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ANNUAL REPORT 2008-2009

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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
Ashok M. Nadkarni	Director
Kamlesh S. Vikamsey	Director
Liladhar D. Shah	Director
Dr. R. Varadarajan	Director
Vijay Rai	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.

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,

Global recession has brought the world on a halt. Developed economies like USA & UK witnessed virtual turmoil in their financial sector. The slowdown has its impact on our country's core sector as well, where Textile, Cement, Steel industries pose different challenges in this recessionary phase. But there are sectors like Telecom and FMCG, largely driven by domestic demand, are non-recessionary in nature with negligible impact of the international scenario on their performance. Education, the sector in which your company deals, is one such non-recessionary sector. The management of your company believes non-recessionary business line is the most powerful strength of your Company.

Cost cutting has been the philosophy around the world during the year under review and the drive is across the board in many organizations. However, your Company has been operating with adequate measures at all levels irrespective of global and national trends and does not envisage a need of such drive in your company. This reinsures that the management is professional enough while managing your Company.

India, as emerging economy, envisions a better tomorrow. Today each strata of society considers education to be the ladder of future growth. The awareness towards quality education is increasing with the time. The ratio of enrollments in Private schools is increasing as compare to public school in rural areas as well. With highest student population in the world, business opportunities in education are increasing at all levels from pre-school to higher education. At the golden jubilee year of your company, these our encouraging signs as it is well placed to encash its brand build over decades.

The government allocates 3% of country's GDP towards education sector in order to revive its education system and ensure quality education to the largest student population in the world. The challenges are bigger starting from teacher-student ratio, school infrastructure, content quality and administration. These challenges of the government provide ample opportunity for private players including your Company as it is primarily in the business of supplementary books with quality content and student stationery products.

As envisaged, the year under review has been the year of consolidation where the company managed to sustain its revenue in its core business of syllabus based educational books. The children and general books business is growing at moderate pace. The company expects moderate growth in its publication segment for the current year.

Stationery segment has been the growth driver during the year under review. The domestic stationery business is growing at considerable rate due to aggressive marketing efforts and introduction of new products in its paper and non-paper stationery business vertical. The domestic stationery vertical achieved 36% growth for the year under review and is expected to grow at 25% in the current year.

International stationery business has revived from its challenging phase of a couple of years and has registered revenue growth of 367% to Rs.7086-lac for the year under review. The company expects reasonable growth in this vertical for the current year.

Your company anticipates electronic learning as the next generation medium of education. The company has received encouraging response for its e-learning modules with more than 500 schools and 6000 students benefitting from its modules. With 18 plus months of operational experience in this segment, the company has gained confidence in the electronic medium and has observed that with technology integration in education students can learn better, understand faster and remember more. The company now has plans to scale up its content creation and marketing activities. The company believes that the e-learning segment will witness a testing phase for another couple of years.

The Spanish subsidiary has been adversely affected due to the recessionary trend. However the company has confidence in the business line of the subsidiary and has adopted a cautious approach till the recessionary trend ends.

Overall your, at the 50th anniversary year, your company visualizes ample opportunities in all business verticals and with growing awareness towards quality education, your company will benefit in general in the years to come.

Shivji K. Vikamsey

(I) NAVNEET'S Dividend Policy

The company continues with its liberal dividend policy and accordingly the company has proposed a final dividend of Rs.2.60 (130%) per share on Rs.2/- face value for the year under review. The dividend payout for the year works out to 49.17% against your company's policy of distribution of minimum of 25% of profit after tax.

(II) Creating Shareholder's Value

The focus of the company has always been in creating shareholder's value. The management follows the sound business policies and takes prudent investment decisions, based on their experience and expertise, in the overall interest of shareholders enhancing their value.

The net worth of the company has increased year on year and for the year under review, it has increased from Rs.230-crore to Rs.261-crore.

The dividend payout is 49.17% for the year under review as against 49.76% in the previous year.

(III) Market Capitalisation

Market capitalization of the company was Rs.474-crore as at 31st March 2009 as against Rs.916-crore as at 31st March 2008.

(IV) Business overview and Frequently Asked Questions (FAQs) about industry outlook, opportunities, threats, risks and concerns.

What was the performance of the Company in the period under review and what would be expected performance in the current year?

Publication Segment:

As expected, both the states (Maharashtra & Gujarat) have witnessed syllabus change of major standards over last few years resulting into growth in publication business. Since there is no major syllabus change scheduled for the current

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year, the company has managed to maintain its revenue at Rs.26,953-lac (last year 26,208-lac) in the segment. The company expects moderate growth in the publication segment revenue in the current year.

The company has managed to maintain its operating margin at 32.84% (last year 32.53%). The company expects to maintain its operating margin in the current year as well.

Stationery Segment:

The company achieved 36% growth in revenue to Rs.15,889-lac (last year Rs. 11,664-lac) in the domestic segment on account of aggressive marketing and introduction of new products in its paper and non-paper stationery business. The company expects the growth of around 25% in current year as well.

International business has received encouraging orders from chain stores from USA . It achieved 367% growth at Rs. 7086-lac (last year Rs. 1931-lac) revenue. The company expects reasonable growth in its international business for the current year.

The operating margin of 11.54% (last year 6.02%) for the segment has substantially increased due to 69% increase in overall segment revenue at Rs. 22975-lac (last year Rs. 13595-lac). The company expects to maintain the operating margin at this level for the current year.

Others Segment:

The windmills that are operative since September 2007, have generated power worth of Rs. 388-lac for the year ended 31st March 2009. However ECB revaluation loss of Rs.410-lac and depreciation of Rs.315-lac has resulted in segment loss of Rs.491-lac.

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

The company managed to maintain its operating margin at 20.48% (last year 20.46%) even though the share of stationery segment turnover has increased. The company's operating margins may change marginally on account of change in product mix in its revenue. i.e. stationery segment

growing faster than publications.

What are capex plan in the current year?

The company had build up adequate infrastructure to cater to its current needs of publication and stationery business and no major capex on plant & machinery is planned in current year for these businesses. However, the company may invest in warehousing capabilities for its stationery business on need basis. Overall capex for its publication and stationery business would be in the range of Rs.1000-lac for next year.

The company is looking for investment opportunities in e-learning content development and effective delivery model and would consider investing with suitable opportunities.

The company has not planned further investment in Wind-mills.

What has been the progress of the Spanish acquisition?

"Grafalco" was acquired in mid 2005 through a wholly owned subsidiary. Accounts of the subsidiary are part of this annual report. The company's focus has been on introducing new products and tying-up with super markets having presence across the country. The company had shown encouraging performance for the calendar year 2007, since then the recessionary trend has adversely affected subsidiary's performance as its revenue decreased by 16% to Euro 1.60 Mn (last year Euro 1.91 Mn). The company posted a loss of Euro 0.26 Mn as against profit of Euro 0.07 Mn last year.

Recessionary trend has affected its current year business as well but the company is confident of its business line and potential of European markets and hence has adopted cautious strategy till the recessionary trend ends.

Does your Company cater to any social responsibilities?

Your company uses eco friendly paper for most of its major products catering to environmental needs. Your company donates mainly in the areas of education, rehabilitation and

medical. For the year under consideration, your company donated Rs.162-lac.

The company, in association with Deloitte, arranged for conversion of its few titles to Braille lipi for the benefit of blind students.

The management will continue to discharge its voluntary commitment to society year after year.

What is the progress of the windmill project ?

All the 6 wind power generating turbines of 0.8 MW each were made operational in September 2007. The company has accounted gross revenue of Rs. 388-lac (last year Rs.144-lac) for the year ended March 2009.

What is the progress in e-learning venture?

The company has received encouraging response for its class-room oriented e-learning modules in Gujarat and Maharashtra with more than 500 schools/institutions using the e-learning modules offered by the company.

The launch of student oriented e-learning products in Gujarat and Maharashtra also received encouraging response. More than 6000 students in both states put together used company's products.

The company has gained confidence in the segment in its 18 plus months of operation and now has plans to scale up its content creation and marketing ability.

The total revenue from this business is Rs.137-lac for the year.

The company visualizes e-learning as the next generation medium of education and hence has tremendous potential in this segment. However, as it is a new trend in education, it would take another two to three years to establish itself and for a long term revenue model to emerge.

What is Navneet e-learning Private Limited?

The company identified a small firm, based out of Ahmedabad, involved in e-learning content creation. The small firm and your company jointly formed a subsidiary

namely Navneet e-learning Private Limited for creating e-learning content exclusively for your company. Your company holds 87.17% equity of the subsidiary.

The subsidiary, as of now is responsible for only content creation for e-learning, but your company has plans to gradually shift all e-learning activities in the subsidiary.

Why there is an expense under Other income group?

The company had borrowed in JPY under ECB arrangement for its wind-mill project. ECB revaluation has resulted in loss Rs.410-lac for the year ended 31st March 09, resulting in expense under Other Income group.

The company does not expect further revaluation loss due to unfavourable currency movements. Moreover, the company has a repayment schedule spread over 7 years and hence is confident of favourable foreign currency movement resulting into revaluation gain in future.

Why there is an increase in effective tax rate?

The effective tax rate has increased from 26.39% to 32.52% as the company had benefited on account of higher depreciation on windmills last year.

(1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a combination of many factors to achieve the objectives of transparency, full disclosure and a system of checks. The Company continuously strives to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of its business activities. Navneet's basic philosophy behind an endeavour towards better Corporate Governance is to enrich the value of shareholders by achieving business excellence. The Company is committed to the principles of good Corporate Governance.

(2) BOARD OF DIRECTORS

2.1 Composition

The Board of Directors comprises of 12 directors. The Company has 5 Independent Directors, 1 Non-Executive Director and 6 Promoter / Executive Directors. The Chairman of the Board is an Independent Director.

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 2008-2009		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	4	4	0	0	0	26,000	26,000	Yes
2.	Shri. A. R. Gala	PD	4	3	17,40,000	12,36,367	2,08,800	0	31,85,167	Yes
3.	Shri. J. K. Sampat	PD	4	3	17,40,000	12,36,367	2,08,800	0	31,85,167	Yes
4.	Shri. D. R. Gala	PD	4	3	17,40,000	12,36,367	2,08,800	0	31,85,167	No
5.	Shri. H. R. Gala	PD	4	4	17,40,000	12,36,367	2,08,800	0	31,85,167	No
6.	Shri. S. R. Gala	PD	4	4	17,40,000	12,36,367	2,08,800	0	31,85,167	No
7.	Shri. J. L. Gala	PD	4	3	17,40,000	12,36,367	2,08,800	0	31,85,167	Yes
8.	Shri. A. M. Nadkarni	ID	4	4	0	0	0	36,000	36,000	Yes
9.	Shri. K. S. Vikamsey	ID	4	4	0	0	0	36,000	36,000	Yes
10.	Shri. L. D. Shah	ID	4	4	0	0	0	26,000	26,000	Yes
11.	Dr. R. Varadarajan	ID	4	1	0	0	0	0	0	No
12.	Shri. V. D. Rai	NED	4	4	0	0	0	16,000	16,000	Yes
13.	Shri. H. U. Gadhecha (resigned w.e.f. 16/12/2008)	ID	4	3	0	0	0	19,500	19,500	Yes

ID – Independent Director PD – Promoter Director / Executive Director

NED – Non-Executive Director

2.3 Directorships in Other Public Limited Companies of the Directors as at 31st March, 2009:

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

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

There were four Board Meetings held during 2008-2009 and gap between two Board Meetings did not exceed four months. The dates of the Board Meeting are as under:-

- | | |
|---------------------------------|------------------------------------|
| (1) 27 th June, 2008 | (3) 24 th October, 2008 |
| (2) 31 st July, 2008 | (4) 22 nd January, 2009 |

2.5 A brief resume of Directors seeking re-appointment:

Shri. Amarchand R. Gala

He has rich experience of over five decades in the field of educational book publishing.

Shri. Liladhar D. Shah

He is a leading advocate with experience of over four decades in the field of property, corporate and allied laws.

Dr. R. Varadarajan

He is a senior educationist having vast experience in the field of education in India and overseas.

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

2.7 Shri. Amarchand R. Gala, Shri. Dungarshi R. Gala, Shri.

Harakhchand R. Gala and Shri. Shantilal R. Gala are related as brothers. Shri. Shivji K. Vikamsey and Shri. Kamlesh S. Vikamsey are related as father and son.

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

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

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

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

In accordance with Clause 49I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct guideline as applicable to them for the Financial Year ended 31st March, 2009.

Amarchand R. Gala
Managing Director

(4) AUDIT COMMITTEE

4.1 Composition

Upon resignation of Shri Hasamukh U. Gadhecha as Director of the Company w.e.f. 16/12/2008, he ceased to be a member of the Audit Committee. The Audit Committee presently comprises of three Independent Directors namely, Shri Shivji K. Vikamsey, Shri Kamlesh S. Vikamsey and Shri Ashok M. Nadkarni. 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 27th June, 2008, 31st July, 2008, 24th October, 2008 and 22nd January, 2009.

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	4
Shri Shivji K. Vikamsey	4	4
Shri Ashok M. Nadkarni	4	4
Shri Hasmukh U. Gadhecha	4	3

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 31st July, 2008.

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

4.4 Powers of Audit Committee

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

4.5 Broad Terms of References of the Audit Committee

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

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

(5) SUBSIDIARY 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.

During the year Navneet e-learning Pvt. Ltd. became subsidiary of the Company.

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 preceeding 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

The Investors' Grievance Committee consists of three Independent Directors namely :

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

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

6.2 Terms of Reference

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

6.3 Investors' Grievance Committee meetings were held on 27th June, 2008, 31st July, 2008, 24th October, 2008 and 22nd January, 2009.

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	4
Shri Ashok M. Nadkarni	4	4

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

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

Description	Received	Resolved	Pending
Transfer / Demat	4	4	0
Non-receipt of Share Certificate	11	11	0
Non-receipt of Dividend Warrant	31	31	0
General Correspondence / Complaints	7	7	0
Total	53	53	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

One Remuneration Committee Meeting was held during the year under review on 23rd April, 2008 which was attended by all the Members of the Remuneration Committee.

(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
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.
2005-06 Twentieth	Monday 4 th Sept., 2006	3:30 p.m.	Textile Committee Auditorium, Textile Committee Building, P. Balu Road, Near Tata Press, Prabhadevi Chowk, Mumbai – 400 025.

8.2 Special Resolutions passed at last three Annual General Meetings

a) 22nd AGM held on 31st July, 2008

- ❖ Approval to pay remuneration to the relatives of Directors u/s 314 of the Companies Act, 1956.

b) 21st AGM held on 31st July, 2007 : Nil

c) 20th AGM held on 4th September, 2006

- ❖ Approving substitution of existing regulation 3 of the Articles of Association in respect of authorised share capital of the Company with new regulation 3.

8.3 Passing of Resolutions by Postal Ballot

There were no resolutions passed by Postal Ballot at the Twenty Second Annual General Meeting held on 31st July, 2008. 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, 2010 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 the requirements of regulatory authorities on matters related to capital markets and no penalties/ strictures have been imposed against the Company by Stock Exchange or SEBI or any other regulatory authority on any matter related to capital market 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 followed all relevant accounting standards while preparing the financial statements. The requisite certificate from CEO and CFO as per Clause 49 V of the Listing Agreement has been obtained and the same forms part of this report.

9.6 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:

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

(10) MEANS OF COMMUNICATIONS

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

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

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

(11) GENERAL SHAREHOLDERS' INFORMATION

11.1 23rd Annual General Meeting :

Date : 31st July, 2009
Time : 3:30 p.m.
Venue : Textile Committee Auditorium,
Textile Committee Building,
P. Balu Road, Near Tata Press,
Prabhadevi Chowk, Mumbai – 400 025.

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

11.3 Financial Calendar :

Board Meetings to be held for approving Quarterly Results :

Particulars	Date
Quarterly Results for 1 st Quarter	Last Week of July 2009
Quarterly Results for 2 nd Quarter	Last Week of October 2009
Quarterly Results for 3 rd Quarter	Last Week of January 2010
Quarterly Results for 4 th Quarter	Last Week of April 2010

11.4 Date of Book Closures :

The Register of Members and Share Transfer Books will remain closed from 24/7/2009 to 31/7/2009 (both days inclusive).

11.5 Dividend paid during the year under review :

The dividend for the financial year 2008-2009 shall be declared as per agenda item no. 2 of the notice to the shareholders convening the ensuing Annual General Meeting scheduled on 31/7/2009 and shall be paid on or after 4/8/2009.

11.6 Company's Shares are listed on :

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

11.7 Stock Codes on Stock Exchanges :

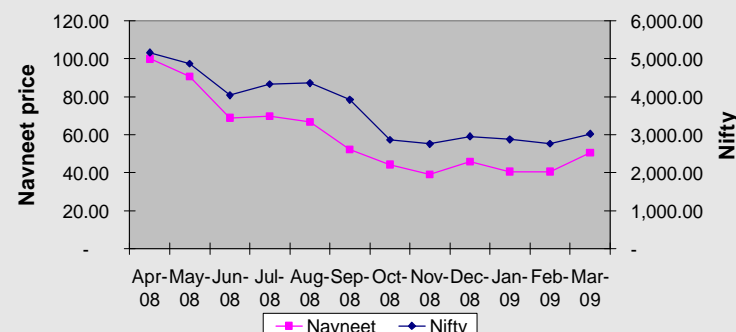
BSE : 508989 NSE : NAVNETPUBL
ISIN : INE 060A01024

Listing Fees for 2009-2010 have been paid to both the Stock Exchanges where the shares of the Company are listed.

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

Month	BSE No. of Shares	NSE No. of Shares	BSE (High) (Rs.)	BSE (Low) (Rs.)	NSE (High) (Rs.)	NSE (Low) (Rs.)
April, 2008	595433	386600	111.75	97.15	111.35	97.75
May, 2008	860395	1052287	101.60	90.40	100.70	90.55
June, 2008	279591	251614	90.15	69.30	89.15	70.60
July, 2008	183337	156821	70.75	65.10	70.50	64.40
August, 2008	161254	139581	72.80	67.00	72.15	66.80
September, 2008	166703	112800	69.90	53.46	69.50	52.20
October, 2008	149614	100355	54.10	37.45	54.35	36.05
November, 2008	89523	45417	46.85	39.05	47.00	39.15
December, 2008	7568729	420188	45.35	38.05	45.75	37.55
January, 2009	209942	178674	45.45	40.10	45.15	39.90
February, 2009	918993	181556	45.10	39.80	45.55	39.95
March, 2009	1410606	239308	49.75	39.65	50.60	39.10

Navneet Publications Vs Nifty for year ended 31.03.2009



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

BSE : 13.22

NSE : 3.43

11.10 Distribution of Shareholding as on 31st March 2009 :

No of equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
001-500	10040	69.36	1627364	1.71
501-1000	1285	8.88	1088751	1.14
1001-2000	1346	9.30	2064453	2.17
2001-3000	801	5.53	1984502	2.08
3001-4000	165	1.14	598596	0.63
4001-5000	249	1.72	1154021	1.21
5001-10000	287	1.98	2059285	2.16
10001 & above	302	2.09	84709028	88.90
Total	14475	100	95286000	100

11.11 Category of Shareholders as on 31st March 2009 :

Categor	% to Paid-up Share Capital
Foreign Institutional Investors (FIIs)	0.52
Non-Resident Indians (NRIs)	0.65
Overseas Corporate Bodies (OCB)	1.10
Non-nationalised Banks / Foreign Banks	0.01
Mutual Funds	5.30
Domestic Companies	8.03
Promoters	61.81
Public	22.40
Other Clearing members	0.18
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@intimespectrum.com

Website : www.intimespectrum.com

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 96.44 % of the Company's Share Capital are dematerialised as on 31st March 2009.

In 2008-2009 - 96.44% In 2005-2006 - 95.13%

In 2007-2008 - 96.26% In 2004-2005 - 94.62%

In 2006-2007 - 95.59% In 2003-2004 - 93.63%

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 38500 against 176780 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 Re-Appointment at the forthcoming Annual General Meeting

Name of the Director	Date of Birth	Date of Appointment	Experience in specific Functional Area	Qualification	Directorship held in Other Public Companies	Committee position held in other companies	Equity Shares held
Shri. Amarchand R. Gala	30/6/1932	4/3/1986	He has rich experience of over five decades in the field of educational book publishing	S.S.C.	NIL	NIL	70,390
Shri.Liladhar D. Shah	10/12/1935	28/1/2002	He is a leading Advocate with experience of over four decades in property, corporate and allied laws.	L L.B.	NIL	NIL	NIL
Dr. R. Varadarajan	30/4/1939	28/1/2002	He is a senior educationist having vast experience in the field of education in India and overseas.	M.A. B.Ed Ph.D.	NIL	NIL	NIL

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 2009 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 2009

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 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

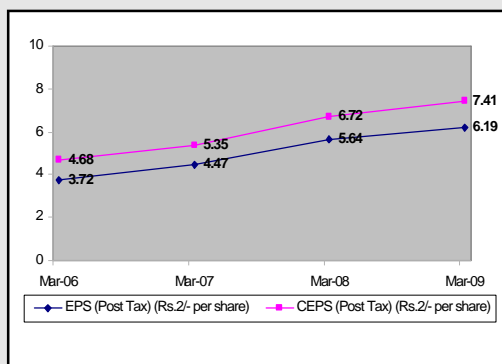
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

Place : Mumbai
Date : 24th June 2009

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



Ratio Analysis Profitability Ratios	Mar-06	Mar-07	Mar-08	Mar-09
ROACE % (Post Tax)	19.86	21.94	23.78	22.52
ROACE % (Pre Tax)	27.95	32.74	32.68	33.21
ROFA % (Post Tax)	52.21	64.22	60.39	66.34
ROFA % (Pre Tax)	73.49	95.83	82.99	97.82
Operating Margin %	20.06	22.07	20.46	20.48
Profit After Tax Margin %	12.05	13.05	13.43	11.67

ROACE : Return on average capital employed.

ROFA : Return on Fixed Assets.

NOTES :

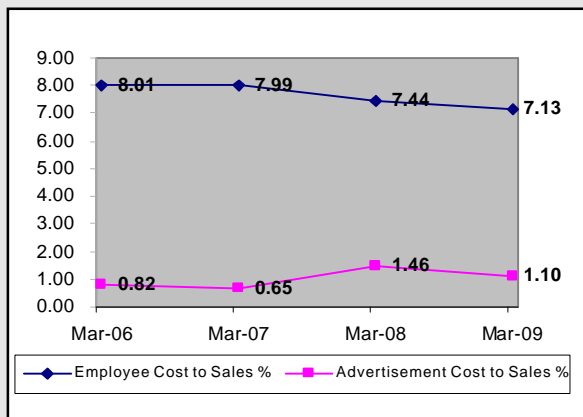
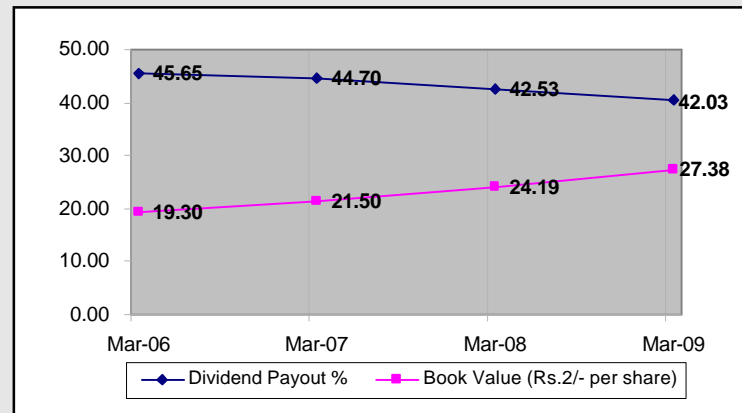
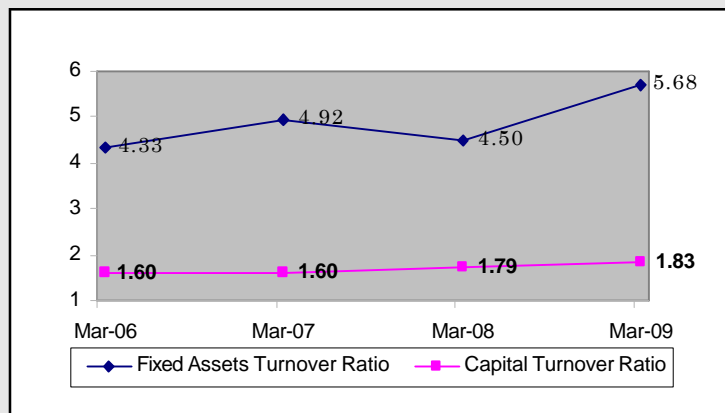
- 1) Loan of Rs. 5000 Lacs (Rs. 6671 Lacs) are of short term in nature and have been treated as current liability above and not included in capital employed.
- 2) Loans of Rs. 1509 Lacs (Rs.1685 Lacs) are of long term in nature and have been treated as capital employed

Solvency Ratio

Debt-equity	0.00	0.00	0.07	0.06
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Liquidity Ratio

Current	2.70	3.07	2.66	2.59
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Ratio Analysis Profitability Ratios

Miscellaneous Ratios

	Mar-06	Mar-07	Mar-08	Mar-09
EPS (Post Tax)(Rs 2/- per share)	3.72	4.47	5.64	6.19
EPS (Pre Tax) (Rs 2/- per share)	5.24	6.68	7.76	9.12
CEPS (Post Tax) (Rs 2/- per share)	4.68	5.35	6.72	7.41
CEPS (Pre Tax) (Rs 2/- per share)	6.20	7.55	8.83	10.35
Dividend Payout %	45.65	44.70	42.53	40.03
Price Earning	16.22	11.81	17.11	8.04
Book Value (Rs 2/- per share)	19.30	21.50	24.19	27.38
Employee Cost to Sales %	8.01	7.99	7.44	7.13
Advertisement Cost to Sales %	0.82	0.65	1.46	1.10
Fixed Assets Turnover Ratio	4.33	4.92	4.50	5.68
Capital Turnover Ratio	1.60	1.60	1.77	1.83
Average Collection (Days)	57	45	49	44
Average Payment (Days)	23	15	25	28

Financial Highlights (Rs. in Lacs)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue	27,454	29,439	32,676	40,043	50,490
Gross Profit (PBDT)	5,548	5,905	7,193	8,412	9,862
Depreciation	885	910	831	1,022	1,171
Tax	1,571	1,426	2,098	2,013	2,797
Net Profit (PAT)	3,092	3,548	4,263	5,377	5,894
Dividend	1,429	1,620	1,905	2,287	2,477
Dividend (%)	75	85	100	120	130
Retained Profit	1,511	1,033	2,091	2,702	2,996
Book Value (Face Value at Rs.2/-)	18	19	21	24	27
Equity Capital	1,906	1,906	1,906	1,906	1,906
Reserves & Surplus	15,447	16,481	18,577	21,148	24,188
Borrowings (Short term)	3,966	5,036	4,913	6,671	5,000
(Long term)	-	-	-	1,685	1,509
Capital Employed	17,353	18,386	20,483	24,739	27,603
Gross Block	12,877	13,632	14,219	17,408	18,506
Net Block	7,052	6,792	6,595	8,821	8,813
Net Current & Other Assets	10,091	11,729	13,259	15,879	17,593

NOTES :

- 1) Loans of Rs.5000 Lac (Rs.6671 Lac) are of short term in nature and have been treated as current liability and not included in capital employed.
- 2) Loans of Rs.1509 Lac (Rs.1685 Lac) are of long term in nature and have been treated as capital employed.

Financial Highlights (US \$ Mn)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue (USD-Mn)	62.39	66.91	74.26	91.01	114.75
Gross Profit (PBDT)	12.61	13.42	16.35	19.12	22.41
Depreciation	2.01	2.07	1.89	2.32	2.66
Tax	3.57	3.24	4.77	4.58	6.36
Profit After Tax (USD-Mn)	7.03	8.06	9.69	12.22	13.40
Dividend	3.25	3.68	4.33	5.20	5.63
Dividend (%)	75	85	100	120	130
Retained Profit	3.44	2.35	4.75	6.14	6.81
Reserves (USD-Mn)	35.11	37.46	42.22	48.06	54.97
Book Value (USD) (Face Value at Rs.2/-)	0.41	0.44	0.49	0.55	0.62
Equity Capital	4.33	4.33	4.33	4.33	4.33
Borrowings (Short term)	9.01	11.45	11.17	15.16	11.36
(Long term)	-	-	-	3.83	3.43
Capital Employed	39.44	41.79	46.55	56.23	62.73
Gross Block	29.27	30.98	32.32	39.56	42.06
Net Block	16.03	15.44	14.99	20.05	20.03
Net Current & Other Assets	22.93	26.66	30.13	36.09	39.98

Notes:

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

2) Loans of USD 11.36 Mn (USD 15.16 Mn) are of short term in nature and have been treated as current liability and not included in capital employed.

3) Loans of USD 3.43 Mn (USD 3.83 Mn) are of Long term in nature and have been treated as capital employed

Financial Highlights (Rs. in Lacs)

	2006-07 (Mar-07)		2007-08 (Mar-08)		2008-09 (Mar-09)	
Sales	2006-07		2007-08		2008-09	
Publishing Division						
Educational Books	18,716		23,149		23,773	
Children's and General Books	1,269		1,188		1,520	
Children's and General Books Export	955	20,939	1,363	25,700	1,230	26,523
Stationery Division						
Exports (including incentives)	2,258		1,901		7,045	
Paper Stationery (Domestic)	8,272		10,751		13,707	
Non Paper Stationery (Domestic)	283	10,813	777	13,429	1,975	22,727
Others						
Manufacturing & Labour Charges		42		90		79
Trading		393		56		174
Power Generation Income		42		183		388
Media Charges		15		13		100
Scrap / Waste & Other Sales		431		572		499
		32,676		40,043		50,490

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-09	Mar-08	Mar-07
Average Network	24,574	21,769	19,435
Average Debt (Refer note 3 & 4)	1,597	843	-
Average Capital Employed	26,171	22,612	19,435
Beta Variant	0.63	0.73	0.51
Risk free Debt Cost (%)	8.50	8.50	8.50
Market Premium (%)	8.50	8.50	8.50
Cost of Equity (%)	13.84%	14.68%	12.85%
Cost of Debt (Post tax) (Note 3 & 4)	2.05%	1.04%	-
Weighted Average Cost of Capital Employed	13.12%	14.17%	12.85%
Cost of Capital Employed	3,434	3,204	2,497
<u>EVA Calculation</u>			
Profit Before Tax	8,691	7,390	6,362
Add : Interest on long term capital	169	42	-
Profit Before Interest & Tax	8,860	7,432	6,362
Less : Other Income	(76)	506	144
Net Operating Profit Before Interest & Tax	8,936	6,926	6,218
Less : Tax	2,856	2,005	2,097
Net Operating Profit After Tax Before Interest	6,080	4,921	4,121
Less : cost of Capital	3,434	3,204	2,497
EVA	2,646	1,717	1,624
EVA on capital employed (%)	10.11%	7.59%	8.36%

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.1509-lac (L.Y. Rs.1685-lac) for Windmill, are for short term in nature, hence not considered in capital employed.
4. Interest & Option Premium payment, except Rs.169-lac (L.Y. Rs.42-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-Third Annual General Meeting of Navneet Publications (India) Limited will be held on Friday, 31st July, 2009 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, 2009 and the Balance Sheet as at that date together with the Reports of Board of Directors and Auditors thereon.
- 2) To declare dividend for the financial year 2008-2009.
- 3) To appoint a Director in place of Shri. Amarchand R. Gala, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri. Liladhar D. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
- 5) To appoint a Director in place of Dr. R. Varadarajan, who retires by rotation, and being eligible, offers himself for re-appointment.
- 6) To appoint M/s. Ghalla & Bhansali, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

By Order of the Board of Directors

sd/-

Place : Mumbai

Date : 24th June, 2009

Amit D. Buch

Company Secretary

NOTES :

- [A] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

- [B] The Register of Members and Share Transfer Books of the Company will remain closed from 24th July, 2009 to 31st July, 2009 (both days inclusive).

- [C] Payment of dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be made on or after 4th August, 2009.

- [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 M/s. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400078.

- [E] Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/ unpaid dividends upto the financial year ended 30th September 1994 have been transferred to the General Revenue Account of the Central Government. Members can claim the said dividend from:-

The Office of The Registrar of Companies
Central Government Office Building, 'A' Wing,
2nd Floor, Next to Reserve Bank of India
CBD Belapur, Navi Mumbai – 400 614.

- [F] 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. Accordingly, unclaimed or unpaid dividend for the Financial Year 2000-2001 has been transferred to the IEPF. Unclaimed dividend for the financial years 2001-2003 and thereafter, is still lying in the respective unpaid dividend account of the Company. Members who have not encashed the dividend warrants for the financial years 2001-2003 and thereafter, are requested to contact Company's Registrar and Share Transfer Agent - M/s.Link Intime India Pvt. Ltd.

First unclaimed interim dividend for 2001-2003 is due for transfer to IEPF in December, 2009. Kindly note that no claim shall lie against the Company or IEPF after such transfer.

- [G] Those members who are holding shares in de-materialised form are requested to inform their respective Depository Participant about the change in their address and/or bank details, if any.

- [H] 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.
- [I] 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.

- [J] 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.
- [K] Copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the meeting.
- [L] Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.

Brief profile of Directors being re-appointed as required by Clause 49 of the Listing Agreement :-

Name of the Director	Date of Birth	Date of Appointment	Experience in specific Functional Area	Qualification	Directorship held in Other Public Companies	Committee position held in other companies	Equity Shares held
Shri. Amarchand R. Gala	30/6/1932	4/3/1986	He has rich experience of over five decades in the field of educational book publishing.	S.S.C.	NIL	NIL	70,390
Shri.Liladhar D. Shah	10/12/1935	28/1/2002	He is a leading Advocate with experience of over four decades in property, corporate and allied laws.	L L.B.	NIL	NIL	NIL
Dr. R. Varadarajan	30/4/1939	28/1/2002	He is a senior educationist having vast experience in the field of education in India and overseas.	M.A. B.Ed Ph.D.	NIL	NIL	NIL

By Order of the Board of Directors

Dear Shareowners,

Your Directors have pleasure in presenting their Twenty-Third Annual Report along with the Audited Statement of Accounts of the Company for the year ended 31st March, 2009.

(1) FINANCIAL RESULTS:

Particulars	(Rs. in Lac)	
	Current Year	Previous Year
(a) Profit before Interest, Depreciation and Tax	10264	8697
(b) Less : Interest	402	285
(c) Profit before Depreciation and Tax	9862	8412
(d) Less : Depreciation	1171	1022
(e) Profit before Tax	8691	7390
(f) Less : (i) Provision for Tax (including FBT)	2894	2011
(ii) Provision for deferred tax	(38)	(6)
(iii) (Add) / Less : Provision of tax for earlier years	(59)	8
(g) Profit after Tax	5894	5377
(h) Balance brought forward from last year	11272	9571
(i) Profit available for Appropriation	17166	14948
APPROPRIATIONS :		
(a) 1st Interim Dividend	-	1525
2nd Interim Dividend	-	762
Final Dividend	2477	-
(b) Corporate tax on Dividend	421	389
(c) General Reserve	1000	1000
(d) Balance Carried to Balance Sheet	13268	11272
	17166	14948

(2) DIVIDEND :

Your Directors are pleased to recommend a Dividend of Rs.2.60 (130 %) per share on the face value of Rs. 2/- each for the financial year ended 31st March,2009. The dividend so recommended, if declared, would result in dividend payout of Rs.2898 Lac, including corporate tax on dividend, as against Rs.2676 Lac, including corporate tax on dividend, in the previous year. Thus, dividend pay-out for the year works out to 49.17% (including corporate tax on dividend) as against your Company's policy of distribution of minimum of 25% of profit after tax.

(3) OPERATIONS :

- (i) Sales and Income from the operations of the Company increased from Rs.40043 Lac to Rs.50490 Lac.
- (ii) Profit before depreciation and taxes for the year under review stood at Rs.9862 Lac as against Rs.8412 Lac in the previous year.
- (iii) After providing Rs.1171 Lac for depreciation and Rs.2797 Lac for tax, deferred tax and earlier year provisions, profit after tax stood at Rs.5894 Lac as against Rs.5377 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. 26953 Lac as against Rs. 26208 Lac in the previous year. Since there was no major syllabus change in the year under review, the revenue of book publishing division grew marginally. Your Company expects moderate growth in this division in the current year.

Your Company has initiated its e-learning venture. The initial response is both encouraging and promising for its classroom oriented e-learning modules in the State of Gujarat and Maharashtra with more than 500 schools using Company's e-learning modules. The Company also has received encouraging response for its student oriented concepts. The launch year itself has more than 6,000 students using its products.

Your Company visualizes e-learning as the next generation medium of education and therefore expects good potential in this line of business. However, your Company believes that e-learning venture will have challenging phase till the time these concepts are adopted by the teaching and learning community particularly in the class of population that Company deals with.

Stationery Division

During the year under review, your Company achieved revenue of Rs. 22975 Lac as against Rs.13595 Lac achieved in the previous year.

In domestic markets the revenue of Rs. 15889 Lac as against Rs. 11664 Lac in the previous year, thereby registering growth of 36%. This growth was mainly on account of Company's aggressive marketing and introduction of new products in its paper and non-paper stationery business. The Company expects 25% growth for next year in this business vertical.

In international markets the revenue of Rs.7086 Lac as against Rs.1931 Lac in the previous year, thereby registering an aggressive growth of 367%. This robust growth was due to encouraging orders received from chain stores based in USA.

The Company expects international business to grow by 15% next year.

(5) WINDMILL PROJECT:

During financial year 2007 – 2008 all windmills were made operational and have generated power worth Rs. 388 Lac for the year ended 31st March, 2009.

(6) 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.

(7) MANAGEMENT DISCUSSION AND ANALYSIS :

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

(8) 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 **Navneet e-learning Pvt. Ltd.** became subsidiary of your Company with your Company holding 87.17% of its equity. 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.

(9) NETWORTH AND BORROWING :

Net worth of your Company increased to Rs.26094 Lac against Rs.23054 Lac in the previous year. Your Company borrowed ECB of Rs. 1685 Lac to fund its windmill power project of which Rs.1509 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.

(10) 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.

(11) DIRECTORS :

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Amarchand R. Gala, Shri. Liladhar D. Shah and Dr. R. Varadarajan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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

Shri. Hasmukh U. Gadhecha resigned as Director with effect from 16th December, 2008. The Board has placed on record its appreciation of the valuable contribution made by Shri. Hasmukh U. Gadhecha during his tenure as Director of the Company.

(12) 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.162 Lac.

As corporate social responsibility, your Company, in association with Deloitte, arranged for conversion of a few titles to Braille lipi for the benefit of blind students.

The management will continue to discharge its voluntary commitment to society year after year.

(13) DE-MATERIALISATION OF SHARES :

9,19,11,335 equity shares representing 96.45 % of paid up equity share capital were de-materialised as on 31st May,2009.

(14) FIXED DEPOSITS :

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

(15) 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.

(16) 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.

(17) 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.

(18) AUDITORS :

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

(19) INDUSTRIAL RELATIONS :

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

(20) ACKNOWLEDGEMENT :

Your Directors take this opportunity to acknowledge with sincere gratitude the support of its esteemed customers, the continued co-operation, trust and guidance from its bankers, financial institutions, shareholders, vendors, regulatory and government authorities in the State of Maharashtra & Gujarat and society at large.

Your Directors also place on record their appreciation for the contribution made by all the employees in the progress of the Company.

On behalf of the Board of Directors

sd/-

Place : Mumbai
Date : 24th June, 2009

Shivji K. Vikamsey
Chairman

Annexure 'A' to Directors' Report

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

(A) Conservation of Energy

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

(B) Technology Absorption**FORM - B****Form of Disclosure of Particulars with respect to Technology Absorption**

Research & Development

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

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

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

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

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

(3) In case of Imported Technology

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

(C) Foreign Exchange Earnings and Outgo

The Company's export turnover has been Rs. 7449 Lac.

Total Foreign Exchange earned and used:

- | | |
|-------------------------------|--------------|
| (i) Foreign Exchange earned : | Rs.7412 Lac |
| (ii) Foreign Exchange used : | Rs. 1781 Lac |

On behalf of the Board of Directors

sd/-

Place : Mumbai

Date : 24th June, 2009

Shivji K. Vikamsey
Chairman

Section 212 Statement of Subsidiary Companies

NAVNEET PUBLICATIONS (INDIA) LIMITED

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Subsidiary Companies for the year ended 31st March 2009

1) Name of the Subsidiary Company	Grafalco Ediciones S.L.	Navneet e-learning Pvt. Ltd.
2) Financial Year of the Subsidiary Company	31st December, 2008	31st March, 2009
3) No. of Shares held in Subsidiary Company as on the above date	5,03,600 Equity Shares @ Euro 1 each	26,15,000 Equity shares Rs. 10/- each
4) % of holding (Equity)	100%	87.17%
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 2008 & 31st March, 2009	NIL	Not applicable
b) Not Dealt with in the Accounts of the Company for the year ended 31 st December 2008 & 31st March, 2009	(Rs. 15218224)	(Rs. 12846109)
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, 2008 & 31st March, 2009	NIL	Not applicable
b) Not Dealt with in the Accounts of the Company for the year ended 31st December, 2008 & 31st March, 2009	(Rs. 15218224)	(Rs. 12846109)
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, 2008 & 31st March, 2009	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, 2009	NIL	Not applicable

For and on behalf of the Board

Place: Mumbai

sd/-

sd/-

sd/-

Date: 24th June, 2009

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 2009, the Profit and Loss Account and the Cash Flow Statement of the Company period for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in

agreement with the books of account;

- d) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, is in compliance with the Accounting Standards specified by the institute of Chartered Accountants of India, referred to in sub-section (3C) of section 211 of the Companies Act, 1956; to the extent applicable to the Company.
- e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2009 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 2009;
 - ii. In the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Mumbai
Date : 24th June, 2009

For **Ghalla & Bhansali**
Chartered Accountants
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, 2009 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 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, investor education and protection fund, employees' state insurance, income tax, VAT, wealth tax, service tax, customs duty, excise duty, cess and others as applicable have been regularly deposited by the Company during the year with the appropriate authorities.
- b) According to information and explanation given to us, there are no dues outstanding of VAT, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute, except for the following.

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

10. The Company has neither accumulated losses as at March 31, 2009, nor it has incurred any cash losses during the financial year ended on that date and the immediately preceding financial year.
11. According to information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders during the year.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit or a nidhi/mutual benefit fund/society, therefore, the clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. Hence clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
15. The Company has given guarantee for loans taken by others from banks and in our opinion, the terms and conditions of such guarantee are not, prima facie, prejudicial to the interest of the Company.
16. The Company has 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. According to the information and explanations given to us, the Company has issued unsecured debentures and thus was not required to create any security or charged in respect of debentures issued.
20. The Company has not raised any money by public issue during the year. Hence clause 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
21. According to the information and explanations given to us, during the year, no fraud by or on the Company has been noticed or reported during the course of our audit.

For **Ghalla & Bhansali**
Chartered Accountants
sd/-

Place : Mumbai
Date : 24th June, 2009

Haresh K.Chheda
Partner
Membership No. 38262

Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule		As at 31st March, 2009	As at 31st March, 2008
		Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	A	1,906		1,906
Reserves & Surplus	B	24,188	26,094	21,148
				23,054
Loan Funds				
Secured Loans	C	1,509		3,856
Unsecured Loans	D	5,000		4,500
			6509	8,356
Deferred Tax Liability			276	314
Total Funds Employed			<u>32,879</u>	<u>31,724</u>
Application of Funds				
Fixed Assets				
Gross Block		18,506		17,408
Less: Depreciation	E	9,693		8,587
Net Block		8,813		8,821
Capital Work-in-Progress		72		83
			8,885	8,904
Investments	F		1402	270
Current Assets, Loans and Advances	G			
Inventories		19,072		16,798
Sundry Debtors		6,131		5,411
Cash and Bank Balances		630		424
Loans and Advances		3,051		2,802
		28,884		25,435
Less: Current Liabilities and Provisions	H			
Current Liabilities		3,173		2,659
Provisions		3,118		226
		6,291		2,885
Net Current Assets			22,593	22,550
Total Funds Utilised			<u>32,879</u>	<u>31,724</u>
Significant Accounting Policies and Notes on Accounts	P			
Schedule referred to above form an integral part of the accounts				

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

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants
sd/-
Haresh K. Chheda
Partner
Mumbai : 24th June, 2009

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	2008 -2009	2007 -2008
	Rs. In Lacs	Rs. In Lacs
Income		
Income from Operations	50,490	40,043
Other Income	(76)	506
	<u>50,414</u>	<u>40,549</u>
Expenditure		
(Increase)/Decrease in stocks	(3,351)	(1,442)
Cost of Materials	29,326	21,340
Manufacturing Expenses	2,977	2,321
Salaries, Wages & Employee Benefits	3,601	2,981
Administrative and Selling Expenses	7,597	6,651
Interest	402	285
	<u>40,552</u>	<u>32,137</u>
Profit before Depreciation and Tax	9,862	8,412
Depreciation	<u>1,171</u>	<u>1,022</u>
Profit before Tax	8,691	7,390
Less : Provision for Taxation -Income Tax (Current)	2,826	1,950
- Fringe Benefit Tax	68	61
- Deferred tax	(38)	(6)
Add/(Less) : Excess/(Short) Provision of Earlier Year W/off/Back	<u>(59)</u>	<u>8</u>
Profit after Tax	5,894	5,377
Add : Balance brought forward from last year	<u>11,272</u>	<u>9,571</u>
Profit available for Appropriation	<u>17,166</u>	<u>14,948</u>
Appropriations		
Dividend (First interim)	0	1,525
Dividend (Second interim)	0	762
Dividend Final	<u>2,477</u>	<u>0</u>
	2,477	2,287
Corporate Tax on Dividend	421	389
General Reserve	<u>1,000</u>	<u>1,000</u>
	<u>3,898</u>	<u>3,676</u>
Surplus carried to Balance Sheet	<u>13,268</u>	<u>11,272</u>

Basic and Diluted Earning per share of Rs. 2/- each (Rs. 2/- each)

[Refer Note 20 of Schedule 'P']

Before Extraordinary Items

6.19 5.64

After Extraordinary Items

6.19 5.64

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 the Board

For and on behalf of :

Ghalla & Bhansali

Chartered Accountants
sd/-

Haresh K. Chheda

Partner

Mumbai : 24th June, 2009

sd/-

Amit D. Buch

Company Secretary

sd/-

A. R. Gala

Managing Director

sd/-

S. K. Vikamsey

Chairman

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE A : SHARE CAPITAL			
Authorised :			
10,00,00,000 (10,00,00,000) Equity Shares of Rs.2/- each (Rs. 2/- each)		<u>2,000</u>	<u>2,000</u>
Issued, Subscribed & Paid Up :			
9,52,86,000 (9,52,86,000) Equity Shares of Rs.2/- each (Rs. 2/- each)		<u>1,906</u>	<u>1,906</u>
Total		<u>1,906</u>	<u>1,906</u>
Note :			
(1) Of the above 6,35,24,000 (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		#	#
General Reserve			
As per last Balance Sheet	9,872		9,000
Less : Change on account of transitional provisions under Accounting Standard 15 (Revised 2005)			
Gratuity (net of tax Rs. 35 Lacs)	0		(69)
Leave Encashment (net of tax Rs. 31 Lacs)	0		(59)
Add : Additions during the year	<u>1,000</u>		<u>1,000</u>
		10,872	9,872
Foreign currency Translation Reserve		48	3
Surplus as per Profit and Loss Account		<u>13,268</u>	<u>11,272</u>
Total		<u>24,188</u>	<u>21,148</u>

		As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs	Rs In Lacs
SCHEDULE C : SECURED LOANS			
Loans from Banks :			
LONG TERM :			
- Foreign Currency Loans - Windmill	1,509		1,685
SHORT TERM :			
Working Capital Borrowings :			
- Local Currency Loans	0		970
- Foreign Currency Loan	0		1,200
		1,509	3,856
Total		1,509	3,856
Notes :			

- (a) All short term Rupee loans and foreign currency loans equivalent to Rs. NIL (Previous year Rs. 2,170/- Lacs) are secured against :
- (1) Hypothecation & first charge over stock of raw materials, work-in-process, finished goods, stores and spares not relating to plant and machinery and book debts.
 - (2) Hypothecation and first charge over movable plant and machinery, machinery spares, tools and accessories both present and future of the Company.
- (b) Long term foreign currency loans are exclusively secured by Hypothecation of Windmills.

SCHEDULE D : UNSECURED LOANS

DEBENTURES

Non-Convertible Debentures	5,000	0
WCDL Loan	0	4,500
Total	5,000	4,500

SCHEDULE E : FIXED ASSETS

Rs. In Lacs

Sr. No.	Description of Assets	Gross Block				Depreciation / Amortization				Net Block	
		Cost As on 01.04.2008	Additions during the year	Deduction on sale	Cost As on 31.03.2009	Provided upto 01.04.2008	For the Year	Deductions on Sale/Transfer	Total upto 31.03.2009	As on 31.03.2009	As on 31.03.2008
	<u>Tangible</u>										
1	Land - Freehold	340	-	-	340	-	-	-	-	340	340
2	Land - Leasehold	84	-	-	84	26	6	-	32	52	58
3	Building	3,922	279	-	4,202	1,475	159	-	1,634	2,568	2,448
4	Plant & Machinery	10,784	648	42	11,390	5,562	780	17	6,325	5,065	5,223
5	Office Equipment	210	15	2	222	130	14	-	143	79	80
6	Furniture & Fixtures	996	14	7	1,003	692	56	-	748	255	304
7	Vehicles	784	154	53	885	455	96	47	503	381	329
	<u>Intangible</u>										
8	Trade Mark	57	-	-	57	17	6	-	23	34	40
9	SAP	190	57	-	247	190	19	-	209	38	-
10	Software	41	35	-	76	41	35	-	76	-	-
	Total	17,408	1,202	104	18,506	8,587	1,171	65	9,693	8,813	8,821
	Previous Year	14,219	3,259	69	17,408	7,624	1,022	59	8,587	8,821	-

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs
SCHEDULE F : INVESTMENTS		
Long Term-Non Trade		
Other Investments		
Unquoted		
In Subsidiary		
Grafalco Ediciones S.L.		
— 5,03,600 (5,03,600) Equity Shares of Euro 1/- each.	270	270
Navneet E-Learning Pvt. Ltd.		
26,15,000 (NIL) Equity Shares of Rs. 10/- each	262	0
		<u>270</u>
Current Investments		
Unquoted		
Mutual Funds		
Units of Rs. 10/- each fully paid up		
8685629.178 (NIL) Birla Mutual Fund	870	0
		<u>0</u>
Note :		
Repurchase value of Mutual Fund Units Rs.	870	
Previous Year Rs.	(NIL)	
Aggregate Book Value of Investments : Total		<u><u>270</u></u>
		<u><u>1,402</u></u>

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

	As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories		
Stores, Spares and Consumables	410	377
Raw Materials	5,286	6,395
Finished Goods	12,422	8,977
Work In Process	954	1,048
		16,798
Sundry Debtors		
(Unsecured, considered good)		
Over six months	321	316
Others	5,810	5,095
		5,411
Cash and Bank Balances		
Cash on hand	36	30
Balance with Scheduled Banks		
- In Current Account	460	256
- In Fixed Deposit Account	66	1
- In Dividend Account	68	136
		424
Loans and Advances		
(Unsecured, considered good)		
Loans		
- Staff Loan	196	172
- Corporate Deposits	0	165
- Loans to subsidiary	335	290
- Other Deposits	239	157
(Refer Note No. 21 of Schedule P)	770	784

Schedules forming part of the Balance Sheet

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2009	As at 31st March, 2008
	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	1,484		1,313
Deposits with Public Bodies, Govt., etc.	54		52
Deposits with Others	74		33
Advance Tax paid (Net of provision)	669		620
	<u>2,281</u>		<u>2,018</u>
		3051	2,802
Total		<u>28884</u>	<u>25435</u>
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors (Refer Note No. 17 of Schedule P)	2,018		1,566
Advances Received from customers	201		173
Investors Education and Protection Fund to be credited as and when due			
- Unclaimed Dividend	68		136
Other Liabilities	836		760
Interest Accrued But Not Due	50		24
	<u>50</u>	3,173	<u>2,659</u>
Provisions			
For Leave Encashment Benefit	220		226
Proposed Dividend	2,477		0
Corporate Tax on Proposed Dividend	421		0
	<u>421</u>	3,118	<u>226</u>
Total		<u>6,291</u>	<u>2,885</u>

Schedules forming part of the Profit & Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the year ended 31st March, 2009	For the year ended 31st March, 2008
	Rs. In Lacs	Rs. In Lacs
SCHEDULE I : OTHER INCOME		
On Current Investments (Gross)		
Dividend	44	43
Profit on Sale of Investments	4	6
Miscellaneous Income	19	29
Interest and Financial Income / (Expense) [TDS Rs. 30 Lacs; (Previous year Rs.62 Lacs)]	(143)	428
Total	<u>(76)</u>	<u>506</u>
SCHEDULE J : (INCREASE) / DECREASE IN STOCK		
Closing Stock		
Work in Process	954	1,048
Finished Goods	<u>12,422</u>	<u>8,977</u>
	13,376	10,025
Opening Stock		
Work in Process	1,048	593
Finished Goods	<u>8,977</u>	<u>7,990</u>
Total	<u>10,025</u>	<u>8,583</u>
	<u>(3,351)</u>	<u>(1,442)</u>
SCHEDULE K : COST OF MATERIAL		
Raw Materials Consumed	27,175	20,226
Freight and Octroi	586	455
Purchase of Goods	<u>1,565</u>	<u>659</u>
Total	<u>29,326</u>	<u>21,340</u>
SCHEDULE L : MANUFACTURING EXPENSES		
Printing Expenses	769	632
Binding Expenses	680	395
Other Manufacturing Expenses	923	799
Power and Fuel	247	218
Stores and Spares Consumed	244	155
Repairs to Plant and Machinery	<u>114</u>	<u>123</u>
Total	<u>2,977</u>	<u>2,321</u>

Schedules forming part of the Profit & Loss Account

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended
31st March, 2009

For the year ended
31st March, 2008

SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS

	Rs. In Lacs	Rs. In Lacs
Salaries, Wages and Bonus	3,023	2,525
Contribution to Provident and Other Funds	329	259
Staff Welfare	249	197
Total	<u>3,601</u>	<u>2,981</u>

SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES

Rates & Taxes	203	217
VAT / Sales TAX	698	502
Rent	280	208
Royalty	905	866
Building Repairs & Maintenance	202	182
Other Repairs	108	109
Insurance	85	78
Transportation Expenses	887	619
Commission	73	60
Advertisement	555	585
Marketing Expenses	645	589
Sales Promotion Expenses	789	476
Discount & Rebate	349	256
Bad debts and other irrecoverable advance written off	(3)	270
Donation	162	353
Bank Charges	228	95
Prior Period items	5	(2)
Other Expenses	1426	1,189
Total	<u>7,597</u>	<u>6,651</u>

SCHEDULE O : INTEREST & FINANCIAL CHARGES

Debentures	176	100
Others	226	185
Total	<u>402</u>	<u>285</u>

For the year ended 31st March, 2009

SCHEDULE P : NOTES TO ACCOUNTS

1 Statement of Significant Accounting Policies

(A) Accounting Convention

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

(B) Revenue Recognition

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

(C) Fixed Assets

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

(D) Depreciation

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

(E) Expenditure during construction period

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

(F) Foreign Currency Transactions & 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 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

For the year ended 31st March, 2009

denominated in a foreign currency using the exchange rate at the date of the transactions.

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

(G) Inventories

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

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

(H) Retirement Benefits

- (i) 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.

(I) Investments

Long-term Investments are stated at cost after deducting provision, if any, for permanent diminution in the value. Current

Investments are stated at lower of cost and market / fair value.

(J) Borrowing Costs

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

(K) Leased Assets

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

(L) Provision for Tax

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

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

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

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

- 2 Estimated amount of Capital Contracts (net of advances) remaining to be executed and not provided for Rs. 598.50 Lacs (Previous Year Rs.574.05 Lacs)

3 Contingent Liabilities.

- (a) For disputed Income-tax matters Rs.587.90 Lacs (Previous Year Rs.587.90 Lacs) against which amount paid is Rs.490.82 Lacs (Previous Year Rs.487.98 Lacs)

- (b) Against Bond

For the year ended 31st March, 2009

- (i) Rs.380.61 Lac (Previous Year Rs.380.61 lacs) : For fulfilment of export obligation of US \$ 26.70 Lac equivalent to Rs.1368.52 Lac, (Previous Year Rs.1058.30 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.1294 lac (Previous Year Rs.2020 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. 1243.01 lac (Previous Year Rs.1936.60 lac) till the end of the year.
- (c) Forward foreign exchange contracts of USD 2.91 Mn equivalent Rs.14.81 cr. and EUR 0.40 Mn equivalent Rs.2.41 cr. (Previous Year USD 3 Mn equivalent Rs.12.01 cr. and Eur 2.15 Mn equivalent Rs. 12.95 cr.) are open as on balance sheet date.
- (d) USD 1.40 Mn (Previous Year USD 11.27 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 462-MN (Previous Year JPY-504-Mn) are open as on balance sheet date, maturing over a period of seven years. The company has reasonable hedge against its borrowings

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

	2008-2009	2007-2008
	Rs. In Lacs	Rs. In Lacs
(i) Salary and Bonus	179	179
(ii) Contribution to Provident Fund	13	13
Total	191	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	8,691	7,390
Add : Expenses not to be considered as per Section 349		
Directors' Remuneration	191	191
Directors' Fees	2	2
	193	193
	8,884	7,583
Less : Income not to be considered		
Profit on Sale of Fixed Assets	1	9
Profit on Sale of Investments	4	6
	5	15
	8,879	7,568

Notes forming part of the Accounts

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2009

2008-2009

2007-2008

Rs. In Lacs

Rs. In Lacs

6. Auditors' Remuneration

Audit Fees

Tax Audit Fees

Other Matters

5

1

4

10

5

1

5

11

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

7. Licenced Capacity, Installed Capacity and Production.

Licenced Capacity

Installed Capacity

Production

Printing & Binding

N.A. * Not Ascertainable * Not Ascertainable

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

8. Finished Goods and work in process stock :

Quantity in Lacs
(PCS/PACK)

Value (Rs. In Lacs)

(a) Opening Stock :

(i) Publicationes :

1,079

6,606

(884)

(6,058)

(ii) Stationery

1,529

3,409

(1,005)

(2,518)

(iii) Others

1

10

(1)

(8)

Total

10,025

(8,583)

(b) Closing Stock :

(i) Publicationes

1,009

7,123

(1,079)

(6,606)

(ii) Stationery

1,916

6,247

(1,529)

(3,409)

(iii) Others

0

6

(1)

(10)

Total

13,376

(10,025)

For the year ended 31st March, 2009

	Quantity in Lacs	Value (Rs. In Lacs)
9. Information as regards Raw Materials Consumed		
(a) Paper	628 Kgs.	25,131
	(449) Kgs.	(18,819)
(b) Other Raw Materials		2,044
		(1,407)
Total		27,175
		(20,226)
10. Information as regards Purchase of goods made during the year :		
(a) Paper	4 Kgs.	160
	(1) Kgs.	(44)
(b) Books and Other Stationery Items		1,405
		(615)
Total		1,565
		(659)
11. Information as regards to Sales made during the year :	Quantity in Lacs	Value (Rs. In Lacs)
Sales :	(PCS/PACK)	
(i) Publication sales	1,075	26,953
	(956)	(26,208)
(ii) Stationery sales	947	22,975
	(374)	(13,595)
(iii) Others	115	562
	(59)	(239)
Total		50,490
		(40,403)

For the year ended 31st March, 2009

	Value (Rs. In Lacs)
12. Value of Imports on C.I.F. Basis :	
(i) Capital Goods	367
	(86)
(ii) Raw Material (Including Consumables)	52
	(113)
(iii) Components, Stores & Spares	48
	(41)
(iv) Finished Goods	959
	(509)
13. Expenditure in Foreign Currency on Account of	
(i) Royalty	3
	(1)
(ii) Interest	73
	(28)
(iii) Professional Fees	113
	(40)
(iv) Other Matters	167
	(93)
14. Earning in Foreign Exchange :	
Export of Goods on FOB basis	7,449
	(2,906)
Interest Income	23
	(10)

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	0.68%	184	23.96%	86
	(0.46)%	(93)	(8.45)%	(23)
Indigenous	99.32%	26,991	76.04%	272
	(99.54)%	(20,133)	(92)%	(254)
Total :	100%	27,175	100%	358
	(100)%	(20,226)	(100)%	(277)

For the year ended 31st March, 2009

16. During the year, the Company has spent an amount of Rs.9.05 crores (Previous Year Rs.8.66 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. 168.69 lacs (Previous Year Rs. 121.49 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
Dipak Lalbhai & Co.Prop.Dila Dila Printer	1	3
Maruti Printer	3	2
Meghart Colour Crafters	10	5
Printmann	7	—
Wilson Printcity Pvt. Ltd.	1	4
Para-Pack	2	—
V-Pack	3	—
Akshata Arts Pvt. Ltd.	—	2
Pressmen offset works	—	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 Development Act, 2006, the information required under the said Act could not be compiled and disclosed.

18. Foreign Currency Translation of Rs. 379.26 lacs (Previous Year Rs. 163.90 lacs) being the exchange difference is debited 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, 2009.

Navneet E-Learning Pvt. Ltd. – Subsidiary Company 87.17% (P.Y. NIL) of whose equity share capital is held by the Company as at 31st March, 2009

(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, 2009

(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	- (-)	1.057 (1,017)	445 (445)	1,503 (1,462)
(ii) Sales of goods and services	168 (23)	88 (-)	-	256 (23)
(iii) Loans given	0 (205)	- --	- (-)	(205)
(iv) Loan received back	0 (154)	- (35)	-- (--)	- (189)
(v) Investments	262	--	--	262
(vi) Balance outstanding at year end Debtors	0 (1)	- (-)	- (-)	- (1)
Loans and advances given	350 (290)	- (-)	- (-)	350 (290)

20. Earning Per Share :

	2008-2009 Rs. In Lacs	2007-2008 Rs. In Lacs
(a) Net Profit after tax	5,835	5,385
Add/(Less) : Excess/(Short) Provision of Taxation of the Earlier Years W / off / back	59	(8)
Net profit available for Equity Shareholders	5,894	5,377
(b) Weighted Average Number of Equity Shares (in Lacs)	953	953
(c) Basic and Diluted Earning per share of Rs.2/- each		
(i) before Extraordinary Items	6.19	5.64
(ii) after Extraordinary Items	6.19	5.64

For the year ended 31st March, 2009

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.	335 (290)	-- (--)	335 (290)
(ii) Staff Loan given in the ordinary course of business and as per the service rules of the Company	0 (0)	196 (172)	212 (193)

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	0	0	583	5,837	496	4,967	87	870
Prudential ICICI Mutual	0	0	401	4,757	401	4,757	-	-
LIC Mutual Fund	0	0	1,430	15,698	1,430	15,698	-	-
Reliance Mutual Fund	0	0	276	2,983	276	2,983	-	-
Sundaram BNP Mutual	0	0	414	4,184	414	4,184	-	-
UTI Mutual Fund - 1	0	0	2	2,156	2	2,156	-	-
UTI Mutual Fund - 2	0	0	907	16,500	907	16,504	-	-

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, 2008 Rs. In Lacs	Deferred tax (asset)/liability as at March 31, 2009 Rs. In Lacs
Depreciation	424	416
Disallowance under section 43B	(110)	(141)
Total	314	276
Previous Year	385	314

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	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	26,953	26,208	22,975	13,595	562	239	50,490	40,043
Less : Inter Segment Revenue	—	—	—	—	—	—	—	—
Net Revenue	26,953	26,208	22,975	13,595	562	239	50,490	40,043
Other Income	103	83	75	65	(410)	—	(232)	148
Segment Revenue	27,056	26,291	23,050	13,660	152	239	50,258	40,191
Segment Results	8,327	8,028	2,389	548	(476)	(47)	10,240	8,529
Add : Unallocated Other Income/(Expense)	—	—	—	—	—	—	156	358
Less : Financial Expenses	—	—	—	—	—	—	402	285
Less : Unallocable Expenditures							1,304	1,212
Profit Before Taxation							8,691	7,390
Provision for Taxation (Income tax, FBT and deferred tax)							2,797	2,013
Profit after taxation							5,894	5,377
Segment Assets	18,582	18,581	15,191	11,365	2,006	2,402	35,779	32,347
Unallocated Assets							3,392	2,261
Total Assets							39,170	34,609
Segment Liabilities	1,419	969	1,562	1,520	10	1,684	2,990	4,173
Unallocated Liabilities							10,086	7,382
Total Liabilities							13,076	11,555
Depreciation on Segmental Assets	524	498	262	271	315	203	1,101	973
Unallocated Depreciation							70	50
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 resonable basis being related to enterprise as a whole have been grouped as unallocable.
- 3 The business which have been grouped under "Others" segment comprises of revenue from generation of power by windmill , sale of trading items, etc.

[B] Secondary - Geographical Segments

	Rs. in Lacs					
	North & Central America	Africa	Europe	Australia & Oceania	Rest of the world except India	India Total
Segment Revenue	4,163 (850)	2,445 (1,133)	675 (632)	34 (22)	358 (249)	42,814 (37,158) 50,490 (40,043)
Segment Assets	495 (189)	129 (201)	101 (218)	7 (10)	68 (28)	38,370 (33,963) 39,170 (34,609)

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 actural 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 off an amount of Rs.NIL (net of deferred tax charge of Rs. 128 Lacs) 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>	<u>Previous Year</u>
(i) Provident Fund	164	153
(ii) ESIC	31	27

(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)	
	31/03/09	31/03/08	31/03/09	31/03/08
Change in Obligation				
Opening Present Value	456	387	226	114
Service Cost including actuarial gain/(loss)	111	54	(2)	116
Interest Cost	37	31	16	9
Benefits paid	15	15	(20)	(12)
Closing Present Value	589	456	220	226
Changing in Plan Asset				
Opening Fund Balance	396	283	-	-
Return on the plan asset	38	27	-	-
Contribution paid	112	102	20	12
Benefits paid during period	15	15	(20)	(12)
Closing Fund Balance	531	396	-	-
Reconciliation of present value of obligation and plan asset				
Closing Fund Balance	531	396	-	-
Closing present value	589	456	-	-
Net Liability	58	60	220	226
Liability recognized in balance sheet	58	60	220	226
Expense recognized in the statement of P & L A/C				
Current Service Cost			65	48
Interest Cost			16	9
Expected Return on Plan Assets			-	-
Net Acturial (Gain) / Loss recognized for the period			(67)	68
Expense recognized in the statement of P & L A/C			14	124
Movement in the Liability recognized in Balance Sheet				
Opening Net Liability			226	114
Expenses as above			14	124
Contribution paid			(20)	(12)
Closing Net Liability			220	226
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 : 24h June, 2009

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 2008-2009	For the Year ended 2007-2008
	Rs. in Lacs	Rs. in Lacs
Cash Flow from Operating Activities		
Net profit before tax	8,691	7,390
Adjustments for		
Interest & Financial Income (non operational)	260	(352)
(Profit) / Loss on sale of fixed assets	(1)	(9)
(Profit) / Loss on sale of Investments	(4)	(6)
Interest and Financial Expense	402	285
Depreciation	1,171	1,022
Changes in Current Assets and liabilities		
(Increase) / Decrease in Inventory	(2,274)	(4,241)
(Increase) / Decrease in Debtors	(720)	(1,354)
(Increase) / Decrease in Loans and advances	(187)	437
Increase / (Decrease) in current liabilities and provision	611	1,170
Income Taxes Paid	(2,884)	(2,172)
Net cash inflow / (outflow) from Operating Activities (A)	5,064	2,170
Cash flow from Investing Activities		
Purchase of Fixed Asset and change in capital WIP	(1,193)	(3,801)
Proceeds from sales of fixed Asset	40	19
(Increase) / Decrease in Investment other than Subsidiary	(870)	701
(Increase) / Decrease in Investment in Subsidiary	(262)	-
(Profit) / Loss on sale of Investments	4	6
Interest & Financial Income	199	279
Net cash inflow / (outflow) from Investing Activities (B)	(2,082)	(2,797)
Cash flow from Financing Activities		
Increase / (Decrease) in Loan Fund	(1,846)	3,443
Interest and Financial Expense	(861)	(213)
Dividend Paid (including Dividend Tax)	(69)	(2,659)
Net cash inflow / (outflow) from Financing Activities (C)	(2,776)	571
Net Increase / (Decrease) in Cash and Cash Equivalents	206	(55)
Cash and cash equivalent as at the commencement of the year	424	479
Cash and cash equivalent as at the end of the year	630	424
Net Increase / (Decrease) as mentioned above	206	(55)
Notes: (1) Cash and cash equivalent includes cash, cheque in hand and remittance in transit	36	30
Balance with banks	594	394

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, 2009

sd/-

Amit D. Buch

Company Secretary

sd/-

A. R. Gala

Managing Director

sd/-

S. K. Vikamsey

Chairman

NAVNEET PUBLICATIONS (INDIA) LIMITED

Consolidated Financial Statements

for the year ended 31st March, 2009

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

We have examined the attached Consolidated Balance Sheet of **NAVNEET PUBLICATIONS (INDIA) LIMITED (the Company)** and its subsidiary **GRAFALCO EDICIONES S.L. and Navneet E-Learning Pvt. Ltd.**, as at 31st March 2009, 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 2009;
- 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

sd/-

Haresh K. Chheda

Partner

Membership No. 38262

Place: Mumbai

Date: 24th June, 2009

Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

	Schedule	Rs. In Lacs	As at 31st March, 2009 Rs. In Lacs	As at 31st March, 2008 Rs. In Lacs
Sources of Funds				
Shareholders' Funds				
Share Capital	A	1,906		1,906
Reserves & Surplus	B	23,928	25,834	21,174
				23,080
Loan Funds				
Secured Loans	C	2,352		4,334
Unsecured Loans	D	5,000		4,500
			7,352	8,834
Deferred Tax Liability			278	314
Minority Share of Interest			22	0
Total Funds Employed			33,486	32,228
Application of Funds				
Fixed Assets	E			
Gross Block		18,972		17,636
Less : Depreciation		9,852		8,643
Net Block		9,120		8,993
Capital Work In Progress		72		83
			9,192	9,076
Investments	F		890	16
Current Assets, Loans and Advances	G			
Inventories		19,713		17,191
Sundry Debtors		6,791		6,092
Cash & Bank Balances		805		529
Loans & Advances		2,743		2,512
		30,052		26,324
Less: Current Liabilities and Provisions	H			
Current Liabilities		3,529		2,998
Provisions		3,119		226
		6,648		3,224
Net Current Assets			23,404	23,100
Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Preliminary / Deferred Revenue Expenditure		0		37
			0	37
Total Funds Utilised			33,486	32,228

As per our report of even date attached hereto

For and on behalf of :

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda

Partner

Mumbai : 24th June, 2009

sd/-

Amit D. Buch
Company Secretary

sd/-

A. R. Gala
Managing Director

sd/-

S. K. Vikamsey
Chairman

For and on behalf of the Board

Profit and Loss Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

		Schedule	2008 -2009	2007 - 2008
			Rs. In Lacs	Rs. In Lacs
Income				
Income from Operations			51,526	41,112
Other Income	I		(92)	498
			<u>51,434</u>	<u>41,610</u>
Expenditure				
(Increase)/Decrease In Stocks	J		(3,600)	(1,583)
Cost of Materials	K		29,761	21,739
Manufacturing Expenses	L		3,222	2,526
Salaries Wages & Employee Benefit	M		4,000	3,224
Administrative & Selling Expenses	N		7,899	6,916
Interest	O		428	306
			<u>41,709</u>	<u>33,127</u>
Profit before Depreciation & Tax			9,725	8,483
Depreciation	E		1,263	1,046
Profit before tax			<u>8,462</u>	<u>7,437</u>
Less: Provision for taxation - Income Tax (Current)			2,826	1,952
- Fringe Benefit Tax			68	61
- Deferred Tax			(38)	(6)
Add/(Less) : Excess/(Short) Provision of taxation of Earlier Year W/off/back			(59)	8
Add/(Less) : Loss of subsidiary attr. to minority			(16)	0
Add/(Less) : Deferred Revenue Expenditure W/off (As per transitional provision)			40	0
Add: Excess cost over parent's portion of Equity			66	0
Less: Goodwill on consolidation W/off			(66)	(0)
Profit after Tax			<u>5,641</u>	<u>5,421</u>
Add : Balance Brought Forward from last year			11,291	
Less: Goodwill W/off on merger			<u>0</u>	
			11,291	9,545
Profit available for Appropriation			<u>16,932</u>	<u>14,966</u>
Appropriations / Adjustments :				
Dividend (First Interim)			0	1,525
Dividend (Second Interim)			0	762
Dividend (Final)			<u>2,477</u>	<u>0</u>
			2,477	2,287
Corporate Tax on Dividend			421	389
General Reserve			<u>1,000</u>	<u>1,000</u>
			<u>3,898</u>	<u>3,676</u>
Surplus Carried to Balance Sheet			<u>13,034</u>	<u>11,291</u>
Basic and Diluted Earning per Share of (Rs. 2/- each) [Refer Note 7 of Schedule 'P']				
Before Extraordinary Items			5.92	5.69
After Extraordinary Items			5.92	5.69
Significant Accounting Policies and Notes on accounts	P			
Schedule referred to above form an integral part of the accounts				

As per our report of even date attached hereto

For and on behalf of :

For and on behalf of the Board

Ghalla & Bhansali
Chartered Accountants

Haresh K. Chheda
Partner
Mumbai : 24th June, 2009

sd/-
Amit D. Buch
Company Secretary

sd/-
A. R. Gala
Managing Director

sd/-
S. K. Vikamsey
Chairman

	As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs
SCHEDULE A : SHARE CAPITAL		
Authorised :		
10,00,00,000 (10,00,00,000) Equity shares of Rs. 2. each (Rs.2/- each)	2,000	2,000
50,00,000 Equity Shares of Rs. 10/- each	500	0
	<u> </u>	<u> </u>
Issued, Subscribed & Paid Up :		
9,52,86,000 (9,52,86,000) Equity Shares of Rs. 2 each (Rs.2/- each)	1,906	1,906
Total	<u>1,906</u>	<u>1,906</u>
Note :		
(1) Of the above 6,35,24,000 (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	#	#
General Reserve		
As per last Balance Sheet	9,872	9,000
Less: Charge on account of transitional provisions under Accounting Standard 15 (Revised 2005)		
Gratuity (net of tax Rs. 35 Lacs)	0	(69)
Leave Encashment (net of tax Rs. 31 Lacs)	0	(59)
	<u> </u>	<u> </u>
Add: Additions during the Year	1,000	1,000
	<u>10,872</u>	<u>9,872</u>
Foreign Currency Translation Reserve	22	11
Surplus as per Profit and Loss Account	<u>13,034</u>	<u>11,291</u>
Total	<u>23,928</u>	<u>21,174</u>

	As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs
SCHEDULE C : SECURED LOANS		
LOANS FROM BANKS :		
LONG TERM		
Foreign Currency Loans - Windmill	1,509	1,685
SHORT TERM		
Working capital borrowings		
– Local Currency Loans	843	1,449
– Foreign Currency Loans	0	1,200
Total	2,352	4,334

Notes :

- (a) All Short term rupee loans and foreign currency loans equivalent to Rs. 842/- Lac (Previous Year Rs. 2,649/- Lacs) are secured against :
- (1) Hypothecation & first charge over stock of raw materials, work-in-process, finished goods, stores & spares not relating to plant and machinery & book debts.
 - (2) Hypothecation & first charge over movable plant and machinery, machinery spares, tools and accessories both present and future of the Company.
 - (3) Secured against bank guarantee of parent Company.
- (b) Long term foreign currency loans are exclusively secured by Hypothecation of Windmills.

SCHEDULE D : UNSECURED LOANS
DEBENTURES

Non-Convertible Debentures	5,000	0
WCDL Loan	0	4,500
Total	5,000	4,500

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

SCHEDULE E : FIXED ASSETS

Rs. in Lacs

Sr. No.	Description of Assets	Gross Block				Depreciation/Amortization				Net Block	
		Cost As at 01.04.2008	Additions during the year	Deduction / Adjustment	Cost As at 31.03.2009	up to 01.04.2008	For the year	Deductions / Adjustment	upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Tangible										
1	Land - Freehold	340	-	-	340	-	-	-	-	340	340
	Land - Leasehold	84	-	-	84	26	6	-	32	52	58
2	Building	3,922	279	-	4,202	1,475	159	-	1,634	2,568	2,448
3	Plant & Machinery	10,786	673	42	11,417	5,562	789	17	6,334	5,083	5,224
4	Office Equipment	226	19	2	243	135	18	1	154	89	91
5	Furniture & Fixtures	1,007	21	7	1,022	694	59	1	752	270	313
6	Vehicles	785	154	53	885	455	96	47	504	381	330
	Intangible										
7	Intellectual Property	245	-	-	245	59	24	-	83	161	186
8	Trade Mark	57	155	-	213	17	58	-	75	138	40
9	SAP	190	57	-	247	190	19	-	209	38	-
10	Software	41	35	-	76	41	35	-	76	(0)	-
	Total	17,683	1,393	104	18,972	8,655	1,263	66	9,852	9,120	9,028
	Previous Year	14,440	3,267	69	17,636	7,656	1,046	59	8,643	8,993	

SCHEDULE F : INVESTMENTS

Rs. In Lacs

	As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs
LONG TERM - NON TRADE		
Long Term Financial Investments	19	15
OTHER INVESTMENTS		
Temporary Financial Investments	1	0
CURRENT INVESTMENTS		
Unquoted		
Mutual Funds		
Units of Rs.10/- each fully paid up		
8685629.178 (NIL) Birla Mutual Fund	870	0
Repurchase value of Mutual Fund Units Rs. 870.26		
Previous year Rs. (NIL)	870	0
Aggregate Book Value of Investments	890	16
TOTAL	890	16

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE G : CURRENT ASSETS, LOANS & ADVANCES			
Current Assets			
Inventories			
Stores Spares & Consumables	411		377
Raw Materials	5,317		6,429
Finished Goods	13,019		9,314
Work In Process	966		1,070
		19,713	17,191
Sundry Debtors			
(Unsecured considered good)			
Over six months	327		321
Others	6,464		5,771
		6,791	6,092
Cash and Bank Balances			
Cash on hand	37		31
Balance with Scheduled Banks			
In Current Account	633		361
In Fixed Deposit Account	67		1
In Dividend Account	68		136
		805	529
LOANS & ADVANCES			
(Unsecured considered good)			
LOANS			
Staff Loans	197		172
Corporate Deposits	0		165
Other Deposits	240		157
	437		494
ADVANCES			
Advances Recoverable in Cash or in Kind or for value to be received	1,509		1,313
Deposits with Public Bodies Govt.,etc.	53		52
Deposit with Others	74		33
Advance Tax paid (Net of provision)	670		620
	2,306		2,018
		2,743	2,512
TOTAL		30,052	26,324

Schedules forming part of the Balance Sheet (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

		As at 31st March, 2009	As at 31st March, 2008
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors	2,332		1,901
Advances Received from Customers	206		173
Investors Education and Protection Fund to be credited as and when due			
- Unclaimed Dividend	68		136
Other Liabilities	873		764
Interest Accrued But Not Due	50		24
		3,529	2,998
Provisions			
For Leave Encashment Benefit	221		226
Proposed Dividend	2,477		0
Corporate Tax on Proposed Dividend	421		0
		3,119	226
TOTAL		6,648	3,224

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

NAVNEET PUBLICATIONS (INDIA) LIMITED

		For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
SCHEDULE I : OTHER INCOME			
On Current Investment (Gross)			
Dividend		44	43
Profit / Loss on Sale of Investments		4	6
Miscellaneous Income		25	29
Exchange Fluctuation on Consolidation		1	0
Interest & Financial Income / (Expense) [TDS Rs. 27 Lacs; (Previous year Rs. 61 Lacs)]		(166)	419
TOTAL		<u>(92)</u>	<u>498</u>
SCHEDULE J : (INCREASE)/DECREASE IN STOCK			
Closing Stock			
Work In Process	966		1,070
Finished Goods	<u>13,019</u>		<u>9,314</u>
		13,985	10,385
Opening Stock			
Work In Process	1,070		593
Finished Goods	<u>9,315</u>		<u>8,209</u>
		<u>10,385</u>	<u>8,802</u>
TOTAL		<u>3,600</u>	<u>(1,583)</u>
SCHEDULE K : COST OF MATERIAL			
Raw Materials Consumed		27,317	20,419
Freight & Octroi		586	455
Purchase of Goods		1,858	864
TOTAL		<u>29,761</u>	<u>21,739</u>
SCHEDULE L : MANUFACTURING EXPENSES			
Printing Expenses		826	713
Binding Expenses		706	446
Other Manufacturing Expenses		1,085	872
Power & fuel		247	218
Stores & Spares Consumed		244	155
Repairs to Plant & Machinery		<u>114</u>	<u>123</u>
TOTAL		<u>3,222</u>	<u>2,526</u>

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

NAVNEET PUBLICATIONS (INDIA) LIMITED

	For the Year Ended 31st March, 2009	For the Year Ended 31st March, 2008
	Rs. In Lacs	Rs. In Lacs
SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	3,343	2,709
Contribution to Provident & Other Funds	334	259
Staff Welfare	323	255
TOTAL	4,000	3,224
SCHEDULE N : ADMINISTRATIVE & SELLING EXPENSES		
Rates & Taxes	204	217
VAT/ Sales Tax	703	502
Rent	339	255
Royalty	905	866
Building Repairs & Maintenance	203	182
Other Repairs	118	113
Insurance	90	81
Transportation Expenses	944	672
Commission	90	87
Advertisement	555	585
Marketing Expenses	700	626
Sales Promotion Expenses	794	480
Discount & Rebate	349	256
Preliminary Expenses written off	0	12
Bad debts and other irrecoverable advance written off	(3)	270
Donation	162	353
Bank Charges	235	102
Prior Period Items	5	(2)
Other Expenses	1,506	1,258
TOTAL	7,899	6,916
SCHEDULE O : INTEREST		
Debentures	175	100
Others	253	206
TOTAL	428	306

For the year ended 31st March, 2009

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 Navneet E-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, 2008 with effect for inter party transactions for intervening period.

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

The turnover is above Euro 47,47,996 and

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) Navneet E-learning Pvt. Ltd.

(1) Consolidated Profit/Loss statement includes figures for the period prior to Navneet E-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.598.50 Lacs (Previous Year Rs.574.05 Lacs)

3 Contingent Liabilities

(a) For disputed Income-tax matters Rs.587.90 Lacs (Previous Year Rs.587.90 Lacs) against which amount paid is Rs.490.82 Lacs (Previous Year Rs.487.98 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.1368.52 lac (Previous Year Rs.1058.30 lacs) for import of machinery against licence granted under EPCG scheme. The aforesaid export obligation is over and above fulfilment of yearly export obligation of average export turnover of last 3 years. The Company has to fulfill the said export obligation by 9th November,

For the year ended 31st March, 2009

2012.

- (ii) Rs.1294/- Lacs (previous year Rs. 2020/- 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.1243.01 Lacs (previous year Rs.1936.60 Lacs) till the end of the year.
- (c) Forward exchange contracts of USD 2.91 Mn equivalent Rs.14.81 cr. and EUR 0.40 Mn equivalent Rs.2.41 cr. (Previous Year USD 3 Mn equivalent Rs.12.01 cr. and Eur 2.15 Mn equivalent Rs.12.95 cr.) are open as on balance sheet date.
- (d) In respect of bank guarantees given for other companies of Euro 1-mn equivalent to Rs.584-lac. (Previous Year Rs. 584 Lac)
- (e) USD 1.40 Mn (Previous Year USD 11.27 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 462-Mn (Previous year 504-Mn) are open as on balance sheet date, maturing over a period of seven years. The company has reasonable hedge against its ECB borrowing.
- 4 During the year, the Company has spent an amount of Rs.9.05 crores (Previous Year Rs.8.66 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.374.90 lacs (Previous Year Rs.164.78 lacs) being the exchange difference is dedited to the Profit & Loss account.

6 Related party transactions

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

(i) <i>Enterprises owned or significantly influenced by key management personnel or their relatives</i>	-	Navneet Prakashan Kendra Vikas Prakashan Gala Publishers Sandeep Agency Bigspace Realty Pvt. Ltd. The Flagship Advertising Pvt.Ltd.
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(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

Notes forming part of the Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

For the year ended 31st March, 2009

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	1,075 (1,017)	450 (445)	4	1,529 (1,462)
(ii) Purchase of Fixed Assets	- (-)	163 (-)		163 (-)

7 Earning Per Share :

	2008-2009	2007-2008
	Rs. In Lacs	Rs. In Lacs
(a) Net Profit after tax	5,583	5,429
Add (Less) : Excess/(Short) Provision of Earlier Year W/off/back	59	(8)
Net Profit available for Equity Shareholders	5,642	5,421
(b) Weighted Average Number of Equity Shares	953	953
(c) Basic and Diluted Earning per share of Rs.2/- each		
(i) before Extra Ordinary Item	5.92	5.69
(ii) after Extra Ordinary Item	5.92	5.69

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, 2008	Deferred Tax (asset)/liability as at March 31, 2009
Depreciation	424	418
Disallowance under section 43B	(110)	(141)
Total	314	278
Previous Year	386	314

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.

Notes forming part of the Account (Consolidated)

NAVNEET PUBLICATIONS (INDIA) LIMITED

[A] Primary - Business Segments

	(Rs. in Lacs)							
	Publication		Stationery		Others		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	27,990	27,278	22,975	13,595	562	239	51,526	41,112
Less : Inter Segment Revenue	—	—	—	—	—	—	—	—
Net Revenue	27,990	27,278	22,975	13,595	562	239	51,526	41,112
Other Income	87	75	75	65	(410)	—	(248)	140
Segment Revenue	28,076	27,353	23,050	13,660	152	239	51,279	41,252
Segment Results	8,100	8,074	2,389	548	(476)	(47)	10,012	8,575
Add : Unallocated Other Income/(Expense)	—	—	—	—	—	—	156	358
Less : Financial Expenses	—	—	—	—	—	—	428	306
Less : Unallocable Expenditures	—	—	—	—	—	—	1,277	1,191
Profit Before Taxation	—	—	—	—	—	—	8,463	7,437
Provision for Taxation (current tax, FBT and deferred tax)	—	—	—	—	—	—	2,821	2,015
Profit after taxation	—	—	—	—	—	—	5,642	5,421
Segment Assets	19,546	19,425	15,191	11,365	2,006	2,402	36,742	33,191
Unallocated Assets	—	—	—	—	—	—	3,392	2,261
Total Assets	—	—	—	—	—	—	40,134	35,453
Segment Liabilities	2,642	1,787	1,562	1,520	10	1,684	4,213	4,991
Unallocated Liabilities	—	—	—	—	—	—	10,086	7,382
Total Liabilities	—	—	—	—	—	—	14,299	12,373
Depreciation on Segmental Assets	615	522	262	271	315	203	1,192	997
Unallocated Depreciation	—	—	—	—	—	—	70	50
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
Segment Revenue	4,163 (850)	2,445 (1,133)	1,703 (1,701)	34 (22)	358 (249)	42,823 (37,158)
Segment Assets	495 (189)	129 (201)	1,064 (1,062)	7 (10)	68 (28)	38,370 (33,963)
						51,526 (41,112)
						40,134 (35,453)

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

(a) Effective 1 April 2007, the Company adopted Accounting Standard (AS) 15 (received 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 is Rs.128 Lacs) (net of deferred tax charge of Rs.NIL (Previous year Rs.66 Lacs) 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>	<u>Previous Year</u>
(i) Provident Fund	169	153
(ii) ESIC	31	27

(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)	
	31/03/09	31/03/08	31/03/09	31/03/08
Change in Obligation				
Opening Present Value	456	387	226	114
Service Cost including actuarial gain/(loss)	111	54	(2)	116
Interest Cost	37	31	16	9
Benefits paid	15	15	(20)	(12)
Closing Present Value	589	456	220	226
Changing in Plan Asset				
Opening Fund Balance	396	283	-	-
Return on the plan asset	38	27	-	-
Contribution paid	112	102	20	12
Benefits paid during period	15	15	(20)	(12)
Closing Fund Balance	531	396	-	-
Reconciliation of present value of obligation and plan asset				
Closing Fund Balance	531	396	-	-
Closing present value	589	456	-	-
Net Liability	58	60	220	226
Liability recognized in balance sheet	58	60	220	226
Expense recognized in the statement of P & L A/C				
Current Service Cost			65	48
Interest Cost			16	9
Expected Return on Plan Assets			-	-
Net Actuarial (Gain) / Loss recognized for the period			(67)	68
Expense recognized in the statement of P & L A/C			14	124
Movement in the Liability recognized in Balance Sheet				
Opening Net Liability			226	114
Expenses as above			14	124
Contribution paid			(20)	(12)
Closing Net Liability			220	226
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 : 24th June, 2009

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 2008-2009	For the Year ended 2007-2008
Cash Flow from Operating Activities	Rs. In Lacs	Rs. In Lacs
Net profit before tax	8,479	7,437
Adjustments for		
Interest & Financial Income (non operational)	278	(342)
(Profit) / Loss on sale of fixed assets	(1)	(9)
(Profit) / Loss on sale of Investments	(4)	(6)
Exchange Fluctuation on Consolidation	(1)	(0)
Interest and Financial Expense	428	306
Depreciation	1,263	1,046
Changes in Current Assets and liabilities		
(Increase) / Decrease in Inventory	(2,523)	(4,401)
(Increase) / Decrease in Debtors	(699)	(1,696)
(Increase) / Decrease in Loans and advances	(213)	641
Increase / (Decrease) in current liabilities and provision	625	1,330
Income Taxes Paid	(2,885)	(2,174)
Increase / (Decrease) in preliminary expenses (Net)	0	7
Net cash inflow / (outflow) from Operating Activities (A)	4,748	2,139
Cash flow from Investing Activities		
Purchase of Fixed Asset and change in capital WIP	(1,384)	(3,809)
Proceeds from Sale of Fixed Asset	40	19
(Increase) / Decrease in Investment other than Subsidiary	(870)	701
(Increase) / Decrease in Investment in Subsidiary	(4)	38
(Profit) / Loss on sale of Investments	4	6
Interest & Financial Income	176	269
Net cash inflow / (outflow) from Investing Activities (B)	(2,038)	(2,777)
Cash flow from Financing Activities		
Increase / (Decrease) in Loan Fund	(1,483)	3,581
Interest and Financial Expense	(883)	(233)
Dividend Paid (including Dividend Tax)	(69)	(2,659)
Net cash inflow / (outflow) from Financing Activities (C)	(2,434)	688
Net Increase / (Decrease) in Cash and Cash Equivalents	275	51
Cash and cash equivalent as at the commencement of the year	529	479
Cash and cash equivalent as at the end of the year	805	529
Net Increase / (Decrease) as mentioned above	275	51
Notes:		
(1) Cash and cash Equivalent includes cash, cheque in hand and remittance in transit	37	31
Balance with banks	768	499

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, 2009

sd/-
Amit D. Buch
Company Secretary

sd/-
A. R. Gala
Managing Director

sd/-
S. K. Vikamsey
Chairman

Grafalco Ediciones S. L.

Financial Statements

for the year ended 31st December, 2008

AMOUNTS IN EURO

Balance Sheet

Grafalco Ediciones S. L.

	Schedule		As at 31st Dec, 2008 EURO	As at 31st Dec, 2007 EURO
Sources of Funds				
Shareholders' Funds				
Share Capital	A	503,006	503,006	503,006
Loan Funds				
Secured Loans	B	1,199,148		824,091
Unsecured Loans	C	500,000		350,000
			1,699,148	1,174,091
Deferred Tax Liability			3,171	-
			<u>2,205,325</u>	<u>1,677,097</u>
Total Funds Employed				
Application of Funds				
Fixed Assets	D			
Gross Block		393,975		392,079
Less: Depreciation		139,167		96,524
Net Block		<u>254,808</u>		<u>295,555</u>
			254,808	295,555
Investments	E		28,084	27,404
Current Assets, Loans and Advances	F			
Inventories		953,859		688,725
Sundry Debtors		941,903		1,174,795
Cash and Bank Balances		176,060		28,399
Loans and Advances		27,404		-
		<u>2,099,226</u>		<u>1,891,919</u>
Less: Current Liabilities and Provisions	G			
Current Liabilities		484,202		585,938
		-		-
		<u>484,202</u>		<u>585,938</u>
Net Current Assets			1,615,024	1,305,981
Preliminary/Deferred Revenue Expenditure			-	63,139
Profit and Loss Account Balance (To the extent not written off or adjusted)			307,409	(14,981)
Total Funds Utilised			<u>2,205,325</u>	<u>1,677,097</u>

For and on behalf of the Board

MUMBAI : 30th March, 2009

sd/-
A. D. Gala
Director

sd/-
Dilip Sampat
Director

sd/-
G. D. Gala
Director

Profit and Loss Account

Grafalco Ediciones S. L.

	Schedule	For the year ended 31st Dec, 2008	For the year ended 31st Dec, 2007
		EURO	EURO
Income			
Sales & Income from Operations		1,602,731	1,911,359
Other Income	H	7,561	2,908
		<u>1,610,292</u>	<u>1,914,268</u>
Expenditure			
(Increase)/Decrease In Stocks	I	(278,622)	(242,446)
Cost of Materials	J	855,289	732,175
Manufacturing Expenses	K	281,333	361,951
Salaries Wages & Employee Benefit	L	475,675	428,427
Administrative & Selling Expenses	M	420,694	466,313
Interest	N	72,531	51,041
		<u>1,826,900</u>	<u>1,797,461</u>
Profit / (Loss) before Depreciation & Tax		(216,608)	116,807
Depreciation	D	42,643	41,948
Profit / (Loss) before Tax		<u>(259,251)</u>	<u>74,859</u>
Less : Provision for Taxation		-	4,244
Profit / (Loss) after Tax		<u>(259,251)</u>	<u>70,615</u>
Add : Balance Brought Forward from last year		14981	(55,634)
Less : Deferred Revenue Expenditure W/off (as per transitional provision)		(63,139)	-
		<u>(307,409)</u>	<u>14,981</u>
Profit available for Appropriation		<u>(307,409)</u>	<u>14,981</u>
Surplus / (Deficit) Carried to Balance Sheet		<u>(307,409)</u>	<u>14,981</u>

For and on behalf of the Board

sd/-
A. D. Gala
Director

sd/-
Dilip Sampat
Director

sd/-
G. D. Gala
Director

AMOUNTS IN INR

Balance Sheet

Grafalco Ediciones S. L.

	Schedule		As at 31st Dec, 2008	As at 31st Dec, 2007
		Rs.	Rs.	Rs.
Sources of Funds				
Shareholders' Funds				
Share Capital	A	35,255,238		29,215,494
			35,255,238	29,215,494
Loan Funds				
Secured Loans	B	84,047,181		47,864,702
Unsecured Loans	C	35,044,550		20,328,630
			119,091,731	68,193,332
Deferred Tax Liability			222,224	-
			154,569,193	97,408,826
Total Funds Employed				
Application of Funds				
Fixed Assets	D			
Gross Block		27,613,368		22,772,666
Less: Depreciation		9,754,124		5,606,313
Net Block		17,859,244		17,166,354
			17,859,244	17,166,354
Investments	E		1,968,363	1,591,656
Current Assets, Loans and Advances	F			
Inventories		65,855,119		40,002,374
Sundry Debtors		66,017,159		68,234,237
Cash and Bank Balances		12,339,872		1,649,471
Loans and Advances		1,920,710		-
		147,132,860		109,886,082
Less: Current Liabilities and Provisions	G			
Current Liabilities		33,937,296		34,032,338
		33,937,296		34,032,338
Net Current Assets			113,195,564	75,853,744
Preliminary/Deferred Revenue Expenditure (To the extent not written off or adjusted)			-	3,667,222
Profit and Loss Account Balance	H		21,546,022	(870,149)
Total Funds Utilised			154,569,193	97,408,826

Profit and Loss Account

Grafalco Ediciones S. L.

	Schedule	For the year ended 31st Dec, 2008	For the year ended 31st Dec, 2007
		Rs.	Rs.
Income			
Sales & Income from Operations		102,778,707	108,200,394
Other Income	I	484,896	164,625
		<u>103,263,603</u>	<u>108,365,019</u>
Expenditure			
(Increase)/Decrease In Stocks	J	(27,101,784)	(13,958,560)
Cost of Materials	K	54,847,296	41,447,804
Manufacturing Expenses	L	18,041,136	20,489,719
Salaries Wages & Employee Benefit	M	30,503,733	24,252,876
Administrative & Selling Expenses	N	26,977,964	26,427,396
Interest	O	4,651,236	2,889,375
		<u>107,919,580</u>	<u>101,548,611</u>
Profit / (Loss) before Depreciation & Tax		(4,655,977)	6,816,408
Depreciation	D	2,988,814	2,436,387
Profit / (Loss) before Tax		<u>(7,644,791)</u>	<u>4,380,021</u>
Less : Provision for Taxation		-	2,46,489
Profit / (Loss) after Tax		<u>(7,644,791)</u>	<u>4,133,532</u>
Add : Balance Brought Forward from last year		2,490,869	(1,642,663)
Less : Deferred Revenue Expenditure W/off (as per transitional provision)		<u>(4,048,923)</u>	<u>-</u>
Profit available for Appropriation		<u>(9,202,844)</u>	<u>2,490,869</u>
Surplus / (Deficit) Carried to Balance Sheet		<u>(9,202,844)</u>	<u>2,490,869</u>
Basic and diluted Earning per Share of Euro 1/- each			
Before Extra Ordinary Items (Euro)		(0.22)	0.14
After Extra Ordinary Items (Euro)		(0.22)	0.14

Mumbai :30th March, 2009

sd/-
A. D. Gala
Director

sd/-
Dilip Sampat
Director

sd/-
G. D. Gala
Director

For and on behalf of the Board

		As at 31st Dec, 2008	As at 31st Dec, 2007
	Rs.	Rs.	Rs.
SCHEDULE A : SHARE CAPITAL			
Issued, Subscribed & Paid Up :			
5,03,600 (5,03,600) Equity Shares of Euro 1/- each		35,255,238	29,215,494
Total		<u>35,255,238</u>	<u>29,215,494</u>
SCHEDULE B : SECURED LOANS			
Loans from Banks :			
Working capital borrowings			
– Local Currency Loans (secured by bank guarantee of parent Company)	<u>84,047,181</u>	<u>84,047,181</u>	<u>47,864,702</u>
Total		<u>84,047,181</u>	<u>47,864,702</u>
SCHEDULE C : UNSECURED LOANS			
Other Loans & Advances			
Inter Corporate Deposits	<u>35,044,550</u>	<u>35,044,550</u>	<u>20,328,630</u>
Total		<u>35,044,550</u>	<u>20,328,630</u>

SCHEDULE D : FIXED ASSETS

Sr. No.	Description of Assets	Gross Block				Depreciation / amortization				Net Block	
		Cost as on 01.01.2008	Additions during the year	Deduction / adjustment	Cost as on 31.12.2008	Provided upto 01.01.2008	For the year	Deductions / adjustment	Total upto 31.12.2008	As on 31.12.2008	As on 31.12.2007
1	Intellectual Property	24,391,007	--	--	24,391,007	5,894,493	2,439,101	--	8,333,594	16,057,413	18,496,513
2	Plant & Machinery	192,745	--	--	192,745	48,186	23,129	--	71,316	121,439	144,559
3	Office Equipment	1,664,839	132,889	--	1,797,728	572,676	398,260	--	970,936	826,792	1,092,163
4	Furniture & Fixtures	1,161,799	--	--	1,161,799	192,029	116,160	--	308,189	853,610	969,770
5	Vehicles	70,089	--	--	70,089	57,926	12,163	--	700,890	-	12,163
	Total	27,480,479	132,889	--	27,613,368	6,765,310	2,988,814	--	9,754,124	17,859,244	20,715,169
	Previous Year	21,984,948	787,718	--	22,772,666	3,169,925	2,436,387	--	5,606,313	17,166,354	--

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, 2008	As at 31st Dec, 2007
	Rs.	Rs.
SCHEDULE E : INVESTMENTS		

INVESTMENTS

Long Term Financial Investments	1,862,410	1,543,350
Temporary Financial Investments (Bonds)	1,05,954	48,307
	1,968,363	1,591,656
Aggregate Book Value Investments Total	<u>1,968,363</u>	<u>1,591,656</u>

Schedules forming part of the Balance Sheet

Grafalco Ediciones S. L.

	As at 31st Dec., 2008	As at 31st Dec., 2007
	Rs.	Rs.
SCHEDULE F : CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories		
Stores Spares & Consumables		
Raw Materials	3,119,066	3,368,106
Finished Goods	62,601,310	34,443,830
Work In Process	<u>1,134,743</u>	<u>2,190,439</u>
	66,855,119	<u>40,002,374</u>
Sundry Debtors		
(Unsecured considered good)		
Over six months	597,159	531,332
Others	<u>65,420,000</u>	<u>67,702,904</u>
	66,017,159	<u>68,234,237</u>
Cash and Bank Balances		
Cash on hand	30,237	42,423
Balance with Scheduled Banks		
In Current Account	<u>12,309,634</u>	<u>1,607,048</u>
	12,339,872	<u>1,649,471</u>
Loans and Advances		
Advances		
Advances Recoverable in Cash or in Kind or for value to be received	1,866,312	0
Advance Tax paid (Net)	<u>54,399</u>	<u>0</u>
	<u>1,920,710</u>	<u>0</u>
TOTAL	<u><u>147,132,860</u></u>	<u><u>109,886,082</u></u>
SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	30,998,881	33,663,794
Advances Received	494,829	0
Other Liabilities	<u>2,443,586</u>	<u>368,544</u>
	33,937,296	<u>34,032,338</u>
TOTAL	<u><u>33,937,296</u></u>	<u><u>34,032,338</u></u>
SCHEDULE H : PROFIT AND LOSS BALANCE		
Exchange fluctuations on translation	12,343,177	1,620,720
(Surplus)/ Deficit as per Profit & Loss Account	<u>9,202,844</u>	<u>(2,490,869)</u>
TOTAL	<u><u>21,546,022</u></u>	<u><u>(870,149)</u></u>

Schedules forming part of the P & L Account

Grafalco Ediciones S. L.

	For the Year Ended 31st Dec, 2008	For the Year Ended 31st Dec, 2007
	Rs.	Rs.
SCHEDULE I : OTHER INCOME		
Miscellaneous Income	0	37,362
Interest & Financial Income	484,896	127,263
TOTAL	<u>484,896</u>	<u>164,625</u>
SCHEDULE J : (INCREASE)/DECREASE IN STOCK		
Closing 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
Opening Stock		
Work in Process	2,190,439	0
Finished Goods	<u>34,443,830</u>	<u>22,675,709</u>
TOTAL	<u>(27,101,784)</u>	<u>(13,958,560)</u>
SCHEDULE K : COST OF MATERIAL		
Raw Materials Consumed	13,766,849	19,289,283
Purchase of Finished / Trading Goods	<u>41,080,447</u>	<u>22,158,522</u>
TOTAL	<u>54,847,296</u>	<u>41,447,804</u>
SCHEDULE L : MANUFACTURING EXPENSES		
Printing Expenses	5,705,970	8,038,539
Binding Expenses	2,586,561	5,083,170
Other Manufacturing Expenses	<u>9,748,604</u>	<u>7,368,009</u>
TOTAL	<u>18,041,136</u>	<u>20,489,719</u>
SCHEDULE M : SALARIES, WAGES & EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	23,422,970	18,456,013
Staff Welfare	<u>7,080,762</u>	<u>5,796,863</u>
TOTAL	<u>30,503,733</u>	<u>24,252,876</u>

	For the Year Ended 31st Dec, 2008	For the Year Ended 31st Dec, 2007
	Rs.	Rs.
SCHEDULE N: ADMINISTRATIVE & SELLING EXPENSES		
Rent	5,476,338	4,677,046
Other Repairs	665,299	459,431
Insurance	459,492	287,997
Transportation Expenses	5,709,339	5,277,862
Commission	1,767,535	2,699,676
Advertisement	9,582	22,904
Marketing Expenses	5,503,189	3,745,365
Sales Promotion Expenses	470,435	415,282
Preliminary Expenses written off	0	1,177,125
Bank Charges	692,320	684,534
Other Expenses	6,224,434	6,980,173
TOTAL	<u>26,977,964</u>	<u>26,427,396</u>
SCHEDULE O : INTEREST		
Others	4,651,236	2,889,375
TOTAL	<u>4,651,236</u>	<u>2,889,375</u>

“GRAFALCO EDICIONES, S.L. UNIPERSONAL COMPANY”

BRIEF ANNUAL REPORT CORRESPONDING TO THE CLOSED EXERCISE THE 31st OF DECEMBER OF 2008

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 to 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 of December of 2008 will be approved without significant variations by the sole partner of the company.

2.2. Accounting Principles

Obligatory accounting principles has 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 annual reports of accounts corresponding to the year ending 31st of December 2008 has been considered as initial annual reports, so it is not obligatory to reflect the comparison of the amounts.

Without prejudice of the preceding, as established to norms of accounts, as attached (appendix) to this present brief summary of the annual reports and as integral documents of the same including the Balance Sheet and that Profit and Loss Statements corresponding to the year 2008, approved by the corresponding general joint meeting of the Shareholders. The mentioned reports has been elaborated in accordance to the norms established in the Real Decree 1643/1990 of 20 December - PGC (90).

2.5. Aspects derived from the transition to the new norms in accounting

The company has elected as the date of Transition to the General Accounting Scheme on 1 of January 2008.

In accordance to the current norms, shown below the conciliation between the Shareholder's Equity on 1 January 2008 elaborated in accordance to the PGC (90) and Shareholder's equity of the same date elaborated in accordance

to the new accounting norms established to the current rules:

	Value
Net Shareholder's Equity 1 January 2008 PGC (90)	Rs. 36,309,587 518,048.99 €
Less: Impact for the transition to the New General Scheme of Accounts (Elimination of the constitution and start-up expenses)	Rs. 4,048,923 63,138.89 €
Net Shareholder's Equity 1 January 2008 as per NPGC	Rs. 31,884,239 454,910.10 €

2.6. Elements gathered from various parties.

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

2.7. Changes in Accounting Criteria

Apart from what has been indicated for the adaptation of the New General Accounts Scheme to the accounting of the Company, there has been no other changes of accounting criteria has been realized.

2.8. 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 2008 has been a loss of Rs.16628873 (259.310,600€) 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 2008 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 2008, 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. EXISTENCE(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 TAX OF SOCIETIES (COMPANY INCOME TAX):

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

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.

In the income and expense account has been recognized an income for the amount of Rs. 11533771 (179.857,60€), for a series of sales pending for invoice on 31 December 2008, in which has exists a firm contract of sale, although the goods has been produced effectively in the exercise of 2009.

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. 24,391,007
	348,000.00 €
(+) Inflow	Rs. 0
	0.00€
(-) Outflow	Rs. 0
	0.00€
B) ENDING BALANCE GROSS	Rs. 24,391,007
	348,000.00€
C) ACCUMULATED AMORTIZATION, OPENING BALANCE	Rs. 5,894,493
	84,100.00€
(+)Amortization expense during the year	Rs. 5,894,493
	34,800.00€
(+)Increase for acquisition or transfer	Rs. 0
	0.00€
(-)Decrease for outflow, write off or transfers	Rs. 0
	0.00€
D) ACCUMULATED AMORTIZATION, ENDING BALANCE	Rs. 8,333,594
	118,900.00€
E) CORRECTIONS OF VALUE FOR DETERIORATION, OPENING BALANCE	Rs. 0
	0.00€
(+) Corrections of values for recognized deterioration during the period	Rs. 0
	0.00€
(-) Revert entry corrections of values for deterioration	Rs. 0
	0.00€
(-) Decrease for outflow, write off or transfers	Rs. 0
	0.00€
F) CORRECTIONS OF VALUE FOR DETERIORATION, ENDING BALANCE	Rs. 0
	0.00€
G) ENDING BALANCE (NET)	Rs. 16,057,413
	229,100.00€

5.2. FIXED ASSETS

STATEMENT OF MOVEMENTS OF FIXED ASSETS	Machines	Other Instalations	Furniture & Fixtures	Computers and related peripherals	Vehicles	Total
Rs.192745	Rs.182145	Rs.1161791	Rs.1482307	Rs.70089	Rs.3089078	
AOPENING BALANCE GROSS	2,750.00 €	2,598.76 €	16,575.92 €	21,148.90€	1,000.00€	44,073.58 €
Rs.0	Rs.0	Rs.0	Rs.132882	Rs.0	Rs.132882	
(+) Inflows	0.00 €	0.00 €	0.00 €	1,895.90 €	0.00 €	1,895.90 €
Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	
(-) Outflows	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €
Rs.192745	Rs.182145	Rs.1161791	Rs.1615189	Rs.70089	Rs.3221959	
BIFINAL BALANCE GROSS	2,750.00€	2,598.76€	16,575.92€	23,044.80 €	1,000.00€	45,969.48 €
Rs.48186	Rs.16050	Rs.191451	Rs.556625	Rs.54189	Rs.866572	
CACUMAMORT.OOPENING BALANCE	687.50€	229.00€	2,731.54€	7,941.68 €	773.14€	12,362.86 €
Rs.23129	Rs.18218	Rs.116160	Rs.5422.28	Rs.226.86	Rs.553450	
(+)Amortization expense	330.00€	259.92€	1,657.32 €	5,422.28 €	226.86€	7,896.38€
Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	
(+)Increase for acquisition or transfers	0.00 €	0.00 €	0.00 €	0.00€	0.00 €	0.00 €
Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	
(-)Decrease for outflow, write off or transfers	0.00€	0.00 €	0.00€	0.00€	0.00€	0.00€
Rs.71316	Rs.34268	Rs.307611	Rs.936668	Rs.70089	Rs.1419952	
DIACUM.AMORT., ENDING BALANCE	1,017.50€	488.92 €	4,388.86 €	13,363.96 €	1,000.00€	20,259.24 €
Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	
ECORRECTIONS OF VALUES FOR DETERIORATION, OPENING BALANCE	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €
Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	
(+)Corrections during the period	0.00 €	0.00 €	0.00€	0.00 €	0.00 €	0.00 €
Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	
(-) Reversal of corrections	0.00 €	0.00 €	0.00€	0.00 €	0.00 €	0.00 €
Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	
(-) Decrease for outflows, write off or transfers	0.00 €	0.00 €	0.00€	0.00 €	0.00 €	0.00 €
Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	Rs.0	
F) CORRECTIONS OF VALUES FOR DETERIORATION, ENDING BALANCE	0.00 €	0.00 €	0.00€	0.00 €	0.00 €	0.00 €
Rs.121429	Rs.147877	Rs.854180	Rs.678521	Rs.0	Rs.1802008	
GIFINAL ENDING BALANCE NET	1,732.50 €	2,109.84 €	12,187.06€	9,680.84 €	0.00€	25,710.24 €

VI. FINANCIAL ASSETS

6.1. Long term financial assets

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

- Constituted Guarantees: Rs.9,51,251 (13,572.03€)
- Financial investments: Rs. 9,11,158 (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. 66,017,159 (941,903.37€)
- Advances to employees: Rs. 11,036 (157.46€)
- Other credits to the Public administrations: Rs. 1,447,346 (20,650.08€)

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. 10513365 (150,000.00€)

- Short term liability to group company: Rs. 24531185 (350,000.00€)

Long term liabilities with loans given by the sole partner, the said loan bears an average interest of 6% per annum. The said loans are renewed automatically unless expressly solicited the devolution, in which it understand that the loan given is a long term. To this effect it is not expected that the devolution would be solicited during the year 2009.

The short term loans, matures during the year 2009, it is expected the renegotiation for the extension upon maturity.

7.2. Other liabilities

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

- Bank Credits: Rs. 84,047,181 (1,199,147.67€)

- Guarantees and deposits received

Rs. 1,49,199 (2,128.70€)

- Commercial creditors:

Suppliers: Rs. 30,169,840 (430,449.82€)

Public Administrations: Rs. 2,443,605 (34,864.27€)

Personnel: Rs. 227,175 (3,241.23€)

Creditors for services: Rs. 1,442,312 (20,578.26€)

Advances to clients: Rs. 494,802 (7,059.62€)

Bank credits corresponds to a credit policy granted by a bank entity (Barclays), to which the limits ascend to Rs. 99,124,740 (1,400,000 €). The amount that figures in the balance sheet that corresponds to the amount disposed on 31 December 2008.

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 2008 the share capital is made up of FIVE HUNDRED THREE THOUSAND 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. 494,933 (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, 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. 4,048,923 (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 2008, 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. Supplies and provisions

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

- Purchases	Rs. 42427119	(661,608.37€)
- Purchases of materials and other provisions	Rs. 26,619,714	(415,107.75€)
- Other works done by other companies	Rs. 4,026,808	(62,794.03€)
- Purchase returns	Rs. 1,346,672	(21,000.00€)
- Variation in inventories	Rs. 864,911	(13,487.42€)

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

- Purchases Nationals:	Rs. 23,763,552	(370,568.76€)
- Acquisitions from intracommunitary (Europe):	Rs. 2,856,130	(44,538.49€)
- Imports:	Rs. 19,969,999	(311,412.12€)
- Others:	Rs. 22,457,151	(350,196.75€)

10.2. Social Charges

The details of the social charges are the following:

-Social Security charged to the company:	Rs. 6,981,758	(108,873.51€)
- Other Social Charges:	Rs. 99,005	(1,543.88€)

XI. OPERATIONS WITH ASSOCIATED PARTIES

11.1. Operations with associated company.

During the year 2008 the company has paid the parent company, Navnet Publications (India) Limited, interests that amounts to Rs. 1,995,499 (31,117.80 euros), such interests corresponds to the payment to the loans authorized by the parent company, that the total amounts to Rs. 35,044,550 (500,000 euros). To date 31 December 2008, the balance owed to the domineering company that figures in the balance sheet ascends to Rs. 3,5044,550 (500,000.00 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. 5,112,435 (79,723.29€)

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	2008
Higher Direction	1
Middle Positions	1.86
Office Personnel	4
Sales people	3.66
Production	1
Warehouse	1.45

Mumbai, 30 of March of 2009.

Signed : _____

Mr. Dilip C. Sampat

Signed : _____

Mr. Gnanesh D. Gala

Signed : _____

Mr. Anil D. Gala

Navneet e-learning Pvt. Ltd. Financial Statements

for the year ended 31st March, 2009

Dear Shareholders,

Your Directors present their First Annual Report for the year ended 31st March, 2009.

(1) PERFORMANCE :

Since its incorporation in 2008, the Company generated income of Rs. 128 Lac. During the year under review, the Company incurred loss of Rs. 125 Lac.

(2) DIVIDEND :

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

(3) DIRECTORS :

Shri Gnanesh D. Gala, Shri Anil D. Gala, Shri Raju H. Gala, Shri Sanjeev J. Gala, Shri Tejas R. Shah and Shri Amit K. Gala are the first Directors of the Company. Shri Kalpesh Patel was appointed as the Director of the Company during the year under review. Shri Raju H. Gala and Shri Amit K. 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. 3,00,00,000/-.

(5) DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors hereby state

- (a) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith 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.

(6) AUDITORS :

M/s. Ghalla & Bhansali, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. 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.

(7) 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'.

(8) 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.

(9) 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.

(10) ACKNOWLEDGMENT :

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

For and on behalf of the Board

Place : Mumbai	sd/-	sd/-
Date : 18th June, 2009	G. D. Gala Director	R. H. Gala Director

Annexure 'A' to Directors' Report

COMPLIANCE CERTIFICATE

To,
The Members,
Navneet e- learning Private Limited
Mumbai.

I have examined the registers, records, books and papers of 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 2009 (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 within the time prescribed under the Act and the rules made thereunder.

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 6 times in a year respectively on 26.04.2008, 19.05.2008, 27.06.2008, 05.09.2008, 26.12.2008 and 14.02.2009 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. No AGM was held during the financial year under the review as the company was incorporated in April, 2008.
7. One Extra Ordinary General Meeting(s) was 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 of 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 30,00,000 equity shares including 10,000 equity shares subscribed by the promoter at the time of incorporation. 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. The Company has appointed Shri Kalpesh Patel as a director and complied with the provisions of the act. However there was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
 15. The Company has appointed Mr. Tejas Shah as Executive Director of the Company in accordance with the provisions of the Act.
 16. The company has not appointed any sole selling agents during the financial year.
 17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies 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 30,00,000 Equity Shares including 10,000 equity shares subscribed by the promoter at the time of Incorporation 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.

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 : 18th June, 2009

**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 2009:

1. Form No. 1, Form No. 18 and Form No. 32 at the time of incorporation of the Company.
2. Form No. 32 for the appointment of Mr. Kalpesh Patel as a director w.e.f. 14.02.2009 under section 303(2) of the Act.
3. Form No. 2 for the allotment of 29,90,000 equity shares under section 75 of the Act.

Place : Mumbai
Date : 18th June, 2009

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

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

We have audited the attached Balance Sheet of NAVNEET E-LEARNING PRIVATE LIMITED, at 31st March, 2009, 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 account as required by law have been kept by the Company so far as appears from our examination of the books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, is in compliance with the Accounting Standards specified by the Institute of Chartered Accountants of India, referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable to the Company.
- e. On the basis of 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, 2009 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 excepted in India
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - 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.

For **Ghalla & Bhansali**
Chartered Accountants

sd/-

Haresh K. Chheda

Partner

Membership No. 38262

Place: Mumbai

Dated: 18th June, 2009

(Referred to in paragraph 1 of our report of even date on the accounts for the year ended 31st March, 2009 of NAVNEET E-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) No fixed assets have been disposed off during the year.
2. (a) In our opinion, the inventory of the Company has been physically verified by the management at reasonable intervals.
(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 there under.

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 than 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, 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 clause 4(xv) of the Caro 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, however the price at which the shares have been issued are not prejudicial to the interest of the Company.
19. The company has not issued any debentures during the year, therefore, 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
sd/-

Haresh K. Chheda
Partner
Membership No. 38262

Place: Mumbai
Dated: 18th June, 2009

Balance Sheet

Navneet e-learning Pvt. Ltd.

	Schedule	Rs.	As at 31st March, 2009 Rs.
Sources of Funds			
Shareholders' Funds			
Share Capital	A	30,000,000	30,000,000
Total Funds Employed			<u>30,000,000</u>
Application of Funds			
Fixed Assets	B		
Gross		19,045,429	
Less: Depreciation		<u>6,157,909</u>	
Net Block		12,887,520	12,887,520
Current Assets, Loans and Advances	C		
Inventories		80,608	
Cash and Bank Balances		5,124,816	
Loans and Advances		<u>758,241</u>	
		<u>5,963,665</u>	
Less: Current Liabilities and Provisions	D		
Current Liabilities		1,615,515	
Provisions		<u>81,779</u>	
		<u>1,697,294</u>	
Net Current Assets			4,266,372
Profit & Loss Account Balance			12,846,109
Total Funds Utilised			<u><u>30,000,000</u></u>
Significant Accounting Policies and Notes on Accounts	G		
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 : 18th June, 2009

sd/-
G. D. Gala
Director

For and on behalf of the Board

sd/-
R. H. Gala
Director

Schedule

2008 - 2009

		Rs.
Income		
Income from Operations		12,668,614
Other Income		86,763
		<u>12,755,377</u>
Expenditure		
(Increase) / Decrease in stocks		(383)
Cost of Materials		395,721
Manufacturing Expenses		6,437,421
Salaries, Wages & Employee Benefits	E	9,410,913
Administrative and Selling Expenses	F	3,187,356
		<u>19,430,577</u>
Loss before Depreciation and Tax		(6,675,200)
Depreciation	B	6,157,909
Loss before Tax		(12,833,109)
Add : Provision for Income Tax		13,000
Loss after Tax		<u>(12,846,109)</u>
Deficit carried to Balance Sheet		<u>(12,846,109)</u>
Basic and Diluted Earning per share of Rs. 10/- each		
[Refer Note 15 of Schedule 'G']		
Before Extraordinary Items		(4.28)
After Extraordinary Items		(4.28)
Significant Accounting Policies and Notes on Accounts	G	
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 : 18th June, 2009

For and on behalf of the Board

sd/-
G. D. Gala
Director

sd/-
R. H. Gala
Director

As at
31st March, 2009

Rs.

SCHEDULE A : SHARE CAPITAL

Authorised :

50,00,000 Equity Shares of Rs.10/- each

Issued, Subscribed & Paid Up :

30,00,000 Equity Shares of Rs.10/- each fully paid up

Total

50,000,000

30,000,000

30,000,000

SCHEDULE B: FIXED ASSETS

Rs.

Sr. No.	Description of Assets	Gross Block				Depreciation / Amortization				Net Block
		Cost As on 01.04.2008	Additions during the year	Deduction on Adjustments	Cost As on 31.03.2009	Provided upto 01.04.2008	For the Year	Deductions on Adjustments	Total upto 31.03.2009	As on 31.03.2009
	Tangible									
1	Plant and Machinery	-	2,464,542	-	2,464,542	-	803,034	-	803,034	1,661,508
2	Office Equipments	-	285,493	-	285,493	-	30,821	-	30,821	254,671
3	Furniture and Fixture	-	748,459	-	748,459	-	138,542	-	138,542	609,917
	Intangible									
4	Trade Mark	-	15,542,135	-	15,542,135	-	5,180,712	-	5,180,712	10,361,423
5	Software	-	4,800	-	4,800	-	4,800	-	4,800	-
	Total	-	19,045,429	-	19,045,429	-	6,157,909	-	6,157,909	12,887,520

As at
31st March, 2009

	Rs.	Rs
SCHEDULE C : CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Inventories		
Stores, Spares and Consumables	48,005	
Raw Materials	32,220	
Finished Goods	383	
		80,608
Cash and Bank Balances		
Cash on hand	70,184	
Balances with Scheduled Banks		
In Current Account	5,039,632	
In Fixed Deposit Account	15,000	
		5,214,816
Loans & Advances		
(Unsecured, considered good)		
Loans		
Staff Loans	146,800	
	146,800	
Advances		
Advances Recoverable in Cash or in Kind or for Value to be received	611,441	
	611,441	758,241
Total		5,,963,665

As at
31st March, 2009**SCHEDULE D : CURRENT LIABILITIES AND PROVISIONS****Current Liabilities**

Sundry Creditors (Refer Note No. 16 of Schedule G)

Rs. 359,268

-

Other Liabilities

Rs. 1,256,247

1,615,515

Provisions

For Leave Encashment Benefits

Rs. 80,779

For Fringe Benefits Tax (Net of Advance Fringe Benefit)

Rs. 1,000

81,779

Total

Rs. 1,697,294

For the year ended
31st March, 2009**SCHEDULE E : SALARIES, WAGES and EMPLOYEE BENEFITS**

	Rs.
Salaries, Wages & Bonus	8,562,847
Contribution to Provident & Other Funds	523,212
Staff Welfare	324,853
Total	<u>9,410,913</u>

SCHEDULE F : ADMINISTRATIVE & SELLING EXPENSES

Rates & Taxes	95,079
VAT / Sales Tax	532,684
Rent	414,425
Building Repairs & Maintenance	39,026
Other Repairs	302,528
Bank Charges	27,886
Electricity Charges	575,051
Printing and Stationery	134,662
Preliminary Expenses W/off	458,950
Other Expenses	607,065
Total	<u>3,187,356</u>

For the year ended 31st March, 2009

SCHEDULE G: NOTES TO ACCOUNTS**1 Statement of Significant Accounting Policies****(A) Accounting Convention**

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

(B) Revenue Recognition / Income from Operations

Sales / Income from operations are recognised on transfer of significant risks and rewards in connection with the ownership of products being sold. sales are recorded net of trade discounts and rebates.

(C) Fixed Assets

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

(D) Depreciation

- (i) Depreciation on Fixed Assets other than intangible assets is provided on Written Down Value Method in accordance with the rates, prescribed in Schedule XIV to the Companies Act, 1956. Individual assets acquired for less than Rs.5000/- are entirely depreciated in the year of acquisition.
- (ii) Depreciation on fixed assets added/disposed off during the year has been provided on pro-rata basis.
- (iii) 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.

(E) 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.

(F) 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.

(G) 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.

(H) Leased Assets

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

(I) Provision for Tax

Tax expense comprises of current, deferred and fringe benefit 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 virtual certainty that the assets will be realized in future.

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

For the year ended 31st March, 2009

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

3 **Contingent Liability** **NIL**

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

2008-2009

	Rs.
(i) Salary and Bonus	424,050
(ii) Contribution to Provident Fund	8,580
Total	<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	12,833,109
Add : Expenses not to be considered as per Section 349 Director's remuneration	432,630
Net Loss computed as per Section 349 of Companies Act, 1956 :	<u><u>13,265,739</u></u>

For the year ended 31st March, 2009

2008-2009

	Rs.
6. Auditors' Remuneration	
Audit Fees	44,120
Tax Audit	16,545
Other Matters	11,030
	<u>71,695</u>

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

7. Licenced Capacity, Installed Capacity and Production.

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

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

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

For the year ended 31st March, 2009

	Quantity (PCs/Pack)	Value (Rs.)
9. Information as regards Raw Material consumed		
(a) CD	33,573	191,023
(b) Other Raw Materials		204,247
Total		395,270
	Quantity (PCs/Pack)	Value (Rs.)
10. Information as regards Purchase of goods made during the year :		Value (Rs.)
(a) CD	42,700	244,089
(b) Other Raw Materials		208,370
Total		452,460
	Quantity (PCs/Pack)	Value (Rs.)
11. Information as regards to Sales made during the year :		
Sales :		
(i) Publication sales (Software & CD)	29,431	12,668,614
Total		12,668,614
12. Value of Imports on C.I.F. Basis :		NIL
13. Expenditure in Foreign Currency		NIL
14. Earning in Foreign Exchange :		NIL

For the year ended 31st March, 2009

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
Indigenous	100%	395,271	0%	0
Total :	100%	395,271	0%	0

16. (a) Sundry creditors as per schedule 'D' under current liability include Rs. NIL due to small scale 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 87.17% of whose equity share capital is held by the Company as at 31st March, 2009
--------------------------------------	---	---

(b) Enterprises owned or significant influenced	-	Live Publication
by key management personnel or their relatives	-	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, 2009

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	8,658	1,768,452	424,050	424,050	2,643,210
(ii) Purchase of fixed assets & intangibles	2,722,298	16,319,242	—	—	19,041,540
(iii) Sales of goods and services	11,765,114	—	—	—	11,765,114
(iv) Subscription to equity capital	26,150,000	—	1,895,000	—	28,045,000
(v) Balance outstanding at year end					
Debtors	—	—	—	—	—
Creditors	—	—	—	—	—
Loans and advances given	—	—	—	—	—

18. Earning Per Share :

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

For the year ended 31st March, 2009

19. 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 disclosure are required to be made.

20 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.

21. The Company has adopted AS 22 issued by The Institute of the Chartered Accountants of India. Company has net Deffered tax asset as on 31.03.2009. 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.

22. 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.

Current Year

(i) Provident Fund	523,212
(ii) ESIC	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

	2008 - 2009 (Rs.)
Projected Benefits Obligation as at 1st April 2008	
Interest Cost	(38)
Current Service Cost including actuarial gain / (loss)	81,825
Benefits Paid	(1,008)
Projected Benefits obligation as at 31st March, 2009	80,779
Amount Recognised in the Balance Sheet	
Projected Benefit obligation at the end of the year	80,779
Fair Value of Plan Assets at the end of the year	-
Net Assets / (Liability) recognised in the Balance Sheet	(80,779)
Cost of Defined Plan for the year	
Current Service Cost	80,779
Interest Cost	(38)
Expected Return on Plan Asset	-
Net Actuarial (Gain) / Loss recognised for the year	1,046
Expenses recognised in the statement and Profit and Loss A/c	181,787

Assumptions	As per LIC (1994-96)
Rate of Mortality	
Discount Rate	7.50%
Future salary increase	4.00%

23. This is the first year of the business accordingly previous year figures are not stated.

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 :18h June, 2009

sd/-

G. D. Gala

Director

sd/-

R. H. Gala

Director

Cash Flow Statement

Navneet e-learning Pvt. Ltd.

For the Year ended
2008-2009

	Rs.
Cash Flow from Operating Activities	
Net Loss before tax	(12,833,109)
Adjustments for	
Depreciation	6,157,909
Changes in Current Assets and liabilities	
(Increase) / Decrease in Inventory	(80,608)
(Increase) / Decrease in Debtors	-
(Increase) / Decrease in Loans and advances	(758,241)
Increase / (Decrease) in current liabilities and provision	1,696,295
Income tax paid	(12,000)
Net cash inflow / (outflow) from Operating Activities (A)	(5,829,754)
Cash flow from Investing Activities	
Purchase of Fixed Asset and change in capital WIP	(19,045,429)
Net cash inflow / (outflow) from Investing Activities (B)	(19,045,429)
Cash flow from Financing Activities	
Increase / (Decrease) in Share Capital	30,000,000
Net cash inflow / (outflow) from Financing Activities (C)	30,000,000
Net Increase / (Decrease) in Cash and Cash Equivalents	5,124,816
Cash and cash equivalent as at the commencement of the year	
Cash and cash equivalent as at the end of the year	5,124,816
Net Increase / (Decrease) as mentioned above	5,124,816
Notes: (1) Cash and cash equivalent includes	
cash, cheque in hand and remittance in transit	70,184
Balance with banks	5,054,632
	5,124,816

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

Ghalla & Bhansali
Chartered Accountants
sd/-
Haresh K. Chheda

Partner
Mumbai : 18th June, 2009

For and on behalf of the Board

sd/-
G. D. Gala
Director

sd/-
R. H. Gala
Director

Accounting Year : 2008 - 2009 (12 months)

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

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

1. Registration Details

1 8 1 5 3 1

Balance Sheet Date Date Month Year
3 1 0 3 2 0 0 9

State Code No. 1 1 (Refer Fode List 1)

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

Public Issue
N I L

Right Issue
N I L

Bonus Issue
N I L

Private Placement
3 0 0 0 0

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

Total Liabilities
3 0 0 0 0

Total Assets
3 0 0 0 0

Sources of Funds

Paid-up Capital
3 0 0 0 0

Reserve & Surplus
N I L

Secured Loans
N I L

Unsecured Loans
N I L

Deferred Tax Liability
N I L

Application of Funds

Net Fixed Assets
1 2 8 8 8

Investments
N I L

Preliminary Expenses W/off
N I L

Net Current Assets
4 2 6 7

Deferred Revenue Expenditure
N I L

Accumulated Losses
1 2 8 4 6

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

Turnover
1 2 7 5 5

Total Expenditure
2 5 5 8 8

Earnings per share (in Rs.) Facevalue of Rs.10/-
- 4 . 2 8

+ - Profit / (Loss) before tax
- 1 2 8 3 3

+ - Profit / (Loss) after tax
- 1 2 8 4 6

Dividend (%)
N I L

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

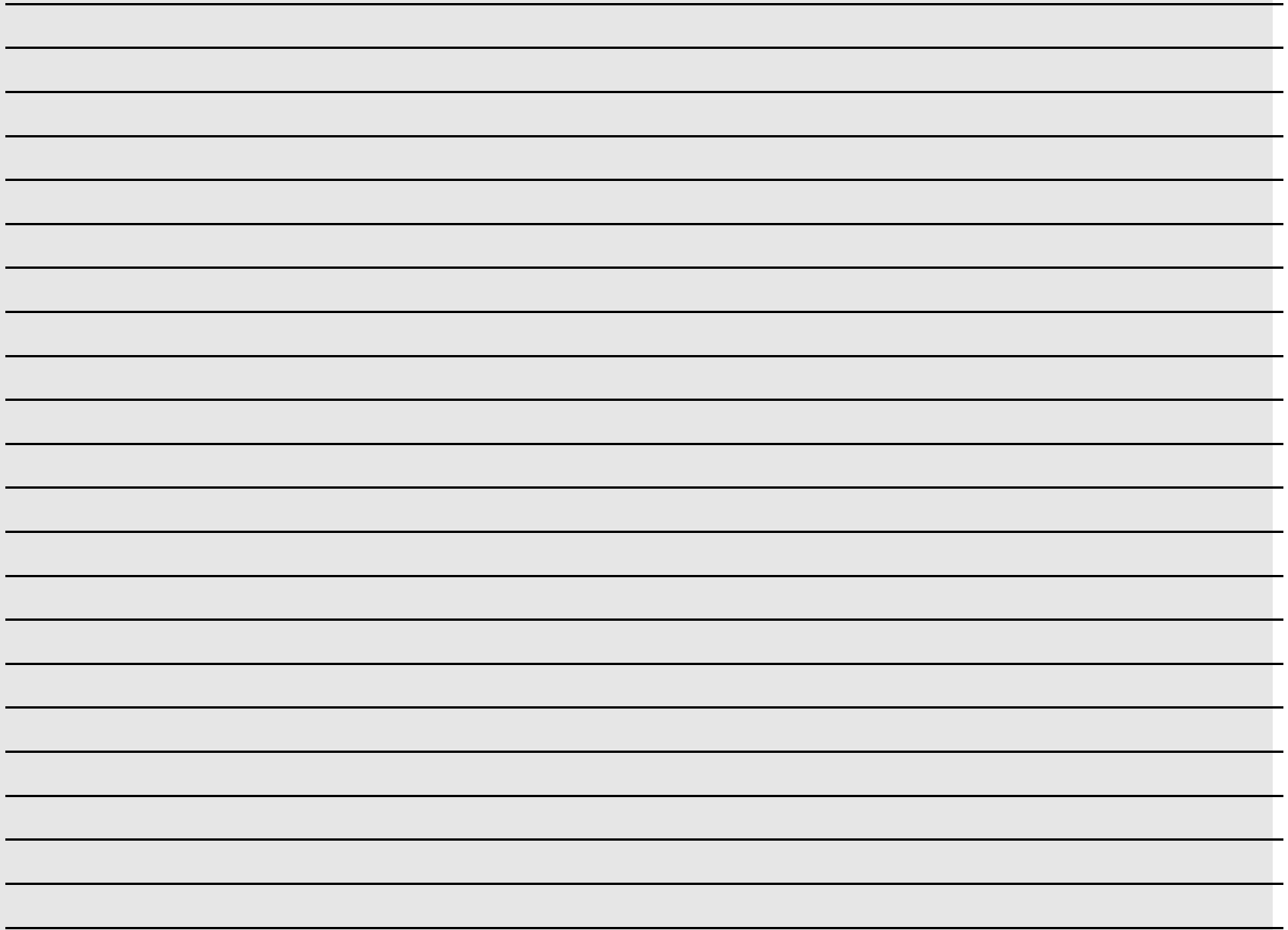
Item Co No. (ITC Code)
N A

Product Description
N A

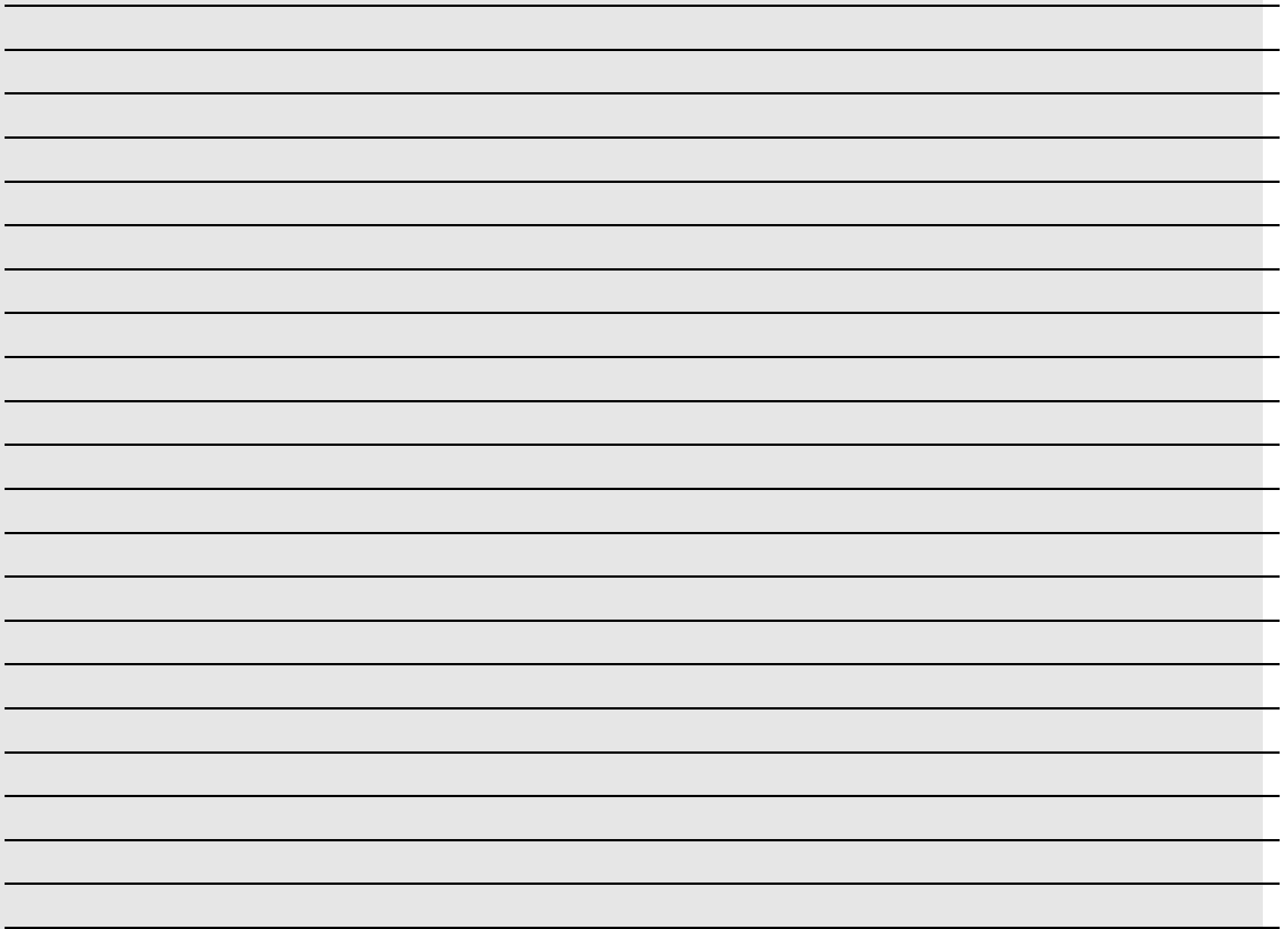
For and on behalf of the Board

sd/-
G. D. Gala
Director

sd/-
R. H. Gala
Director

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1

A series of horizontal lines for scribbling. The lines are evenly spaced and extend across the width of the page, providing a designated area for drawing or writing.

NAVNEET PUBLICATIONS (INDIA) LIMITED

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

ATTENDANCE SLIP

Twenty-Third Annual General Meeting - Friday, 31st July 2009.

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 -THIRD ANNUAL GENERAL MEETING of the Company held on Friday, 31st July, 2009 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-----

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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 Friday, 31st July, 2009 at 3 : 30 p.m. and at any adjournment(s) thereof.

Signed this..... day of 2009.

Signature

Affix One
Rupee
Revenue
Stamp

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.

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Educational Books, Children Books, Paper & Non Paper Stationery, e-learning & More



NAVNEET PUBLICATIONS (INDIA) LIMITED