(176)
Total	278	230
Previous Year	314	278

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 of 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

(Rs. in Lacs)

	Publication		Stationery		Others		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue	28,601	27,990	24,012	22,975	545	562	53,158	51,526
Less : Inter Segment Revenue	—	—	—	—	—	—	—	—
Net Revenue	28,601	27,990	24,012	22,975	545	562	53,158	51,526
Other Income	111	87	49	75	102	(410)	262	(248)
Segment Revenue	28,712	28,076	24,061	23,050	648	152	53,420	51,279
Segment Results	8,304	8,100	2,908	2,389	(25)	(476)	11,187	10,012
Add : Unallocated Other Income/(Expense)	—	—	—	—	—	—	380	156
Less : Financial Expenses	—	—	—	—	—	—	209	428
Less : Unallocable Expenditures	—	—	—	—	—	—	1,517	1,277
Profit Before Taxation	—	—	—	—	—	—	9,841	8,463
Provision for Taxation (current tax, FBT and deferred tax)	—	—	—	—	—	—	3,448	2,821
Profit after taxation	—	—	—	—	—	—	6,394	5,642
Segment Assets	19,936	19,546	15,437	15,191	1,785	2,006	37,158	36,742
Unallocated Assets	—	—	—	—	—	—	2,703	3,392
Total Assets	—	—	—	—	—	—	39,862	40,134
Segment Liabilities	2,781	2,642	1,276	1,562	17	10	4,074	4,213
Unallocated Liabilities	—	—	—	—	—	—	6,389	10,086
Total Liabilities	—	—	—	—	—	—	10,464	14,299
Depreciation on Segmental Assets	627	615	307	262	272	315	1,206	1,192
Unallocated Depreciation	—	—	—	—	—	—	75	70
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

(Rs. in Lacs)

	North & Central America	Africa	Europe	Australia & Oceania	Rest of the world except India	India	Total
Segment Revenue	3,525 (4,163)	2,211 (2,445)	1,594 (1,703)	14 (34)	437 (358)	45,378 (42,823)	53,158 (51,526)
Segment Assets	1,476 (495)	300 (129)	298 (1,064)	0 (7)	162 (68)	37,625 (38,370)	39,862 (40,134)

11. Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee benefits' -

(a) Effective 1 April 2007, the Company adopted Accounting Standard (AS) 15 (revised 2005) on "Employee Benefits" issued by ICAI. The actuarial valuations of the various employee benefits were carried out by using the Projected Unit Credit Method and pursuant to the adoption of the revised AS 15 the Company has written back an amount of Rs. NIL (Previous year Rs. NIL) (net of deferred tax charge of Rs. NIL) (Previous year Rs. NIL) to the opening balance of reserve and surplus.

(b) The Company has recognised the following amount as an expense and included in the Profit and Loss Account

	Rs. in Lacs <u>Current Year</u>	Rs. in Lacs <u>Previous Year</u>
(i) Provident Fund	194	169
(ii) ESIC	34	31

(c) Defined benefit plan and long term employment benefits

General description

(1) Gratuity (Defined benefit plan)

The Company makes annual contribution to the employee group gratuity scheme of the Life Insurance Corporation of India, funded defined benefits plan for qualified employees. The scheme provided for lumpsum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. vesting occurs upon completion of five years of service.

(2) Accrual for leave encashment benefit is made on the basis of a year-end actuarial valuation in pursuance of the Company's leave rules.

The following table sets out for the status of gratuity / Leave encashment plan :

	Gratuity (Funded)		Leave Encashment (Non-Funded)	
	31/03/10	31/03/09	31/03/10	31/03/09
Change in Obligation				
Opening Present Value	589	456	220	226
Service Cost including actuarial gain/(loss)	84	111	113	(2)
Interest Cost	44	37	16	16
Benefits paid	4	15	(22)	(20)
Closing Present Value	713	589	327	220
Changing in Plan Asset				
Opening Fund Balance	531	396	-	-
Return on the plan asset	51	38	-	-
Contribution paid	128	112	22	20
Benefits paid during period	4	15	(22)	(20)
Closing Fund Balance	706	531	-	-
Reconciliation of present value of obligation and plan asset				
Closing Fund Balance	706	531	-	-
Closing present value	713	589	-	-
Net Liability	7	58	327	220
Liability recognized in balance sheet	7	58	327	220
Expense recognized in the statement of P & L A/C				
Current Service Cost			64	65
Interest Cost			16	16
Expected Return on Plan Assets			-	-
Net Actuarial (Gain) / Loss recognized for the period			49	(67)
Expense recognized in the statement of P & L A/C			128	14
Movement in the Liability recognized in Balance Sheet				
Opening Net Liability			220	226
Expenses as above			128	14
Contribution paid			(22)	(20)
Closing Net Liability			327	220
Assumptions				
Expected return on plan assets	8.00%	8.00%	0	0
Salary escalation rate	7.00%	7.00%	4.00%	4.00%
Discounting rate	8.00%	8.00%	7.50%	7.50%

12. Figures of Rs. 50,000 or less have been denoted by #
13. 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
sd/-
Haresh K. Chheda
Partner
Mumbai : 24h June, 2010

sd/-
Amit D. Buch
Company Secretary

sd/-
A. R. Gala
Managing Director

sd/-
S. K. Vikamsey
Chairman

Cash Flow Statement (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year ended 2009-2010	For the Year ended 2008-2009
	Rs. In Lacs	Rs. In Lacs
Cash Flow from Operating Activities		
Net profit before tax	9,841	8,463
Adjustments for		
Interest & Financial Income (non operational)	(459)	278
(Profit) / Loss on sale of fixed assets	(37)	(1)
(Profit) / Loss on sale of Investments	(4)	(4)
Exchange Fluctuation on Consolidation	(0)	(1)
Interest and Financial Expense	209	428
Depreciation	1,281	1,263
FCTR	(36)	11
Changes in Current Assets and liabilities		
(Increase) / Decrease in Inventory	1,784	(2,523)
(Increase) / Decrease in Debtors	(1,503)	(699)
(Increase) / Decrease in Loans and advances	77	(213)
Increase / (Decrease) in current liabilities and provision	(691)	630
Income Taxes Paid	(3,270)	(2,885)
Net cash inflow / (outflow) from Operating Activities (A)	7,191	4748
Cash flow from Investing Activities		
Purchase of Fixed Asset and change in capital WIP	(2,173)	(1,384)
Proceeds from Sale of Fixed Asset	78	40
(Increase) / Decrease in Investment other than Subsidiary	870	(870)
(Increase) / Decrease in Investment in Subsidiary	2	(4)
(Profit) / Loss on sale of Investments	4	4
Interest & Financial Income	272	176
Net cash inflow / (outflow) from Investing Activities (B)	(946)	(2,038)
Cash flow from Financing Activities		
Increase / (Decrease) in Loan Fund	(258)	(1,483)
Interest and Financial Expense	(22)	(883)
Dividend Paid (including Dividend Tax)	(5,661)	(69)
Net cash inflow / (outflow) from Financing Activities (C)	(5,941)	(2,434)
Net Increase / (Decrease) in Cash and Cash Equivalents	304	275
Cash and cash equivalent as at the commencement of the year	805	529
Cash and cash equivalent as at the end of the year	1,109	805
Net Increase / (Decrease) as mentioned above	304	275

Notes:

- (1) Cash and cash Equivalent includes cash, cheque in hand and remittance in transit
Balance with banks

34 37
1,074 768

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
sd/-

sd/-
Amit D. Buch
Company Secretary

sd/-
A. R. Gala
Managing Director

sd/-
S. K. Vikamsey
Chairman

Haresh K. Chheda
Partner

Mumbai : 24th June, 2010

Grafalco Ediciones S. L. Financial Statements

for the year ended 31st December, 2009

AMOUNTS IN EURO

Balance Sheet

Grafalco Ediciones S. L.

Schedule	As at	
	31st Dec, 2009	31st Dec, 2008
	EURO	EURO
Sources of Funds		
Shareholders' Funds		
Share Capital	678,006	503,006
		<u>503,006</u>
Loan Funds		
Secured Loans	1,767,620	1,199,148
Unsecured Loans	300,000	500,000
		<u>1,699,148</u>
Deferred Tax Liability		3,171
		<u>2,748,797</u>
Total Funds Employed		
Application of Funds		
Fixed Assets		
Gross Block	395,172	393,975
Less: Depreciation	181,978	139,167
Net Block		<u>254,808</u>
Investments		28,084
Current Assets, Loans and Advances		
Inventories	1,080,986	953,859
Sundry Debtors	1,071,987	941,903
Cash and Bank Balances	67,707	176,060
Loans and Advances	22,285	27,404
	<u>2,242,966</u>	<u>2,099,226</u>
Less: Current Liabilities and Provisions		
Current Liabilities	286,874	484,202
	<u>286,874</u>	<u>484,202</u>
Net Current Assets		1,956,092
Profit and Loss Account Balance		553,936
Total Funds Utilised		<u>2,748,797</u>

MUMBAI : 30th March, 2010

sd/-
A. D. Gala
Director

sd/-
Dilip Sampat
Director

For and on behalf of the Board

sd/-
G. D. Gala
Director

Schedule	For the year ended	For the year ended
	31st Dec, 2009	31st Dec, 2008
	EURO	EURO
Income		
Sales & Income from Operations	1,271,069	1,602,731
Other Income	2,120	7,561
	<u>1,273,190</u>	<u>1,610,292</u>
Expenditure		
(Increase)/Decrease In Stocks	(133,449)	(278,622)
Cost of Materials	379,308	855,289
Manufacturing Expenses	215,886	281,333
Salaries Wages & Employee Benefit	520,760	475,675
Administrative & Selling Expenses	437,901	420,694
Interest	56,361	72,531
	<u>1,476,766</u>	<u>1,826,900</u>
Profit / (Loss) before Depreciation & Tax	(203,576)	(216,608)
Depreciation	42,952	42,643
Profit / (Loss) before Tax	<u>(246,528)</u>	<u>(259,251)</u>
Less : Provision for Taxation	-	-
Profit / (Loss) after Tax	<u>(246,528)</u>	<u>(259,251)</u>
Add : Balance Brought Forward from last year	(307,409)	14981
Less : Deferred Revenue Expenditure W/off (as per transitional provision)	-	(63,139)
Profit / (Loss) available for Appropriation	<u>(553,936)</u>	<u>(307,409)</u>
Surplus / (Deficit) Carried to Balance Sheet	<u>(553,936)</u>	<u>(307,409)</u>

For and on behalf of the Board

sd/-
A. D. Gala
Director

sd/-
Dilip Sampat
Director

sd/-
G. D. Gala
Director

Mumbai :30th March, 2010

AMOUNTS IN INR

	Schedule	As at	
		31st Dec, 2009	31st Dec, 2008
		Rs.	Rs.
Sources of Funds			
Shareholders' Funds			
Share Capital	A	45,571,563	35,255,238
			<u>35,255,238</u>
Loan Funds			
Secured Loans	B	118,809,008	84,047,181
Unsecured Loans	C	<u>20,164,230</u>	<u>35,044,550</u>
			138,973,238
Deferred Tax Liability			213,108
			<u>222,224</u>
Total Funds Employed			<u><u>184,757,909</u></u>
Application of Funds			
Fixed Assets			
Gross Block	D	26,561,098	27,613,368
Less: Depreciation		<u>12,231,514</u>	<u>9,754,124</u>
Net Block		<u>14,329,584</u>	<u>17,859,244</u>
			14,329,584
Investments	E		1,968,363
Current Assets, Loans and Advances	F		1,719,001
Inventories		72,657,492	65,855,119
Sundry Debtors		72,052,668	66,017,159
Cash and Bank Balances		1,985,009	12,339,872
Loans and Advances		<u>1,302,127</u>	<u>1,920,710</u>
		<u>147,997,296</u>	<u>147,132,860</u>
Less: Current Liabilities and Provisions	G		
Current Liabilities		19,281,949	33,937,296
		<u>19,281,949</u>	<u>33,937,296</u>
Net Current Assets			128,715,347
Profit and Loss Account Balance	H		39,993,977
			<u>184,757,909</u>
Total Funds Utilised			<u><u>184,757,909</u></u>

For and on behalf of the Board

sd/-
A. D. Gala
Director

sd/-
Dilip Sampat
Director

sd/-
G. D. Gala
Director

	Schedule	For the year ended	For the year ended
		31st Dec, 2009	31st Dec, 2008
		Rs.	Rs.
Income			
Sales & Income from Operations		86,474,810	102,778,707
Other Income	I	144,262	484,896
		<u>86,619,072</u>	<u>103,263,603</u>
Expenditure			
(Increase)/Decrease In Stocks	J	(6,355,280)	(27,101,784)
Cost of Materials	K	25,805,523	54,847,296
Manufacturing Expenses	L	14,687,376	18,041,136
Salaries Wages & Employee Benefit	M	35,428,907	30,503,733
Administrative & Selling Expenses	N	29,791,768	26,977,964
Interest	O	3,834,389	4,651,236
		<u>103,192,682</u>	<u>107,919,580</u>
Profit / (Loss) before Depreciation & Tax		(16,573,611)	(4,655,977)
Depreciation	D	2,886,977	2,988,814
Profit / (Loss) before Tax		<u>(19,460,587)</u>	<u>(7,644,791)</u>
Less : Provision for Taxation		-	-
Profit / (Loss) after Tax		<u>(19,460,587)</u>	<u>(7,644,791)</u>
Add : Balance Brought Forward from last year		(9,202,844)	2,490,869
Less : Deferred Revenue Expenditure W/off (as per transitional provision)		-	(4,048,923)
		<u>(28,663,432)</u>	<u>(9,202,844)</u>
Surplus / (Deficit) Carried to Balance Sheet		<u>(28,663,432)</u>	<u>(9,202,844)</u>
Basic and diluted Earning per Share of Euro 1/- each			
Before Extra Ordinary Items (Euro)		(0.43)	(0.22)
After Extra Ordinary Items (Euro)		(0.43)	(0.22)

For and on behalf of the Board

sd/-
A. D. Gala
Director

sd/-
Dilip Sampat
Director

sd/-
G. D. Gala
Director

Mumbai :30th March, 2010

		As at 31st Dec, 2009	As at 31st Dec, 2008
	Rs.	Rs.	Rs.
SCHEDULE A : SHARE CAPITAL			
Issued, Subscribed & Paid Up :			
6,78,006 (5,03,006) Equity Shares of Euro 1/- each (Euro 1/- each) fully paid up		45,571,563	35,255,238
Total		<u>45,571,563</u>	<u>35,255,238</u>
SCHEDULE B : SECURED LOANS			
Loans from Banks :			
Working capital borrowings			
– Local Currency Loans (secured by bank guarantee of parent Company)	118,809,008		84,047,181
Total		<u>118,809,008</u>	<u>84,047,181</u>
SCHEDULE C : UNSECURED LOANS			
Other Loans & Advances			
Inter Corporate Deposits	20,164,230		35,044,550
Total		<u>20,164,230</u>	<u>35,044,550</u>

SCHEDULE D : FIXED ASSETS

(In Rs.)

Sr. No.	Description of Assets	Gross Block				Depreciation / amortization				Net Block	
		Cost as on 01.01.2009	Additions during the year	Deduction/ adjustment	Cost as on 31.12.2009	Provided upto 01.01.2009	For the year	Deductions/ adjustment	Total upto 31.12.2009	As on 31.12.2009	As on 31.12.2008
1	Intellectual Property	23,390,507	--	--	23,390,507	7,991,756	2,339,051	--	10,330,807	13,059,700	15,398,750
2	Plant & Machinery	184,839	--	--	184,839	68,390	22,181	--	90,571	94,268	116,448
3	Office Equipment	1,723,987	149,955	69,546	1,804,395	931,109	414,350	9,481	1,335,978	468,417	792,878
4	Furniture & Fixtures	1,114,143	--	--	1,114,143	295,548	111,395	--	406,943	707,200	818,595
5	Vehicles	67,214	--	--	67,214	67,214	-	--	67,214	-	-
	Total	26,480,689	149,955	69,546	26,561,098	9,354,018	2,886,977	9,481	12,231,514	14,329,584	17,126,672
	Previous Year	27,480,479	132,889	--	27,613,368	6,765,310	2,988,814	--	9,754,124	17,859,244	--

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, 2009	As at 31st Dec, 2008
	Rs.	Rs.

SCHEDULE E : INVESTMENTS

INVESTMENTS

Long Term Financial Investments	1,719,001		1,862,410
Temporary Financial Investments (Bonds)	<u>0</u>		<u>105,954</u>
		1,719,001	<u>1,968,363</u>

Aggregate Book Value Investments Total

	<u><u>1,719,001</u></u>	<u><u>1,968,363</u></u>
--	-------------------------	-------------------------

	Rs.	As at 31st Dec., 2009 Rs.	As at 31st Dec., 2008 Rs.
SCHEDULE F : CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories			
Stores Spares & Consumables			
Raw Materials	2,566,159		3,119,066
Finished Goods	70,091,333		62,601,310
Work In Process	0		1,134,743
		72,657,492	<u>66,855,119</u>
Sundry Debtors			
(Unsecured considered good)			
Over six months	1,508,028		597,159
Others	70,544,639		65,420,000
		72,052,668	<u>66,017,159</u>
Cash and Bank Balances			
Cash on hand			
	22,571		30,237
Balance with Scheduled Banks			
In Fixed Deposit Account	535,571		0
In Current Account	1,426,867		12,309,634
		1,985,009	<u>12,339,872</u>
Loans and Advances			
Advances			
Advances Recoverable in Cash or in Kind or for value to be received	1,302,127		1,866,312
Advance Tax paid (Net)	0		54,399
		1,302,127	<u>1,920,710</u>
TOTAL		<u>147,997,296</u>	<u>147,132,860</u>
SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors			
	12,034,354		30,998,881
Advances Received	6,002,368		494,829
Other Liabilities	1,245,227		2,443,586
		19,281,949	<u>33,937,296</u>
TOTAL		<u>19,281,949</u>	<u>33,937,296</u>
SCHEDULE H : PROFIT AND LOSS BALANCE			
Exchange fluctuations on translation			
		11,330,546	12,343,177
Deficit as per Profit & Loss Account		28,663,432	9,202,844
TOTAL		<u>39,993,977</u>	<u>21,546,022</u>

For the Year Ended 31st Dec, 2009 For the Year Ended 31st Dec, 2008

	Rs.	Rs.	Rs.
SCHEDULE I : OTHER INCOME			
Miscellaneous Income		144,044	0
Interest & Financial Income		258	484,896
TOTAL		<u>144,262</u>	<u>484,896</u>
SCHEDULE J : (INCREASE)/DECREASE IN STOCK			
Closing Stock			
Work In Process	0		1,134,743
Finished Goods	<u>70,091,333</u>		<u>62,601,310</u>
		70,091,333	63,736,053
Opening Stock			
Work in Process	1,134,743		2,190,439
Finished Goods	<u>62,601,310</u>		<u>34,443,830</u>
		63,736,053	36,634,269
TOTAL		<u>(6,355,280)</u>	<u>(27,101,784)</u>
SCHEDULE K : COST OF MATERIAL			
Raw Materials Consumed		25,805,523	13,766,849
Purchase of Finished / Trading Goods		0	41,080,447
TOTAL		<u>25,805,523</u>	<u>54,847,296</u>
SCHEDULE L : MANUFACTURING EXPENSES			
Printing Expenses		0	5,705,970
Binding Expenses		0	2,586,561
Other Manufacturing Expenses		14,687,376	9,748,604
TOTAL		<u>14,687,376</u>	<u>18,041,136</u>
SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS			
Salaries, Wages & Bonus		27,310,395	23,422,970
Staff Welfare		8,118,513	7,080,762
TOTAL		<u>35,428,907</u>	<u>30,503,733</u>

For the Year Ended 31st Dec, 2009 For the Year Ended 31st Dec, 2008

	Rs.	Rs.
SCHEDULE N: ADMINISTRATIVE & SELLING EXPENSES		
Rent	5,942,965	5,476,338
Other Repairs	557,611	665,299
Insurance	509,946	459,492
Transportation Expenses	4,328,087	5,709,339
Commission	1,009,625	1,767,535
Advertisement	0	9,582
Marketing Expenses	7,420,135	5,503,189
Sales Promotion Expenses	1,283,756	470,435
Bank Charges	1,515,662	692,320
Other Expenses	7,223,981	6,224,434
TOTAL	<u>29,791,768</u>	<u>26,977,964</u>
SCHEDULE O : INTEREST		
Others	3,834,389	4,651,236
TOTAL	<u>3,834,389</u>	<u>4,651,236</u>

“GRAFALCO EDICIONES, S.L. UNIPERSONAL COMPANY”

BRIEF ANNUAL REPORT CORRESPONDING TO THE CLOSED EXERCISE THE 31st DECEMBER 2009

I. NATURE AND MAIN ACTIVITY:-

“GRAFALCO EDICIONES, S.L. UNIPERSONAL SOCIETY”

(hereafter, the Society) constituted as a limited society on 8 of February of 2005, by a period of indefinite time that the principal business activity is to publish, import, export, distribute and, buying and selling children’s books.

II. BASIS OF PRESENTATION:

2.1. Accuracy (Faithful Image)

In fulfilment to the current legislation, the Board of Directors of the company has formulated the attached annual accounts for the purpose of showing the accuracy of the entity, to the financial situation and the results of the company.

The mentioned annual books of accounts have been prepared from the existing accounting records and they are formulated expressing its values in euros. The same is converted to INR while reporting in India.

The Board of Directors of the Company have taken into consideration that the books of accounts the closed financial year 31st December 2009 will be approved without significant variations by the sole partner of the company.

2.2. Accounting Principles

Obligatory accounting principles have been applied.

2.3. Critical aspects of the valuation and estimation of the uncertainty

The company has incurred Loss that has resulted a significant reduction to the shareholder's equity, circumstances that put in doubt the monitoring of accounting principle of the companies activities and, in consequence, the capacity of the Company to realize assets and liquidate liabilities its liabilities to the amounts and according to the classification of which has been figured in the Balance Sheet attached, that

has been prepared assuming that the activity of the company will continue. Various factors exists that tends to reduce or eliminate that doubt for the capacity of the capacity to continue it's activities, as the financial support of the only shareholder of the company.

2.4. Comparison of the Information

To the effect of the obligation established in the paragraph 35.6 of the Code of Commerce and to the effects derived for the application of the principles of uniformity and the required comparison, the Balance Sheet, Profit and Loss Statement and changes of the shareholders equity net includes the numbers for the year 2009 and also for the year 2008.

2.5. Elements gathered from various parties

There is no exists assets elements registered in two or more accounts of the Balance sheet.

2.6. Changes in Accounting Criteria

There is no changes has been made in accounting criteria.

2.7. Correction of Errors

There is no errors exists on closing of the year. Those changes made after the closing has been given in details to its corresponding sections (accounts) and they are not relevant to execute adjustments upon closing the year.

III. DISTRIBUTION OF RESULTS:

3.1. Information over the proposed application of the results in the exercise.

The result obtained by the company in the exercise 2009 has been a loss of Rs.19,460,587 (246527.86€) that will be destined to compensate with the benefits of future exercises.

3.2. Distribution of Dividends on account in the exercise.

During the exercise 2009 there has no distribution of dividends on account.

IV. NORMS OF VALUATION:

The main norms of valuation used by the Company in the elaboration of its annual accounts for exercise 2009, in accordance with the established by Spanish General Accounting Standards, and other applicable legislation, have been the following:

4.1. Immobilized Intangible (Intangible Assets)

Intangible assets essentially consists of copyright, it is 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.

4.2. Immobilized Tangible (Tangible Fixed Assets)

Tangible fixed assets are valued to the acquisition cost and they are amortized linearly based on its considered life utility as of the moment of its used in operation. The life utility considered by each category as follows :

Type	Years
Furniture:	10
Information Equipment:	4
Machinery:	8
Others Installations:	10
Vehicles:	3

4.3. Property Investments and Leasing

No exists.

4.4. Swaps

No exists.

4.5. Financial Assets and Financial Liabilities

4.5.1. Financial Assets

Those financial assets that have the company are classified to the following:

a) Loans and accounts receivables.

Said accounts includes those financial assets originated from sales from normal operations of the company, and those that are not with commercial origin, they are not instruments of the

equity neither parts of equity and which receipts are fixed amounts or determined and has been not negotiated to a second market.

Initial valuation: Those financial assets are initially been registered/ accounted to its reasonable value of the services rendered plus the costs of the transaction that are directly attributed.

Post valuation: Those loans, accounts receivables and investments maintained until the maturity has been valued by its amortized costs.

b) Guaranty/Deposits.

This account gather essentially the guaranty given as a consequence of the contract of renting the warehouse in which the company has its administration office and warehouse and the same has been valued for the amount given to the leaser/ landlord.

c) Financial Investments

The said account includes the participation to the money market funds to which has been valued to its reasonable value on the date of acquisition.

4.5.2. Financial Liabilities

In this account includes all debts and accounts to pay that has the company and that has been originated for the purchase of materials and services for the normal operations of the company, and also those that without any commercial origin, that cannot be considered as derived financial instruments.

Those financial liabilities has been valued initially at reasonable cost for the services received, adjusted from the costs of the transactions directly attributed.

The post valuation of the financial liabilities is taken in accordance to its amortized costs.

4.6 Shares on its Equity

The company does not posses own participation in the securities.

4.7. STOCKS INVENTORY:

The Stocks are valued on the criteria established under the norms of valuation of general accounting plan. The Finished

goods are valued on average production cost.

4.8. FOREIGN MONETARY TRANSACTIONS

All transactions in foreign monetary has been converted to euros applying to the foreign amount the exchange rate on the day that the transaction has been accounted.

The positive and negative differences that has been manifested in the liquidation of the transactions of the foreign currency and the conversion to euros of expense and income designated monetary in foreign currency, has been recognized in the results.

4.9 Following the Principles of Prudence in valuation the Company has not registered the credit amount for the generated negative results of the year.

4.10. 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.

4.11. Provisions and contingencies:

In the balance sheet of the company there are no figures for the provisions for contingencies.

4.12. Subsidies, Donations and Bequests :

There's no receipt of any type.

4.13. Group Business:

Not exist.

4.14. Transactions between associated companies.

Transactions with the Parent Company, is recognized for the reasonable value of the consideration received or delivered.

V. FIXED ASSETS, INTANGIBLE AND PROPERTY INVESTMENTS :

5.1. Intangible Asset.

1) MOVEMENTS OF INTANGIBLE ASSET	INTELLECTUAL PROPERTY
A) OPENING BALANCE GROSS	Rs. 23,390,507 348,000.00 €
(+) Inflow	Rs. - 0 €
(-) Outflow	Rs. - 0 €
B) ENDING BALANCE GROSS	Rs. 23,390,507 348,000.00 €
C) ACCUMULATED AMORTIZATION, OPENING BALANCE	Rs. 7,991,756 118,900.00 €
(+)Amortization expense during the year	Rs. 2,339,051 34,800.00 €
(+)Increase for acquisition or transfer	Rs. - 0 €
(-)Decrease for outflow, write off or transfers	Rs. - 0 €
D) ACCUMULATED AMORTIZATION, ENDING BALANCE	Rs. 10,330,807 153,700.00 €
E) CORRECTIONS OF VALUE FOR DETERIORATION, OPENING BALANCE	Rs. - 0 €
(+) Corrections of values for recognized deterioration during the period	Rs. - 0 €
(-) Revert entry corrections of values for deterioration	Rs. - 0 €
(-) Decrease for outflow, write off or transfers	Rs. - 0 €
F) CORRECTIONS OF VALUE FOR DETERIORATION, ENDING BALANCE	Rs. - 0 €
G) ENDING BALANCE (NET)	Rs. 13,059,700 194,300.00 €

5.2. FIXED ASSETS

STATEMENT OF MOVEMENTS OF FIXED ASSETS	Machines	Other Instalations	Furniture & Fixtures	Computers and related	Vehicles	Total
A) OPENING BALANCE GROSS	Rs.184,839 2,750.00€	Rs.174,673 2,598.76€	Rs.1,114,136 16,575.92€	Rs.1,548,935 23,044.80€	Rs.67,214 1,000.00€	Rs. 3,089,797 45,969.48€
(+) Inflows	Rs. - - €	Rs. - - €	Rs. - - €	Rs.149,955 2,231.00€	Rs. - - €	Rs.149,955 2,231.00€
(-) Outflows	Rs. - - €	Rs. - - €	Rs. - - €	Rs. (69,546) (1,034.69)€	Rs. - - €	Rs. (69,546) (1,034.69)€
B) FINAL BALANCE GROSS	Rs.184,839 2,750.00€	Rs.174,673 2,598.76€	Rs. 1,114,136 16,575.92€	Rs. 1,629,344 24,241.11€	Rs. 67,214 1,000.00€	Rs. 3,170,206 47,165.79€
C) ACUM. AMORT. OPENING BALANCE	Rs. 68,390 1,017.50€	Rs. 32,862 488.92€	Rs. 294,993 4,388.86€	Rs. 898,247 13,363.96€	Rs. 67,214 1,000.00€	Rs. 1,361,707 20,259.24€
(+) Amortization expense	Rs. 22,181 330.00€	Rs.17,470 259.92€	Rs. 111,395 1,657.32€	Rs.396,874 5,904.63€	Rs. - - €	Rs. - 8,151.87€
(+) Increase for acquisition or transfers	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €
(-) Decrease for outflow, write off or transfers	Rs. - - €	Rs. - - €	Rs. - - €	Rs. (9,481) (141.05)€	Rs. - - €	Rs. (9,481) (141.05)€
D) ACUM. AMORT., ENDING BALANCE	Rs. 90,571 1,347.50€	Rs. 50,333 748.84€	Rs.406,389 6,046.18€	Rs.1,285,640 19,127.54€	Rs.67,214 1,000.00€	Rs.1,900,147 28,270.06€
E) CORRECTIONS OF VALUES FOR DETERIORATION, OPENING BALANCE	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €
(+) Corrections during the period	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €
(-) Reversal of corrections	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €
(-) Decrease for outflows, write off or transfers	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €
F) CORRECTIONS OF VALUES FOR DETERIORATION, ENDING BALANCE	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €	Rs. - - €
G) FINAL ENDING BALANCE NET	Rs. 94,268 1,402.50€	Rs. 124,341 1,849.92€	Rs. 707,747 10,529.74€	Rs. 343,704 5,113.57€	Rs. - - €	Rs. 1,270,059 18,895.73€

VI. FINANCIAL ASSETS

6.1. Long term financial assets

The details of the long term financial assets are as follows:

- Constituted Guarantees: Rs.845,217 (12,575.00 €)
- Financial investments: Rs.873,783 (13,000.00€)

6.2. Short term financial assets

6.2.1. Accounts receivables and others.

The details of receivables and others are as follows:

- Clients : Rs. 72,052,668 1,071,987.39€
- Advances to employees: Rs. 82,673 1,230.00€
- Other credits to the
Public administrations: Rs. 690,214 10,268.89€

6.2.2. Short term financial investments.

This corresponds to guarantees given.

VII. FINANCIAL LIABILITIES:

7.1. Liabilities to group company

- Long term liability to group company: Rs.20,164,230 (300,000.00€)

Long term liabilities with loans given by the sole partner for the total amount of 300,000 euros bearing an average interest of 6% per annum. The said loan has been renewed before the year ends, of 2009, bearing a maturity date till 30 June 2010.

During the year 2009 short term loans has been returned to the sole partner Company for the amount of Rs. 1,34,42,820 (2,00,000€)

7.2. Other Liabilities :

The details of the liabilities of the company are as follows:

- Bank Credits: Rs. 118,809,008 (1,767,620.30€)
- Other short term debt
Rs. 126,203 (1,877.63€)
- Commercial creditors:
 - Suppliers: Rs. 9,462,079 (140,775,21€)
 - Public Administrations: Rs. 2,468,814 (36,730.60€)
 - Personnel: Rs. 204,807 (3,047.09€)
 - Creditors for services: Rs. 1,017,736 (15,141.70€)
 - Advances to clients: Rs. (460,620) (6,853,03€)

Bank credits corresponds to a credit policy granted by a bank entity (Barclays), to which the limits ascend to Rs. 12,77,06,790 (1,900,000 €). The amount that figures in the balance sheet that corresponds to the amount disposed on 31 December 2009. In the account advances to clients it essentially includes discount on sales. In the same account, includes all discount given by the Company that has not been applied by the clients, and discount applied to the clients that at date of closing of the year has not been recognised by the Company to the clients.

7.3. Loans pending for payment for the year ending (closing exercise).

The company has not dishonoured any loans (any part of the principal neither interests) during the exercise.

VIII. OWN CAPITAL (OWNER'S EQUITY)

8.1. Capital.

On 31st of December of 2009 the share capital is made up of

SIX HUNDRED SEVENTY EIGHT THOUSAND AND SIX social participation of ONE EURO of nominal value each one of them. All the constituent participation of the subscribed capital enjoys such right.

8.2. Reserves

8.2.1 Legal Reserves

In accordance to the Law of the Companies of Limited Responsibility, should assign a figure equal to 10 for 100 of the profits to the legal reserve until it reach, at least, 20 for 100 of the share capital. The legal reserve could be utilized to increase the capital part of the proportion of the balance that exceeds the 20 for 100 of the increased share capital. Aside for the purpose mentioned previously, and unless it does not exceed the 20 percent of the share capital, this reserve only could be assigned for the compensation of the loss and always that never exist other reserves available sufficiently for this end.

In the Balance Sheet of the company figures out a legal reserve for the amount of Rs. 4,74,632 (7,061.49€.)

8.2.2. Reserves for other adjustments to the New Accounting Scheme.

In the application of the transitory regulation of the New Accounting Scheme, in the year 2008 the company has utilized this reserve as compensation account for the adjustments that has been realized in the first application of the said Accounting Scheme. In specific, in the balance sheet of the company figures a reserve as a result of the adjustment for the constitution and establishment expenses for the amount of Rs. 42,95,536 (63,138.89 €.)

IX. FISCAL SITUATION

9.1. Conciliation of the accounting results and taxable amount of the company.

There is no difference exists between the accounting results and the taxable amount of the company.

9.2. Exercises pending for verification and inspections proceedings.

As established by the current legislation, taxes cannot be considered definitely liquidated until all the presented declarations has been subject for verifications proceedings by the fiscal authorities or has been taken place a prescription period of 4 years. During the closing of the exercise 2009, the

company has inspections opened for the whole exercises from its constitution for the company tax and for all other taxes that are applicable.

X. REVENUE AND EXPENSES

10.1. Expenses

10.1.1. Supplies and provisions

The details of the consumed finished goods, materials, and other provisions are as follows:

- Purchases	Rs. 19,306,680	(283,783.54€)
- Purchases of materials and other provisions	Rs. 13,795,744	(202,779.82€)
- Other works done by other companies	Rs. 6,523,597	(95,888.54€)
- Variation in inventories	Rs. 429,940	(6,319.57€)

With respect to the purchases it is break down as shown below:

- Purchases Nationals:	Rs. 12,362,948	(181,719.55€)
- Acquisitions from intracommunitary (Europe):	Rs. 565,953	(8,318.78€)
- Imports:	Rs. 11,524,172	(169,390.61€)
- Others:	Rs. 8,649,351	(127,134.42€)

10.1.2. Social Charges

The details of the social charges are the following:

- Social Security charged to the company:	Rs. 7,940,699	(116,718.14€)
- Other Social Charges:	Rs. 177,813	(2,613.63€)

10.1.3. Other Operating Expenses

The details of the other operating expenses are as follows:

- Rent	Rs. 5,942,965	(87,354.00€)
- Repairs and Maintenance	Rs. 557,611	(8,196.17€)
- Services from Independent Professionals	Rs. 3,801,659	(55,879.53€)
- Transports	Rs. 4,254,035	(62,528.88€)
- Insurance	Rs. 509,946	(7,495.55€)
- Bank Charges, etc	Rs. 848,077	(12,465.65€)
- Publicity and public relations	Rs. 4,569,362	(67,163.78€)
- Utilities	Rs. 399,263	(5,868.66€)
- Other services	Rs. 7,861,242	(115,550.22€)
- Other taxes	Rs. 148,166	(2,177.85€)

10.2. Other operating income

The amount that figured out in the column of other operating income for the amount of Rs. 2,04,09,936 (3,00.000 euros) corresponds to sell of rights for 5 years to a non resident company.

XI. OPERATIONS WITH ASSOCIATED PARTIES

11.1. Operations with associated company.

During the year 2009 the company has paid the parent company, Navneet Publications (India) Limited, interests that amounts to Rs. 16,00,640 (23,527.36 euros). To date 31 December 2009, the balance owed to the domineering company that figures in the balance sheet ascends to Rs. 2,01,64,230 (300,000.00 euros).

11.2. Retributions to the Board of Directors and to the personnel of high direction.

As per statute of the company the position of the directors is free. In respect to the personnel of higher directives, the remuneration receives is stated as the following: -
Salary: Rs. 5,532,674 (81323.24€)

XII. ENVIRONMENTAL INFORMATION

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

XIII. OTHER INFORMATION

Categories	2010
Higher Direction	1
Middle Positions	2.66
Office Personnel	4
Sales people	3.75
Production	1
Warehouse	2

Mumbai, 30 of March of 2010.

Signed : _____

Mr. Dilip C. Sampat

Signed : _____

Mr. G. D. Gala

Signed : _____

Mr. Anil D. Gala

eSense Learning Pvt. Ltd. Financial Statements

for the year ended 31st March, 2010

Dear Shareholders,

Your Directors present their Second Annual Report for the year ended 31st March, 2010.

(1) PERFORMANCE :

During the year under review, the income from operations increased to Rs.146.71 Lac from Rs.127.55 Lac in the previous year. After providing for the expenditure and Income Tax, the Company incurred loss of Rs. 243 Lac.

(2) DIVIDEND :

In view of the losses, your Directors do not recommend any dividend for the year under review.

(3) DIRECTORS :

Shri Anil D. Gala and Shri Sanjeev J. Gala are liable to retire by rotation and being eligible, offer themselves for re - appointment.

(4) SHARE CAPITAL :

During the year under review, the Issued, Subscribed, and Paid - up Equity Share capital of the Company was increased to Rs. 4,13,35,000/-.

(5) CHANGE IN THE NAME OF THE COMPANY :

During the year under review, the name of the Company was changed to eSense Learning Pvt. Ltd.

(6) DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors hereby state

- (a) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the Directors had selected such accounting policies and applied them consistently and made judgments 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 loss of the Company for that period;

(c) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the Directors had prepared the Annual Accounts on a going concern basis.

(7) AUDITORS :

M/s. Ghalla & Bhansali, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received confirmation from them that their re-appointment as Statutory Auditors of the Company, if made, would be within the limits of Section 224(1B) of the Companies Act, 1956.

(8) COMPLIANCE CERTIFICATE FROM A SECRETARY IN WHOLE TIME PRACTICE

A Compliance Certificate received from a Secretary in whole time practice as required under Section 383 of the Companies Act, 1956 is annexed hereto as Annexure 'A'.

(9) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required to be furnished in respect of conservation of energy and technology absorption is not applicable to the Company. The Company has neither earned nor spent any foreign exchange during the year under review.

(10) PARTICULARS OF EMPLOYEES

Particulars of employees required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are not furnished as there is no employee in receipt of remuneration prescribed therein during the year under review.

(11) ACKNOWLEDGMENT :

Your Directors place on record their appreciation for the contribution made by all the employees and extend sincere thanks to the shareholders, banker and other Government authorities for their cooperation extended to the Company.

Place : Mumbai
Date : 22nd June, 2010

For and on behalf of the Board	
sd/-	sd/-
G. D. Gala	R. H. Gala
Director	Director

Annexure 'A' to Directors' Report

COMPLIANCE CERTIFICATE

To,
The Members,

M/s eSense Learning Private Limited

(Formerly M/s Navneet e-learning Private Limited)

Company CIN : U72200MH2008PTC181531

Mumbai.

I have examined the registers, records, books and papers of **M/s. eSense Learning Private Limited** (Formerly M/s Navneet e-learning Private Limited) (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.

2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Mumbai.
3. The company, being a Private Limited Company, subsidiary of Public Limited Company has the minimum prescribed paid up capital and its maximum numbers of members during the said financial year was 7 and the company during the year under scrutiny:
 - (i) has not invited public to subscribed for its shares or debentures and
 - (ii) has not invited or accepted any deposit from persons other than its members, directors or their relatives.
4. The Board of Directors duly met 8 times in a year respectively on 04.04.2009, 18.06.2009, 14.09.2009, 01.10.2009, 05.10.2009, 20.10.2009, 20.02.2010 and 24.03.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company had not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 30.09.2009 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. Two Extra Ordinary General Meetings were held during the financial year after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The company has made necessary entries in the register

- maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
 12. The company has not issued any duplicate certificates during the financial year.
 13. The Company has:
 - (A) Delivered all share certificate on allotment of 11,33,500 equity shares made during the year under review. However the company had not made any transfer / transmission of securities during the financial year.
 - (B) not declared any dividend / interim dividend during the financial year.
 - (C) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (D) No amount lying in the books of accounts in respect of unpaid dividend, application money due for refund, matured deposits, matured debentures and interest occurred thereon.
 - (E) duly complied with the requirements of section 217 of the Act.
 14. The Board of Directors of the company is duly constituted. However there was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
 15. The Company has not appointed any Managing Director / Whole Time Director / Manager during the year under review.
 16. The company has not appointed any sole selling agents during the financial year.
 17. The company has obtained the necessary approval of Central Government / Registrar of Companies for change of name of the Company. However, Company was not required to obtain any approvals of the Company Law Board, Regional Director, and/ or such authorities prescribed under the various provisions of the Act.
 18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The company has issued 11,33,500 Equity Shares and complied with all necessary provision of the Act. However the company has not issued any debentures or other securities during the financial year.
 20. The company has not bought back any shares during the financial year.
 21. There was no redemption of preferences share or debentures during the financial year.
 22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The company has not invited / accepted or renewed any deposits or unsecured Loans falling within the purview of Section 58A during the financial year.
 24. The company has not made any borrowings during the financial year as per the provision of Section 293 (1) (d) of the Act.
 25. The company has not made any loans or advances or given guarantee or provided securities to other bodies corporate and consequently no entries have been made in the register for the purpose under Section 372A of the Act.
 26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
 27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
 28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny in compliance of the provisions of the act as the name of the company has change to eSense Learning Private Limited.

29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The provision of Section 418 of the Companies Act, 1956 is not applicable.

Place : Mumbai

Date : 10th June, 2010

For, A. Santoki & Associates,

Company Secretaries

sd/-
(Ajit santoki)
Proprietor
C.P.No. 2539

ANNEXURE-A

Registers as maintained by the Company,

1. Register of Members and Share Ledger
2. Register of Directors, Managing Directors, Manager and Secretary u/s. 303
3. Register of Transfer of shares
4. Minutes Book of Board Meeting
5. Minutes Book of General Meeting
6. Register of Directors' Shareholdings under section 307
7. Register of particulars of contracts in which directors are interested under section 301.
8. Register of Director's attendance.

ANNEXURE-B

List of Forms>Returns filed

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st March 2010:

1. Form No. 1A for application of availability of name for Change of Name of the company filed on 01.10.2009 and 09.10.2009.
2. Form No. 23 for Registration of Resolution(s) under Section 21 of the Companies Act, 1956 filed on 22.10.2009.
3. Form No. 1B for the application for approval of the Central Government for change of name of the company filed on 22.10.2009.
4. Secretarial Compliance Certificate as at 31.03.2009 in Form No. 66 as required under Section 383A(1) of the Companies Act, 1956 filed on 30.10.2009.
5. Annual Return made up to 30.09.2009 in Form No. 20B as required under Section 161 of the Companies Act, 1956 filed on 30.11.2009.
6. Balance Sheet as at 31.03.2009 in Form No. 23AC and 23ACA as required under Section 220 of the Companies Act. 1956 filed on 31.03.2010.

Place : Mumbai

Date : 10th June, 2010

**For, A. Santoki & Associates,
Company Secretaries**

sd/-
(Ajit santoki)
Proprietor
C.P.No. 2539

To The Members of eSense Learning Private Limited,

We have audited the attached Balance Sheet of ESENSE LEARNING PRIVATE LIMITED, at 31st March, 2010, the Profit and Loss Account and Cash Flow Statement of the Company for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our Responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 of 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 enclose in the annexure attached hereto, a statement on the matter specified in para 4 and 5 of the said order.
2. Further to our comments in 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 purpose of our audit.
 - b. In our opinion, proper books of accounts 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 the 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, 2010 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, 2010.
 - ii. In the case of Profit and Loss account, of the loss for the period ended on that date; and
 - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Mumbai
Dated: 22nd June, 2010

For **Ghalla & Bhansali**
Chartered Accountants
(Registration No. 103142W)

sd/-

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, 2010 of ESENSE LEARNING PRIVATE LIMITED)

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) According to the information and explanations given to us fixed assets are verified at reasonable intervals, which 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 explanation 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 to 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 the 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) and (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 the 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.

8. According to information and explanations given to us, the Central Government has not prescribed the 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 explanation 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, investors education and protection fund, employees state insurance, income tax, VAT, wealth tax, service tax, custom duty, excise duty, cess and other as applicable have been regularly deposited by the company during the year with appropriate authorities.
(b) According to the information and explanation given to us, there are no dues outstanding of VAT, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute.
10. The company is not registered for more then 5 years, therefore, the clause 4(x) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
11. The Company has not borrowed any amount from any financial institution or bank, nor it has issued any debentures during the year, therefore, the clause 4(xi) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit or a nidhi/ mutual benefit fund/ society, therefore, the clause 4(xiii) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
14. In our opinion and according to information and explanations given to us, the Company is not a dealer or trader in securities. Hence clause 4(xiv) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
15. The Company has not given any guarantee of loans taken by others therefore, the clause 4(xv) of the Companies (Auditors Report) Order 2003 is not applicable to the Company.
16. The Company has not obtained any term loan during the year, therefore, the clause 4(xvi) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
17. According to the information and explanation 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 made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The company has not issued any debentures during the year. Hence, the clause 4(xix) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
20. The company has not raised any money by public issue during the year. Hence clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company
21. According to the information and explanations given to us, during the year, no fraud by or on the Company has been noticed or reported during the course of our audit.

For Ghalla & Bhansali
Chartered Accountants
(Registration No. 103142W)

sd/-

Haresh K. Chheda
Partner
Membership No. 38262

Place: Mumbai
Dated: 22nd June, 2010

	Schedule		As at 31st March, 2010	As at 31st March, 2009
		Rs.	Rs.	Rs.
Sources of Funds				
Shareholders' Funds				
Share Capital	A	41,335,000	41,335,000	30,000,000
				30,000,000
Loan Funds				
Unsecured Loan	B	14,200,000	14,200,000	0
				0
Total Funds Employed			55,535,000	30,000,000
Application of Funds				
Fixed Assets				
Gross Block	C	28,880,134		19,045,429
Less: Depreciation		14,955,091		6,157,909
Net Block		<u>13,925,043</u>		<u>12,887,520</u>
Work In Progress		8,382,800		0
			22,307,843	<u>12,887,520</u>
Current Assets, Loans and Advances				
Sundry Debtors	D	1,018,790		0
Inventories		293,968		80,608
Cash and Bank Balances		431,464		5,124,816
Loans and Advances		<u>758,716</u>		<u>758,241</u>
		2,502,938		5,963,665
Less: Current Liabilities and Provisions				
Current Liabilities	E	6,193,726		1,615,515
Provisions		<u>272,109</u>		81,779
		6,465,835		<u>1,697,294</u>
Net Current Assets			(3,962,897)	<u>4,266,372</u>
Profit & Loss Account Balance			37,190,055	12,846,109
Total Funds Utilised			55,535,000	30,000,000
Significant Accounting Policies and Notes on Accounts				
Schedule referred to above form an integral part of the accounts		M		

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
sd/-
Haresh K. Chheda
Partner
Mumbai : 22nd June, 2010

sd/-
G. D. Gala
Director

sd/-
R. H. Gala
Director

	Schedule	2009 - 2010	2008 - 2009
			Rs.
Income			
Income from Operations	F	14,484,500	12,668,614
Other Income		186,797	86,763
		<u>14,671,296</u>	<u>12,755,377</u>
Expenditure			
(Increase) / Decrease in stocks	G	(104,219)	(383)
Cost of Materials	H	784,392	395,271
Manufacturing Expenses	I	7,470,593	6,437,421
Salaries, Wages & Employee Benefits	J	16,492,661	9,410,913
Administrative and Selling Expenses	K	5,406,174	3,187,356
Interest and Financial Charges	L	144,307	0
		<u>30,193,908</u>	<u>19,430,577</u>
Loss before Depreciation and Tax		(15,522,612)	(6,675,200)
Depreciation	C	8,821,334	6,157,909
Loss before Tax		<u>(24,343,946)</u>	<u>(12,833,109)</u>
Add : Provision for Income Tax		0	13,000
Loss after Tax		<u>(24,343,946)</u>	<u>(12,846,109)</u>
Add : Balance Brought forward from last year		<u>(12,846,109)</u>	<u>0</u>
Deficit carried to Balance Sheet		<u>(37,190,055)</u>	<u>(12,846,109)</u>
Basic and Diluted Earning per share of Rs. 10/- each [Refer Note 15 of Schedule 'M']			
Before Extraordinary Items		(8.06)	(4.28)
After Extraordinary Items		(8.06)	(4.28)
Significant Accounting Policies and Notes on Accounts	M		
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
sd/-

Haresh K. Chheda
Partner
Mumbai : 22nd June, 2010

For and on behalf of the Board

sd/-
G. D. Gala
Director

sd/-
R. H. Gala
Director

	As at 31st March, 2010	As at 31st March, 2009
	Rs.	Rs.
SCHEDULE A : SHARE CAPITAL		
Authorised :		
50,00,000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
Issued, Subscribed & Paid Up :		
41,33,500 (30,00,000) Equity Shares of Rs.10/- each fully paid up	41,335,000	30,000,000
Total	41,335,000	30,000,000
SCHEDULE B: UNSECURED LOANS		
Inter Corporate Loan	14,200,000	0
	14,200,000	0

SCHEDULE C: FIXED ASSETS

Sr. No.	Description of Assets	Gross Block			Depreciation / Amortization				Net Block		
		Cost As on 01.04.2009	Additions during the year	Deduction on Adjustments	Cost As on 31.03.2010	Provided upto 01.04.2009	For the Year	Deductions on Adjustments	Total upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
	Tangible										
1	Plant and Machinery	2,464,542	10,025,795	355,543	12,134,794	803,034	3,466,455	24,152	4,245,336	7,889,458	1,661,508
2	Office Equipments	285,493	117,884	-	403,377	30,821	35,954	-	66,775	336,601	254,671
3	Furniture and Fixture	748,459	-	-	748,459	138,542	110,395	-	248,937	499,522	609,917
	Intangible										
4	Trade Mark	15,542,135	22,500	-	15,564,635	5,180,712	5,184,462	-	10,365,173	5,199,462	10,361,423
5	Software	4,800	24,069	-	28,869	4,800	24,069	-	28,869	-	-
	Total	19,045,429	10,190,248	355,543	28,880,134	6,157,909	8,821,334	24,152	14,955,091	13,925,043	12,887,520
	Previous Year	-	19,045,429	-	19,045,429		6,157,909		6,157,909	12,887,520	-

	As at 31st March, 2010		As at 31st March, 2009
	Rs	Rs.	Rs
SCHEDULE D : CURRENT ASSETS, LOANS AND ADVANCES			
Current Assets			
Inventories			
Stores, Spares and Consumables	117,583		48,005
Raw Materials	71,782		32,220
Finished Goods	<u>104,602</u>	293,968	<u>383</u>
			<u>80,608</u>
Sundry Debtors			
(Unsecured, considered good)			
Over Six Months	0		0
Others	<u>1,018,790</u>	1,018,790	<u>0</u>
			<u>0</u>
Cash and Bank Balances			
Cash on hand			
Balances with Scheduled Banks	32,451		70,184
In Current Account	384,013		5,039,632
In Fixed Deposit Account	<u>15,000</u>	431,464	<u>15,000</u>
			<u>5,214,816</u>
Loans & Advances			
(Unsecured, considered good)			
Loans			
Staff Loans	<u>55,100</u>		<u>146,800.00</u>
	<u>55,100</u>		<u>146,800.00</u>
Advances			
Advances Recoverable in Cash or in Kind or for Value to be received			
Advance Income Tax (TDS)	684,707		611,441
	18,909		0
	<u>703,616</u>		<u>611,441</u>
		758,716	<u>758,241</u>
Total		<u>3,521,728</u>	<u>5,963,665</u>
SCHEDULE E : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors (Refer Note No. 16 of Schedule M)			
Other Liabilities	3,306,021		359,268
Advance received from Customers	2,105,884		1,256,247
	<u>781,821</u>	6,193,726	<u>0</u>
			1,615,515
Provisions			
For Leave Encashment Benefits			
	272,109	272,109	<u>81,779</u>
			<u>81,779</u>
Total		<u>6,465,835</u>	<u>1,697,294</u>

	As at 31st March, 2010	As at 31st March, 2009
	Rs.	Rs
SCHEDULE F : OTHER INCOME		
Miscellaneous Income	132,873	86,763
Dividend	34,304	0
Profit on Sale of Investment	19,620	0
Total	<u>186,797</u>	<u>86,763</u>
SCHEDULE G : (INCREASE)/ DECREASE IN STOCK		
Closing Stock		
Work In Process	0	0
Finished Goods	<u>104,602</u>	<u>383</u>
	104,602	383
Opening Stock		
Work In Process	0	0
Finished Goods	<u>383</u>	<u>0</u>
	383	0
Total	<u>(104,219)</u>	<u>(383)</u>
SCHEDULE H : COST OF MATERIAL		
Raw Materials Consumed	784,392	395,271
Total	<u>784,392</u>	<u>395,271</u>
SCHEDULE I : MANUFACTURING EXPENSES		
Manufacturing Expenses	7,469,093	6,437,421
Repairs to Machinery	1,500	0
Total	<u>7,470,593</u>	<u>6,437,421</u>

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
	Rs.	Rs.
SCHEDULE J: SALARIES, WAGES and EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	14,361,546	8,562,847
Contribution to Provident & Other Funds	1,484,843	523,212
Staff Welfare	646,272	324,853
Total	<u>16,492,661</u>	<u>9,410,913</u>
SCHEDULE K: ADMINISTRATIVE & SELLING EXPENSES		
Rates & Taxes	103,060	95,079
VAT / Sales Tax	641,994	532,684
Rent	452,100	414,425
Building Repairs & Maintainance	36,432	39,026
Other Repairs	587,146	302,528
Insurance	11,974	0
Advertisement	323,560	0
Marketing Expenses	481,954	0
Sales Promotion Expenses	345,746	0
Bank Charges	10,463	27,886
Electricity Charges	661,404	575,051
Printing and Stationery	152,305	134,662
Preliminary Expenses W/off Expenses	0 1,598,035	458,950 607,065
Total	<u>5,406,174</u>	<u>3,187,356</u>
SCHEDULE L: INTEREST & FINANCIAL CHARGES		
Interest Charges - Others	144,307	0
	<u>144,307</u>	<u>0</u>

For the year ended 31st March, 2010

SCHEDULE M 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 notified by the Company (Accounting Standards Rule 2006) as amended and relevant Provision of the Companies Act.

(B) Use of Estimates

The Preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

(C) Revenue Recognition / Income from Operations

Revenue from Educational content is recognised on transfer of significant risks and rewards in connection with the ownership of products being sold. Revenue is recorded net of trade discount and rebate.

Revenue from providing technology Equipment provided under Long term contract is recognised on establishment of right to receive as per terms of the contract.

(D) 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.

(E) 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, except for computers where depreciation is charged @ 60% on Written down value basis. Individual assets acquired for less than Rs.5000/- are entirely depreciated in the year acquisition.

(ii) Depreciation on fixed assets added/disposed off during the year has been provided on pro-rata basis.

(iii) Cost of acquiring of Trade Marks and for acquiring Copy Rights are amortised over a period of 3 years in equal instalments.

(iv) Cost of Softwares is amortised in the year of acquisition.

(F) Impairment of Assets

An Asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(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) Contribution to the provident fund, which is a defined contribution scheme, are charged to the Profit and Loss Account in the period in which the liability is incurred.

(ii) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on an actuarial valuation carried out by an independent actuary.

(iii) The Company has made provision in respect of total present liability of Gratuity.

(I) 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 be put to use. All other borrowing cost are expensed in the period they incurred.

(J) Leased Assets

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

(K) Provision for Tax

Tax expense comprises of current and deferred tax.

For the year ended 31st March, 2010

Provision for current tax is determined on the basis of 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 virtual certainty that the assets will be realized in future.

2 Estimated amount of Capital Contracts (net of advances) remaining to be executed and not provided for Rs. 2,15,000.00 (NIL)

3 **Contingent Liability** **NIL (NIL)**

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

	2009-2010	2008-2009
	Rs	Rs.
(i) Salary and Bonus	501,769	424,050
(ii) Contribution to Provident Fund	9,360	8,580
Total	<u>511,129</u>	<u>432,630</u>

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

Loss before tax as per Profit & Loss Account	24,343,946	12,833,109
Add: Expenses not to be considered as per Section 349 Director's remuneration	511,129	432,630

Net Loss computed as per Section 349 of Companies Act, 1956 :

<u>23,832,817</u>	<u>12,400,479</u>
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6. Auditors' Remuneration

Audit Fees	44,120	44,120
Tax Audit	16,545	16,545
Other Matters	11,030	11,030
	71,695	71,695

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

7. Licenced Capacity, Installed Capacity and Production. Not Ascertainable

	Quantity (PCs/Pack)	Value (Rs.)
8. Opening & Closing Stocks		
(a) Opening Stock :		
(i) Finished Goods	17	383
	(-)	<u>(NIL)</u>
		<u>383</u>
		<u>(NIL)</u>

For the year ended 31st March, 2010

(b) Closing Stock :		
(i) Finished Goods	6,000 (17)	104,602 (383)
		<u>104,602</u>
Total		<u>(383)</u>
	Quantity (PCs/Pack)	Value (Rs.)
9. Information as regards Raw Material consumed		
(a) CD	71,234 (33,573)	559,426 (191,023)
(b) Other Raw Materials		224,966 (204,247)
		<u>784,392</u>
Total		<u>(395,270)</u>
	Quantity (PCs/Pack)	Value (Rs.)
10. Information as regards Purchase of goods made during the year :		
(a) CD	76,800 (42,700)	499,440 (2,44,089)
(b) Other Raw Materials		346,604 (208,370)
		<u>846,044</u>
Total		<u>(452,460)</u>
	Quantity (PCs/Pack)	Value (Rs.)
11. Information as regards to Sales made during the year :		
Sales :		
Educational Content	29,669 (29,431)	14,484,500 (12,668,614)
		<u>14,484,500</u>
Total		<u>(12,668,614)</u>
12. Value of Imports on C.I.F. Basis :		
		NIL (NIL)

For the year ended 31st March, 2010

13. Expenditure in Foreign Currency

NIL
(NIL)

14. Earning in Foreign Exchange :

NIL
(NIL)

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

	Raw Material		Stores & Machinery Spares, etc.	
	Percentage	Value (Rs.)	Percentage	Value (Rs.)
Imported	0%	0	0%	0
	(0)	(0)	(0)	(0)
Indigenous	100%	784,392	0%	0
	(100)	(395,271)	(0)	(0)
Total :	100%	784,392	0	0
	(100)	(395,271)	(0)	(0)

16. (a) Sundry creditors as per schedule 'M' under current liabilities include Rs. NIL due to Small Scale Industrial Undertakings.

(b) In the absence of necessary information with the Company, relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disclosed.

17. Related party transactions

(a) Party where control exists :

Navneet Publications (India) Limited - Parent Company 90.69% (87.17%) of whose equity share capital is held by the Company as at 31st March, 2010

(b) Enterprises owned or significant influenced

by key management personnel or their relatives - Live Publication
Live Education System

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

Key management personnel relatives - Shri Tejas R Shah
Smt. Hinal T Shah

For the year ended 31st March, 2010

Transaction with Related Parties :

Items / Related Parties	Parent Company	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel	Relative of Key Management personnel	Total
(i) Purchase,expense and other services from related parties	144,307 (8,658)	452,100 (1,768,452)	501,769 (424,050)	501,769 (424,050)	1,599,945 (26,25,210)
(ii) Purchase of fixed assets & intangibles	– (2,722,298)	– (16,319,242)	– –	– –	– (19,041,540)
(iii) Sales of goods and services	7,410,320 (11,765,114)	– –	– –	– –	7,410,320 (11,765,114)
(iv) Subscription to equity capital	11,135,000 (26,150,000)	– –	– (1,895,000)	– –	11,135,000 (28,045,000)
(v) Loans Received	14,200,000 (0)	– –	– –	– –	14,200,000 (0)

18. Earning Per Share :

	2009-2010 Rs.	2008-2009 Rs.
(a) Net Loss after tax	(24,343,946)	(12,846,109)
Add/(Less) : Excess/(Short) Provision of Taxation of the Earlier Years W / off / back	–	–
Net Loss available for Equity Shareholders	(24,343,946)	(12,846,109)
(b) Weighted Average Number of Equity Shares (in Lacs)	3,021,738	3,000,000
(c) Basic and Diluted Earning per share of Rs.10/- each		
(i) before Extraordinary Items	(8.06)	(4.28)
(ii) after Extraordinary Items	(8.06)	(4.28)

For the year ended 31st March, 2010

19 During the year 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		Purchased		Sold		Balance	
	Number of Units	Value (Rs.)	Number of Units	Value (Rs.)	Number of Units	Value (Rs.)	Number of Units	Value (Rs.)
UTI Money MF	0	0	222,655	8,053,924	222,655	8,053,924	0	0

20. **Lease Transactions : Accounting Standard 19**
As a Lessor in an Operating Lease

Fixed Assets:

Plant & Machinery (Computer & Hardware) include assets costing Rs. 24.99 Lacs (00.00) (Gross Block) on operating lease contract.

The details of the assets given on operating lease as on 31.03.2010 are

	Amount
	(Computer & Hardware)
Gross carrying amount	2,498,901
Accumulated Depreciation	969,884
Depreciation recognised in Profit & Loss account	969,884

Maturity Pattern of the Gross / Present Value of MLP receivables.

	Amount
Not later than one year	416,700
Later than one year and not later than five years	1,250,100
Later than five years	<u>0</u>
Total	<u><u>1,666,800</u></u>

For the year ended 31st March, 2010

21 Segment Reporting

Business Segments :

The Company reviewed the disclosure of business segmentwise information and is of the view that it manufactures educational software which constitutes single business segments in accordance with AS-17. Accordingly no separate business segment information is furnished herewith.

22. The Company has adopted AS 22 issued by The Institute of the Chartered Accountants of India. Company has net Deffered tax asset as on 31.03.2010. Deffered tax asset arising mainly on account of unabsorbed depreciation and carried forward losses under tax laws has not been considered for recognition in absence of virtual certainty that future taxable income shall be available against which such deferred tax asset can be realised. Accordingly Deffered tax asset has not been recognised in the accounts of the Company.

23. Disclosure pursuant to Accounting Standard - 15 (Revised) 'Employee benefits' -

(a) Defined Contribution Plans

The Company has recognised the following amount as an expense and included in the Profit and Loss Account

	Rs.	Rs.
	<u>2009-2010</u>	<u>2008-2009</u>
(i) Provident Fund	465,162	282,212
(ii) ESIC	302,554	204,214

(b) The Company has made provision in respect of total present liability of Gratuity.

(c) Defined benefit plan and long term employment benefits .

Leave Encashment

	2009-2010 (Rs)	2008 - 2009 (Rs.)
Change in Obligation		
Opening Present Value	80,779	-
Current Service Cost including actuarial gain / (loss)	202,371	81,825
Interest Cost	5,440	(38)
Benefits Paid	(16,481)	(1,008)
Closing Present Value	272,109	80,779
Change in Plant Asset		
Opening Fund Balance	-	-
Return on the plan Asset	-	-
Contribution paid	16,481	1,008
Benefits Paid during period	(16,481)	(1,008)
Closing Fund Balance	-	-
Reconciliation of present value of obligation and plan asset		
Closing Fund Balance	-	-
Closing Present Value	-	-
Net Liability	272,109	80,779
Liability recognized in balance sheet	272,109	80,779
Expense recognized in the statement of P & L A/C		
Current Service Cost	154,602	80,779
Interest Cost	5,440	(38)
Expense Return on plan Asset	-	-
Net Actuarial (Gain) / Loss recognized for the period	47,769	1,046
Expense recognized in the statement of P & L A/C	207,811	81,787
Movement in the Liability recognized in Balance Sheet		
Opening Net Liability	80,779	-
Expense as above	207,811	81,787
Contribution Paid	(16,481)	(1,008)
Closing Net Liability	272,109	80,779

AS per LIC (1994 - 1996)

Assumptions		
Rate of Mortality	7.50%	7.50%
Discount Rate		
Future salary increase	4.00%	4.00%

24. During the year Company has changed its depreciation rates in computers from 40% in Written down value basis to 60% on written down value basis from 01.04.2009. Consequent to the change in depreciation rate loss during the year is higher by Rs. 967,624/-.

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

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

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai :22nd June, 2010

For and on behalf of the Board

sd/-
G. D. Gala
Director

sd/-
R. H. Gala
Director

	For the Year ended 2009-2010	For the Year ended 2008-2009
		Rs.
Cash Flow from Operating Activities		
Net Loss before tax	(24,343,946)	(12,833,109)
Adjustments for		
Interest & Financial Income (non operational)	(34,304)	-
(Profit) / Loss on sale of fixed assets	(52,297)	-
(Profit) / Loss on sale of Investments	(19,620)	-
Interest & Financial Expense	144,307	-
Depreciation	8,821,334	6,157,909
Changes in Current Assets and liabilities		
(Increase) / Decrease in Inventory	(213,360)	(80,608)
(Increase) / Decrease in Debtors	(1,018,790)	-
(Increase) / Decrease in Loans and advances	318,434	(758,241)
Increase / (Decrease) in current liabilities and provision	3,805,676	1,696,295
Income Taxes paid	(18,909)	(12,000)
Net cash inflow / (outflow) from Operating Activities (A)	(12,611,475)	(5,829,754)
Cash flow from Investing Activities		
Purchase of Fixed Asset and change in capital WIP	(17,910,182)	(19,045,429)
Proceeds from disposal of Fixed Asset	383,687	-
(Increase) / Decrease in Investment other than Subsidiary	-	-
(Increase) / Decrease in Investment in Subsidiary	-	-
(Profit) / Loss on sale of Investments	19,620	-
Interest & Financial Income (non operational)	34,304	-
Net cash inflow / (outflow) from Investing Activities (B)	(17,472,571)	(19,045,429)
Cash flow from Financing Activities		
Increase / (Decrease) in Share Capital	11,335,000	30,000,000
(Increase) / Decrease in Loan Fund	14,200,000	-
Interest & Financial Expense	(144,307)	-
Dividend Paid (including Dividend Tax)	-	-
Net cash inflow / (outflow) from Financing Activities (C)	25,390,693	30,000,000
Net Increase / (Decrease) in Cash and Cash Equivalents	(4,693,352)	51,24,816
Cash and cash equivalent as at the commencement of the year	5,124,816	-
Cash and cash equivalent as at the end of the year	431,464	5,124,816
Net Increase / (Decrease) as mentioned above	(4,693,352)	5,124,816
Notes: (1) Cash and cash equivalent includes		
cash, cheque in hand and remittance in transit	32,451	70,184
Balance with banks	399,013	5,054,632
	431,464	5,124,816

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

sd/-

Haresh K. Chheda

Partner

Mumbai : 22nd June, 2010

sd/-

G. D. Gala

Director

sd/-

R. H. Gala

Director

NAVNEET PUBLICATIONS (INDIA) LIMITED

Registered Office : Navneet Bhavan, Bhavani Shankar Road, Dadar (West), Mumbai – 400028.

ATTENDANCE SLIP

Twenty-Fourth Annual General Meeting - Monday, 6th September 2010.

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 Shares Held _____

DPID _____ Client ID _____

Mr. / Ms. / Mrs _____

Address _____

I / We hereby record my / our presence at the TWENTY -FOURTH ANNUAL GENERAL MEETING of the Company held on Monday, 6th September 2010 at 3 : 30 p.m. at Textile Committee Auditorium, Textile Committee Building , P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai – 400025.

(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 (West), Mumbai – 400028.

PROXY FORM

Client ID _____

DPID _____

Master Folio No. _____

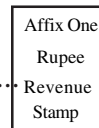
I/We _____ of _____ in the district of _____ being a member/members of Navneet Publications (India) Limited hereby appoint _____ of _____ in the district of _____

_____ or failing him _____

of _____ in the district of _____ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 6th September, 2010 at 3 : 30 p.m. and at any adjournment(s) thereof.

Signed this..... day of 2010.

Signature



NOTE : The proxy form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.