

NAVCOM INDUSTRIES LIMITED
B-12 CHICHOLI MIDC
PUNE SOLAPUR ROAD, SOLAPUR 413006

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Shareholders of Navcom Industries Limited will be held on Saturday, 30th day of September, 2006 at 11.30 A.M. at the Registered Office of the Company at B-12 Chicholi MIDC, Pune Solapur Road, Solapur 413006, to transact the following business :-

- 1) To receive consider and adopt the Audited Statement of Accounts for the year ended 31st March 2006, together with the Director's Report and the Auditor's Report thereon.
- 2) To appoint a Director in place of Mr. M. L. Jaroli who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board of Directors
Navcom Industries Limited



Pravin Lunkad
Director

Place :- Pune
Date :- 07/08/2006

NOTES :-

1. A MEMBER ENTITLED TO ATTEND & VOTE AT THIS MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY

2. Notice is also given that the Register of Members and the Share Transfer Books of the Company will remain close from Tuesday 26th September, 2006 to Saturday, 30th September, 2006 (both days inclusive).

NAVCOM INDUSTRIES LIMITED
B-12 CHICHOLI MIDC,
PUNE SOLAPUR ROAD, SOLAPUR 413006.

DIRECTOR'S REPORT

To,
The Members,

The Directors have pleasure in presenting the 15th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2006.

REVIEW OF OPERATIONS

During the year under Report, the Sales of the Company were Rs. 850.73 Lacs and the Company suffered the Net Loss of Rs. 186.32 Lacs.

DIRECTORS

Pursuant to the provisions of Articles of Association Mr. M. L. Jaroli the Director retires by rotation, and being eligible offers himself for re-appointment.

AUDITORS

The present Auditors V. S. Mehta & Co., Chartered Accountants will retire at the conclusion of this Annual General Meeting. They have expressed their willingness to continue for the current year. You are requested to reappoint them and to fix their remuneration.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) as amended by the Companies (Amendment) Act, 2000 the Directors hereby state:

- a) that while preparing the annual accounts for the period ended 31st March, 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a 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.

PARTICULARS OF EMPLOYEES

The statement under Section 217(2A) of the Companies Act, 1956 is not furnished as none of the Employees have drawn salary above the limits prescribed therein.

ADDITIONAL INFORMATION UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956

Information required in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is NIL.

By Order of the Board of Directors
Navcom Industries Limited



Pravin Lunkad
Director

Place :- Pune
Date :- 07/08/2006

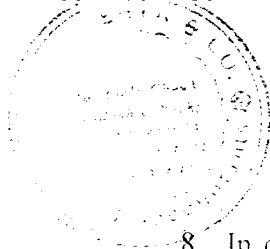


AUDITOR'S REPORT

To,

The Members of NAVCOM INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **NAVCOM INDUSTRIES LIMITED** as at 31st March 2006, and also the Profit and Loss Account 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.
2. 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 *except in some cases confirmation of balances of Debtors, Creditors, banks and other parties under Loans and Advances*
4. In our opinion proper books of account as required by law have been kept by the Company.
5. In our Opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of the section 211 of the Company's Act, 1956.
6. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of Account.
7. On the basis of the written representations, etc. received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.



8. In our opinion and to the best of our knowledge and according to the information and explanations given to us, the said accounts, together with the notes thereon, 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, 2006;
 - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - iii) In case of Cash Flow Statement, of cash flows for the year ended on that date.
9. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we further report that:
- (i)
 - (a) The possession of Company's assets at Solapur, Pune & Sangli have been taken over by the Assets Reconstruction company of India Ltd (ARCIL) and record showing full particulars, including quantitative details and situation of fixed assets are maintained.
 - (b) All the fixed assets have not been physically verified by the management at the year-end in view of the takeover of the assets by the ARCIL.
 - (c) The Company has not disposed off its fixed assets during the year *except take over of the assets by Asset Reconstruction Company as stated in Note 2 schedule 6 in accounts.*
 - (ii)
 - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material.

- (iii) As per information and explanation given, the Company has not granted / taken loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct the major weakness.
- (v) (a) On the basis of the audit procedures performed by us, and according to the information, explanation and representation given to us, we are of the opinion that, the transactions required to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation 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 exceeding the value of rupees five lakh in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, company's internal audit system requires to be strengthened in order to be commensurate with size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to rules made by the Central Government for maintenance of cost records Under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie the prescribed records are maintained. We have, however, not made detailed examination of these records.
- (ix) (a) According to the information and explanations given to us the Company is *generally* regular in depositing undisputed statutory dues with the appropriate authorities, relating to sales tax, service tax, income tax and other statutory dues as applicable and there are no undisputed statutory dues outstanding as at 31st March 2006, for a period of more than six months from the date they became payable.

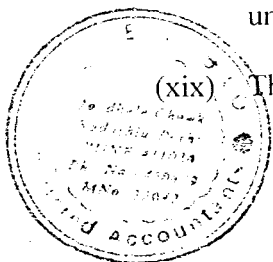
(b) According to the records of the Company, there are no dues outstanding of sales tax, income tax under Income Tax Act, 1961



(‘IT Act’), custom duty, wealth tax, excise duty under Central Excise Act, 1944 (‘Excise Duty’) on account of any dispute

- (x) Accumulated losses of the Company at the end of the financial year are more than fifty per cent of its net worth. The company has incurred cash loss during the financial year and not in the financial year immediately preceding the financial year.
- (xi) *According to the information and explanations given to us the Company has defaulted in repayment of dues to financial institution and bank, however due to litigations the amounts are yet to be ascertained.*
- (xii) According to the information and explanation given to us, the Company has not granted loans or advances on the basis of security by way of pledge or shares, debentures and other securities.
- (xiii) According to the information and explanation given to us and in our opinion, the Company is not a chit fund or nidhi mutual benefit fund / society. Therefore, the provision of clause 4(xiii) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- (xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor’s Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanation given to us, during the year no term loans were raised and as regards for earlier years the term loans were applied for the purpose for which the same were obtained.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that, prima facie, no funds raised on short-term basis have been used for long-term investments.
- (xviii) 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.

(xix) The company has not issued any debenture during the year.



- (xx) The Company has not raised money through any public issue during the year.
- (xxi) According to the information and explanation given to us no fraud on or by the company has been noticed or reported during the year.

**For V.S.MEHTA & CO.
Chartered Accountants**

V.S. Mehta

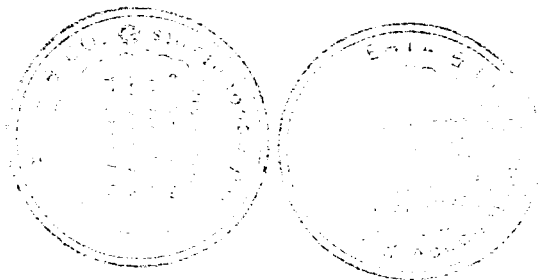
V.S.MEHTA

Proprietor, M. No.32042

**Place : Pune
Date ~~7~~th August , 2006.**


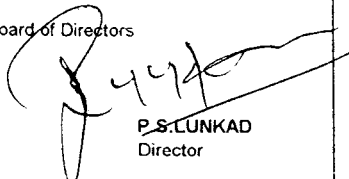


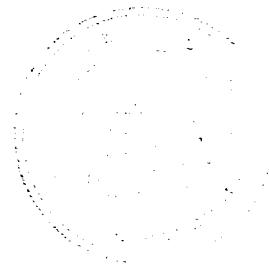
V. S. Mehta & Co.
Chartered Accountants
511, S. G. Road, Peth,
Mumbai, 400 034, PUNE-411 034.



NAVCOM INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2006

SCHEDULE	31ST MARCH, 2006		31ST MARCH, 2005
	RUPEES	RUPEES	RUPEES
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	82,348,470	82,348,470
Reserves & Surplus	B	85,703,500	85,703,500
			168,051,970
Loan Funds			
Secured Loans	C	599,234,765	599,234,765
			767,286,735
	TOTAL		767,286,735
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	239,179,834	239,179,835
Less: Depreciation		123,561,717	112,345,955
		115,618,117	126,833,880
Net Block			
Capital Work in Progress		175,939	175,939
			115,794,056
			127,009,819
Investments			
	E	98,950	98,950
Current Assets, Loans & Advances			
Interest Accrued	F	2,599,013	2,599,013
Inventories		-	11,342,008
Sundry Debtors		705,721,765	723,644,860
Cash & Bank Balances		18,777,463	20,375,609
Loans, Advances & Deposits		287,258,983	291,507,870
		1,014,357,224	1,049,469,361
Less: Current Liabilities and Provisions			
Net Current Assets	G	1,129,700,990	1,157,396,588
			(115,343,766)
			(107,927,227)
Profit and Loss Account			
	H	766,737,495	748,105,194
			767,286,735
	TOTAL		767,286,735
Contingent Liabilities (Note 4, Schedule 6)			
NOTES ON ACCOUNTS			
As per our report of even date attached FOR V.S.MEHTA & CO. Chartered Accountants		For and on behalf of the Board of Directors	
 V.S.MEHTA Proprietor <i>Chartered Accountants</i> 537, Sada-shiv Path, Jandri Chowk, PUNE-411 016		 M. L. JALORI Director P.S.LUNKAD Director	
Date : 07th , August 2006		Date : 07th , August 2006	



NAVCOM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

	31ST MARCH, 2006		31ST MARCH, 2005
	RUPEES	RUPEES	RUPEES
SCHEDULE A - SHARE CAPITAL			
Authorised			
1,50,00,000 Equity Shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued and Subscribed			
88,36,997 Equity shares of Rs. 10/- each		<u>88,369,970</u>	<u>88,369,970</u>
Paid up			
88,36,997 Equity Shares of Rs. 10/- each	88369970		88,369,970
Less : Calls in Arrears	<u>6021500</u>		<u>6,021,500</u>
		<u>82,348,470</u>	<u>82,348,470</u>
SCHEDULE B - RESERVES & SURPLUS			
Share Premium			
As per last Balance Sheet	101,268,000		101,268,000
Less : Calls In Arrears	<u>18,064,500</u>		<u>18,064,500</u>
		83,203,500	83,203,500
Capital Incentive		2,500,000	2,500,000
General reserve			
As per last Balance Sheet	14,900,000		14,900,000
Less - Adjusted against debit balance of Profit and Loss Account	<u>14,900,000</u>		<u>14,900,000</u>
		<u>85,703,500</u>	<u>85,703,500</u>



NAVCOM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

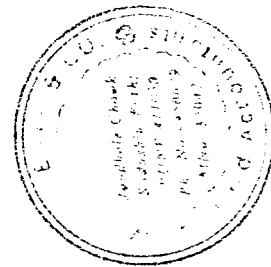
	31ST MARCH, 2006 RUPEES	31ST MARCH, 2005 RUPEES
SCHEDULE C - SECURED LOANS		
From Financial Institution		
Debentures (700 16% Non Convertible Debentures of Rs. 1 lac each) (Secured by first charge on movable properties except book debts and subject to charge in favour of State Bank of India on stocks and movables for working capital finance, mortgage of immovable properties and personal guarantee of Directors) (The Debentures are redeemable, at par from January 2001 in five equal annual instalments.)	70,000,000	70,000,000
Note : Issue of Debenture Certificates are pending.		
Corporate Loan (Secured by charge ranking pari passu with the earlier charges on immovable and movables properties except book debts and subject to prior charges in favour of State Bank Of India on stocks and movables for Working Capital, Finance and personal guarantee of Directors) (Due within one year Rs. 00 lacs, previous year Rs. 85 lacs)	49,000,000	49,000,000
Equipment Finance Scheme Loan (Secured by first charge on movable and immovable properties except book debts and subject to charges in favour of State Bank of India on stocks and movables for working capital Finance and personal guarantee of Directors) (Due within one year Rs. 00.00 lacs, previous year Rs. 50 lacs)	25,500,000	25,500,000
Working Capital Loan (Secured by first charge on movable and immovable properties except book debts and subject to charges in favour of State bank of India on stocks and movables for working capital Finance and personal guarantee to Directors) (Due within one year Rs. 00 lacs, previous year Rs. Nil)	26,773,080	26,773,080
From Banks		
Term Loan (Secured by first charge on goods, book debts, movables and personal guarantee of Directors (Due within one year Rs. 75.00 lacs, previous year Rs. 75 lacs)	62,500,000	62,500,000
Cash Credit (Secured by first charge on goods, book debts and movables, second charge on fixed assets and personal guarantee of Directors)	365,461,685	365,461,685
	<u>599,234,765</u>	<u>599,234,765</u>

NAVCOM INDUSTRIES LIMITED

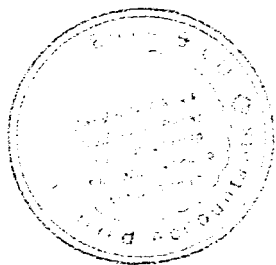
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

SCHEDULE D : FIXED ASSETS

PARTICULAR	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 1.4.05	ADDITIONS DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 04/01/2005	ADDITIONS DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31/03/2006	AS AT 31/03/2005
	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES	RUPEES
LEASEHOLD LAND	3,061,594	-	-	331,415	30,648	-	2,699,531	2,730,179
BUILDINGS	44,098,888	-	-	11,081,529	1,287,092	-	31,730,267	33,017,359
PLANT AND MACHINERY	166,243,839	-	-	88,634,085	8,297,146	-	69,312,608	77,609,754
OFFICE & OTHER EQUIPMENTS	5,583,873	-	-	3,152,038	393,011	-	2,038,824	2,431,835
ELECTRICAL INSTALLATIONS	10,112,308	-	-	4,123,701	480,703	-	5,507,904	5,988,607
FURNITURE & FITTINGS	7,221,107	-	-	3,282,176	446,264	-	3,492,667	3,938,931
VEHICLES	2,858,226	-	-	1,741,011	280,900	-	836,315	1,117,215
previous year	239,179,834	-	NIL	112,345,955	11,215,764	NIL	115,618,117	126,833,879
	239055434	124401	0	101130190	11215764	0	126833879	



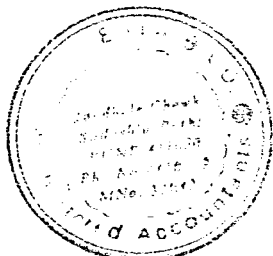
	31ST MARCH 2006 RUPEES	31ST MARCH 2005 RUPEES
SCHEDULE E - INVESTMENTS		
Long Term (At Cost, unquoted, Non-trade)		
2.160 (Previous year 1,080) Fully paid Shares of Rs. 25/- each in Shetkari Sahakari Bank Ltd.	54000	54000
25 (Previous year 25) Fully paid Shares of Rs. 10/- each in Greater Bombay Co-operative Bank Ltd.	250	250
Kisan Vikas Patra	1000	1000
National savings Certificates (kept as Security Deposit with Government / other Authorities)	43700	43700
	<u>98950</u>	<u>98950</u>
Note :		
Aggregate Face value of shares	54250	54250



NAVCOM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

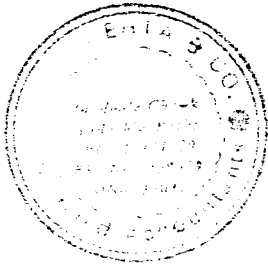
	31ST MARCH, 2006		31ST MARCH 2005
	RUPEES	RUPEES	RUPEES
SCHEDULE F - CURRENT ASSETS, LOANS & ADVANCES			
Interest Accrued		2599013	2599013
Inventories (As valued & certified by Director)			
Packing Materials, Stores and Fuel (At Cost)	0		0
Raw Materials (At Cost)	0		3547124
Finished Goods (At Lower of Cost or Selling Price)	0		7794884
		0	11342008
Sundry Debtors (Unsecured, considered Good)		705721765	723644860
Cash & Bank Balances			
Cash on Hand	378126		2005384
Balnces with Scheduled Banks			
In Current Accounts	2808202		2809701
In Fixed Deposit	15551252		15551252
In Current Account			
With Shetkari Co-Op. Bank Ltd.	1669		3930
With Solapur Gramin Bank LTD.	5341		5341
With Solapur nagari audyog sah bank mydt	32873		
		18777463	20375608
Loans, Advances and Deposits (Unsecured, considered Good)			
Advances recoverable in cash or in kind or for value to be received			
For Expenditure	287270120		288017500
Advance Tax (Net)	-404037		541771
Deposits	392900		2948598
		287258983	291507869
		1014357225	1049469358



NAVCOM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006

	31st MARCH, 2006 RUPEES	31st MARCH 2005 RUPEES
SCHEDULE G - CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	1,012,322,250	1035865464
Advances Received	116,940,299	117809680
Unclaimed Dividend	71,750	71750
Retention Money	325,134	524309
Dues to Directors	-	0
Bank Balances Overdrawn	41,557	3125385
	<u>1129700990</u>	<u>1157396588</u>
	<u>1129700990</u>	<u>1157396588</u>
SCHEDULE H - PROFIT AND LOSS ACCOUNT		
Balance Brought Forward From Profit and Loss Account	781637495	763005194
Less : Adjusted Against General Reserve	14900000	14900000
	<u>766737495</u>	<u>748105194</u>



NAVCOM INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006



	SCHE- DULE	2005-2006 RUPEES	2004-2005 RUPEES
INCOME			
Sales		85,073,161	350,956,132
Job Work Receipts		3,236,549	6,981,460
Interest		17,605	5,341
Other Income		31,367	20,136,429
Variation In Stocks	1	(7,794,884)	(2,955,464)
	TOTAL	80,563,798	375,123,898
Expenditure			
Materials Consumed	2	75,461,162	344,852,388
Payments to and Provisions for Employees	3	2,138,947	5,440,415
Works Expenses	4	6,220,166	18,354,695
Other Expenses	5	4,160,060	4,233,680
Depreciation		11,215,764	11,215,764
	TOTAL	99,196,099	384,096,941
Loss for the year		(18,632,301)	(8,973,043)
Earlier Years Expenses (Net)		-	-
Balance Brought forward from Previous Year		(763,005,194)	(754,032,151)
Balance carried to Balance sheet		(781,637,495)	(763,005,194)
NOTES ON ACCOUNTS	6		

As per our report of even date attached
For **V.S.MEHTA & CO.**
Chartered Accountants

V.S. Mehta
V.S.MEHTA
Proprietor

Pune
Date : 07th, August 2006

For and on behalf of the Board of Directors

M.L. Jalori
M. L. JALORI
Director

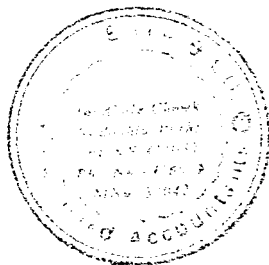
Pune
Date : 07th, August 2006

P.S. Lunkad
P.S.LUNKAD
Director

NAVCOM INDUSTRIES LIMITED.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

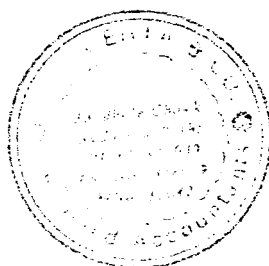
	2005-2006	2004-2005
	RUPEES	RUPEES
SCHEDULE 1 - VARIATION IN STOCKS		
Opening Stock	7794884	10750348
Closing Stock	0	7794884
	-7794884	-2955464
SCHEDULE 2 - MATERIALS CONSUMED		
Opening Stock	3547124	14896856
Add : Purchases	71914038	333502656
	75461162	348399512
Less: Closing Stock	0	3547124
	75461162	344852388
SCHEDULE 3 - PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries Wages, Allownce, etc.	1939508	4271397
Gratuity	0	497414
Contribution to P.F., E.S.I Funds, etc.	155629	463466
Welfare Expenses	43810	208138
	2138947	5440415
SCHEDULE 4 - WORKS EXPENSES		
Stores and Spares Consumed	460399	1333421
Packing Materials Consumed	82846	592363
Power and Fuel	4771906	13572808
Laboratory and Testing Charges	31636	112811
Repairs to Factory Building	95645	3314
Repairs to Plant & Machinery	608060	2233280
Factory Expenses	169675	506697
	6220166	18354694



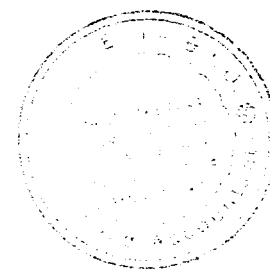
NAVCOM INDUSTRIES LIMITED.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH, 2006

	2005-2006 RUPEES	2004-2005 RUPEES
SCHEDULE 5 - OTHER EXPENSES		
Rent	2455000	4
Rates & Taxes	19195	23270
Insurance	206073	348427
Transport, Coolie and Cartage	352839	1707314
Travelling & Conveyance	118416	35585
Vehicle Expenses	521282	365031
Printing & Stationery	26817	125777
Postage, Telegram and Telephone	166025	314495
Legal & Professional Fees	114203	94116
Brokerage	185345	592783
Advertisement Expenses	-6184	26984
Bank commission, Finance Charges	1006	-34706
Other Expenses (including office expenses, listing fees filing fees etc.)	44	634700
Preliminary Expenses Written Off	0	
	4160060	4233780.00



NAVCOM INDUSTRIES LIMITED

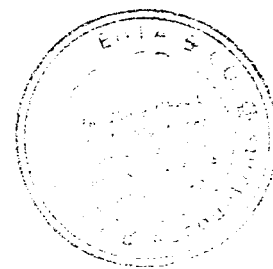


SCHEDULE 6: NOTES ON ACCOUNTS

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2006 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

	2005-2006 RUPEES	2004-2005 RUPEES
1. Contingent Liabilities :		
a) Claims against Company not acknowledged as debts.	*	*
b) Counter Guarantees given to Bankers in respect of guarantee and letters of Credits	*	*
c) Certain orders have been passed in the matter of foreign exchange regulation demanding dues aggregating to more than Rs. 400 crores. The company has preferred appeals to the appellate tribunal against demand. Since the company expects favorable judgment no provision has been made on this account.		
*cannot be ascertained for want of adequate record		
2. During the year possession of secured Assets of the Company at Solapur unit and during the year 2004-2005 assets at Sangli & Pune unit has been taken over by ARCIL (Assets Reconstruction Company of India Ltd.) for alleged failure to repay amount borrowed from the Industrial Development Bank of India (IDBI) as contended by ARCIL ,who has been assigned debts by IDBI & SBI. However for want of information about the sale value and others of the units by ARCIL no effect have been given in the books of accounts for sale of Assets and its effect thereof.		
3. In view of the facts that litigation is pending and possession of secured assets has been taken by ARCIL at instance of borrowers and present weak financial position of the Company ,no provision for interest on secured borrowings has been made in accounts		
4. Payments provided or made during the year		
Directors		
Meeting fees	* Nil	* Nil
* In view of the heavy losses suffered by the Company, directors of the Company have		

decided to forgo the meeting fees.



5. Amount paid and/or provided to the Auditors:

a) Audit Fees	7500	4960
b) Tax Audit Fees	7500	3306
c) Out of Pocket Expenses	NIL	NIL

6. Taxes on Income:

From the current accounting year, the Company has decided to provide tax liability on the basis of current tax and deferred tax. In view of unabsorbed depreciation and other available deductions, the Company is not liable for Income Tax as well as Tax on profit under section 115 JB of the Income Tax Act, 1961. Therefore, no provision for current tax liability has been made.

As regards deferred tax, no asset has been recognized because of uncertainty of its realization.

7. Some of the vehicles and investments are in the name of Directors.

8. Necessary provisions for revenue and expenses have been made in the accounts on the basis of the available record and estimate of the management.

9. Sick Company :

The Company has become a 'sick industrial company' within the meaning of provisions of Section 3 (1) (o) of Sick Industrial Companies (Special Provisions) Act, 1985.

10. Earnings Per Share:

	Rupees	Rupees
Basic and Diluted Earnings Per Share	-2.10	-1.01

11. Related Party Disclosure:

Related Party Disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

A] Description of Relationship

Key Management Personnel

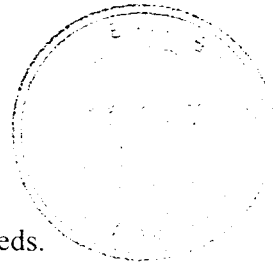
Shri. Shantilal R. Lunkad

Shri. Pravin S. Lunkad

B] No transactions were carried out with related parties in the ordinary course of business.

12 Segment Reporting

The Company has two segments namely i) Oil, Vanaspati and ii) Cattle Feeds. Oil and Vanaspati segments includes refine oil, vanaspati and solvent products. Information about revenues appear in Note No.13.1



13 Information pursuant to paragraphs 3, 4C and 4D of part II of Schedule-VI to the Companies Act 1956.

[Figures under compilation]

13.1 Capacities, production, stocks and sales of goods. (Quantity in MTs and value Rupees)

	Refind Oil		Vanaspati		Solvent Extraction plant		Cattlefeed Plant	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Licenced Capacity	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Installed Capacity (per annum on Input Basis)	61500	61500	15000	15000	60000	60000	60000	60000
Opening Stock								
Quantity	NIL	NIL	NIL	NIL	NIL	NIL		
Value	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Production Quantity (including job work for Other parties)		0		0		NIL		0
Purchases								
Quantity		0	NIL	NIL		0		0
Value		0	NIL	NIL		0		0
Capative consumption								
Quantity		0	NIL	NIL		0	0	0
Turnover								
Quantity		0		0		NIL		0
Value		0		0		0		NIL
Closing Stock								
Quantity	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Value								

13.2 Raw Materials Consumed

	2005-06		2004-05	
	Qty.	Value	Qty	Value

S.E.		75461162		344852388
Feed Materials				
Chemicals	*		*	
Packing Materials	*	82846	*	592363
(*) numerous				

13.3 Consumption of Raw Materials
% of Total Consumption

Imported	-	-	-	-
Indigeneous	75461162	100	344852388	100

13.4 Consumption of Packing Material,
Stores & Spare Parts

Imported	-	-	-	-
Indigenous	543245	100	1925784	100

14 Figures for previous year have been regrouped wherever considered necessary and practicable.

15 Significant Accounting Policies

15.1 Accounting System

1] The company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

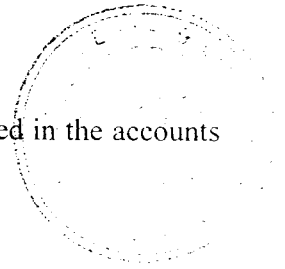
2] Financial statements are based on historical cost. These costs are not adjusted to reflect impact of changing value in the purchasing power of money.

15.2 Revenue Recognition

Sale of goods is recognised on shipment or despatch to customer, sale of goods on Consignment basis is recognised on sale of the relative goods by consignee.

15.3 Foreign Currency Transactions

Gains & losses on account of exchange rate fluctuations are recognised in the accounts in the year of realisation.



15.4 Fixed Assets and Depreciation

1] Fixed Assets are stated at cost less depreciation. Cost comprises cost of acquisition or construction and other attributable costs. Administrative Expenses and interest up to the date of commencement of production are capitalised in proportion of cost of major assets.

2] Depreciation is provided on straight line basis at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956. Expenditure on leasehold land is amortised over the period of its tenure.

3] Depreciation is calculated on pro-rata basis from the date of its additions.

15.5 Investment

Investments are stated at cost.

15.6 Inventories

Stocks of raw materials, packing materials, stores, spares and fuel are stated at cost and are valued on FIFO basis. Goods in transit in bonded warehouse are valued at costs incurred till the year end. Goods in process are stated at estimated cost ascertained by reducing gross margin, if any from the estimated selling price. Finished goods are valued at cost or selling price whichever is lower, wherein cost includes material costs, labour and Factory overheads.

15.7 Sundry Debtors, Advances and Deposits

Balances considered irrecoverable are written off and those considered doubtful are provided for.

15.8 Contingent liabilities :

Contingent Liabilities are disclosed in the accounts by way of giving note and giving nature of liability and its quantum, if ascertained.

15.9 Deferred Revenue Expenses

Revenue expenses of a substantial magnitude which are expected to benefit for some years in future are charged to Profit & Loss Account over numbers of years considering relative benefit of the expenditure.

16 Retirement benefits.

Retirement benefits to employees are provided for by payments to provident fund and by payment of gratuity on retirement of employees after putting in qualifying years of service.

17 Taxation:

Taxes include current taxes and deferred taxes. Current tax is based on tax payable in respect of taxable income for the year.

Deferred tax is computed on the basis of timing differences between book and tax profits for the year and is accounted for using the prevailing tax rates and law. Deferred tax assets arising from temporary timing differences are recognized to the extent there is a reasonable certainty about its realization in future.

18. In view of uncertainty of realization, no provision for deferred tax asset has been made in the accounts

Signatures to Schedules A to I and 1 To 6

As per our report of even date attached
V.S. MEHTA & CO.
Chartered Accountants

For and on behalf of the
Board of Directors

V.S. Mehta

V.S. MEHTA
Proprietor
Pune 07, August 2006

M. L. JALORI
Director

Pune, 7. August 2006

P.S. Lunkad

P.S. LUNKAD
Director

V. S. MEHTA & CO.
Chartered Accountants
102, B. I. Bldg. Bldg.
Londre, Colaba, PUNE-411 026

NAVCOM INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2006		2005-2006 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS		-18632301
ADJUSTMENTS FOR DEPRECIATION		11215764
INTEREST AND FINANCIAL CHARGES		0
PRELIMINARY EXPENSES AMORTISED		0
LOSS ON SALE OF ASSETS		0
INTEREST & DIVIDEND INCOME		-17605
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		-7434142
LESS: ADJUSTMENTS FOR:		
TRADE & OTHER RECEIVABLES	22171982	
INVENTORIES	11342008	
TRADE PAYABLES	-27695599	
CASH GENERATED FROM OPERATIONS	(1615751)	
INTEREST PAID	0	
CASH INFLOW / (OUTFLOW) BEFORE EXTRAORDINARY ITEMS	(1615751)	
EXTRAORDINARY ITEMS		
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	(1615751)	
(B) CASH FLOW INVESTING ACTIVITIES :		
PURCHASES OF FIXED ASSTES		0
SALE OF FIXED ASSTES		0
SALE/(PURCHASE) OF INVESTMENTS		0
INTEREST & DIVIDEND RECEIVED	17605	
NET CASH INFLOW/(OUTFLOW)FROM INVESTING ACTIVITIES	17605	
(C) CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL		0
SHARE CAPITAL		0
SHARE PREMIUM		0
PROCEEDS OF CAPITAL INCENTIVE SUBSIDY		0
PROCEEDS FROM LONG TERM BORROWING		0
NET CASH INFLOW / (OUTFLOW) GENERATED IN FINANCING ACTIVITIES		0
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALEMTS (A) + (B) + (C)		(1598146)
CASH AND CASH EQUIVALENTS AS AT 01.04.2005 (OPENING BALANCE)	20375609	
CASH AND CASH EQUIVALENTS AS AT 31.03.2006 (CLOSING BALANCE)	18777463	

AUDITOR'S REPORT

We have received the attached cash flow Statement of Navcom Industries Limited for the year ended March 31st March,2006. The preparation of cash flow Statement is the responsibility of the management of the company. Our responsibility is to express our opinion on the Cash Flow Statement based on our review.

In our opinion, the said Cash Flow Statement, which is derived from Financial Statements of the Company for that year read together with the notes thereon is in accordance with the requirements for Cash flow Statemen, prescribed under listing agreement with the stock Exchange

As per our report of even date attached

For V.S.MEHTA & CO.
Chartered Accountants

V.S. Mehta
V.S.MEHTA
Proprietor

Place : Pune
Date : 07th , August 2006

For and on behalf of the Board of Directors

M.L. Jalori
M.L. JALORI
DIRECTOR

Place : Pune
Date : 07th , August 2006

V. S. Mehta & Co.
Chartered Accountants
537, Sadashiv Path,
Londhale Chowk, PUNE-411 018