

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

NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of Navcom Industries Limited will be held on Saturday, 29th day of September, 2007 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 2007, together with the Director's Report and the Auditor's Report thereon.
- 2) To appoint a Director in place of Mr. Pravin Lunkad 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.

SPECIAL BUSINESS

- 4) To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Vilas Pandharinath Bagate, who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956, and Articles of Association of the Company, and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company be and is hereby appointed as the Director of the Company liable to retire by rotation."

- 5) To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Sambhaji Genbhau Satpute who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956, and Articles of Association of the Company, and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company be and is hereby appointed as the Director of the Company liable to retire by rotation."

- 6) To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Mr. Umesh Bomble who was appointed as an Additional Director by the Board of Directors pursuant to the provisions of Section 260 of the Companies Act, 1956, and Articles of Association of the Company, and who holds office only upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the Director of the Company be and is hereby appointed as the Director of the Company liable to retire by rotation."

By Order of the Board of Directors
Navcom Industries Limited



Pravin Lunkad
Chairman

Place :- Pune
Date :- 14/08/2007

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 25th September, 2007 to Saturday, 29th September, 2007 (both days inclusive).

EXPLANATORY STATEMENT

(Pursuant Section 173 (2) of the Companies Act, 1956)

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out the material facts relating to the Special Business mentioned the accompanying Notice dated 14th August, 2007.

Item No. 4

Mr. Vilas Pandharinath Bagate who was appointed as the Additional Director of the Company by the Board of Directors in its meeting held on 1st March, 2007.

The Company has received notice in writing from the member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Vilas Pandharinath Bagate as the Director of the Company.

Hence the resolution at Item No. 4 of the Notice has been recommended for your approval.

Mr. Vilas Pandharinath Bagate the Director of the Company is interested in passing of the said Resolution.

Item No. 5

Mr. Sambhaji Genbhau Satpute who was appointed as the Additional Director of the Company by the Board of Directors in its meeting held on 1st March, 2007.

The Company has received notice in writing from the member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Sambhaji Genbhau Satpute as the Director of the Company.

Hence the resolution at Item No. 5 of the Notice has been recommended for your approval.

Mr. Sambhaji Genbhau Satpute the Director of the Company is interested in passing of the said Resolution.

Item No. 6

Mr. Umesh Bomble who was appointed as the Additional Director of the Company by the Board of Directors in its meeting held on 1st March, 2007.

The Company has received notice in writing from the member of the Company under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Umesh Bomble as the Director of the Company.

Hence the resolution at Item No. 6 of the Notice has been recommended for your approval.

Mr. Umesh Bomble the Director of the Company is interested in passing of the said Resolution.

By Order of the Board of Directors,
Navcom Industries Limited



Pravin Lunkad
Chairman

Place :- Pune
Date :- 14/08/2007

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 16th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2007.

REVIEW OF OPERATIONS

During the year under Report, the Sales of the Company were Rs. 4.00 Lacs and the Company suffered the Net Loss of Rs. 704.73 Lacs.

DIRECTORS

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

Mr. Vilas Pandharinath Bagate, Mr. Sambhaji Genbhau Satpute and Umesh Bomble were appointed as an additional Directors w.e.f. 1st March, 2007. Necessary Resolutions for their appointment as the Directors of the Company are recommended for your approval.

Mr. M. L. Jalori, Director resigned as the Director of the Company w.e.f. 1st March, 2007. The Directors do place on record their sincere appreciation of the services rendered by him during his tenure as the Director of the Company.

DIVIDEND

Considering the Losses incurred by the Company the Directors do not recommend any Dividend.

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, 2007, 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
Chairman

Place :- Pune
Date :- 14/08/2007

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 2007, 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, 2007 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, 2007;
 - 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 company has maintain record showing full particulars, including quantitative details and situation of fixed assets.

(b) All the fixed assets have been physically verified by the management at the year-end.

(c) The Asset Reconstruction company of India Ltd [ARCIL] has disposed of the companies fixed asset during the year which were taken over by them. Due to sale of the assets by ARCIL, as stated in Note 2 schedule 6 in accounts companies manufacturing activity has been stopped negatively affecting company..

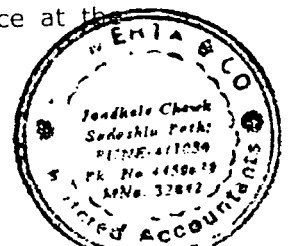
(ii) Since there being no inventory, question of physically verified and maintains of its records does not arise.

(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.

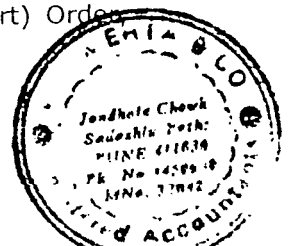
(iv) As there being no business activity carried over by the company during the year question of adequate internal control system for the purchase of inventory and fixed assets and for the sale of goods and services does not arise.

(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 2007, 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, except the amounts stated under contingent liability in note no 1 sch 6 on notes on accounts.
- (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 settled in full under litigation with financial institution and bank during the year.
- (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.
- (xxii) The other clauses of the CARO are not applicable to the company.

For V.S.MEHTA & CO.
Chartered Accountants

V. S. Mehta

V.S.MEHTA

Proprietor, M. No.32042

Place : Pune

Date : August 14, 2007.

V. S. Mehta & Co.
Chartered Accountants
537, Sadashiv Park,
Londhale Chowk, PUNE-411 008

NAVCOM INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2007

	SCHEDULE	31ST MARCH, 2007		31ST MARCH, 2006
		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	168,051,970
Loan Funds				
Secured Loans			-	599,234,765
	TOTAL		168,051,970	767,286,735
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	C	121,750		239,179,834
Less: Depreciation		24,205		123,561,717
		97,545		115,618,117
Net Block			-	175,939
Capital Work in Progress			97,545	115,794,056
			98,950	98,950
Investments				
Current Assets, Loans & Advances				
Interest Accrued	E	2,599,013		2,599,013
Sundry Debtors		684,219,613		705,721,765
Cash & Bank Balances		18,771,747		18,777,463
Loans, Advances & Deposits		287,221,257		287,258,983
		992,811,630		1,014,357,224
Less: Current Liabilities and Provisions	F	1,184,931,638		1,129,700,990
Net Current Assets			(192,120,008)	(115,343,766)
Profit and Loss Account	G		359,975,483	766,737,495
	TOTAL		168,051,970	767,286,735

(0)

Contingent Liabilities
(Note 4, Schedule 6)

NOTES ON ACCOUNTS

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

V.S. Mehta & Co.
V.S. MEHTA
Proprietor
Chartered Accountants
537, Sadashiv Park
Mumbai, Chowk, Mumbai 400 002

Date : 14th, August 2007

For and on behalf of the Board of Directors

V.P. Bomble
UMESH P. BOMBLE
Director

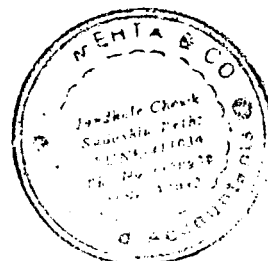
Date : 14th, August 2007

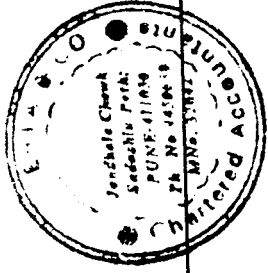
Sambhaji G. Satpute
SAMBHAJI G. SATPUTE
Director

NAVCOM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007

	31ST MARCH, 2007		31ST MARCH, 2006
	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>
Capital Reserve			
As per Last balance sheet	0		
Transfer during the year	477,234,765		
Less - Adjusted against debit balance of Profit and Loss Account	<u>477,234,765</u>		
		<u>85,703,500</u>	<u>85,703,500</u>





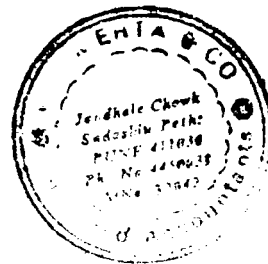
NAVCOM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007

SCHEDULE C : FIXED ASSETS

PARTICULAR	GROSS BLOCK		DEPRECIATION		NET BLOCK		
	AS AT 1.4.06 RUPEES	ADDITIONS DURING THE YEAR RUPEES	DEDUCTION DURING THE YEAR RUPEES	AS AT 31/03/07 RUPEES	AS AT 1.4.06 RUPEES	AS AT 31/03/2007 RUPEES	AS AT 31/03/2006 RUPEES
LEASEHOLD LAND	3,061,594	2,939,844	121,750	362,063	337,856	97,543	2,699,531
BUILDINGS	44,098,888	44,098,888	(0)	12,368,621	12,368,621	(0)	31,730,267
PLANT AND MACHINERY	166,243,839	166,243,839	-	96,931,231	96,931,231	-	69,312,608
OFFICE & OTHER EQUIPMENTS	5,583,873	5,583,873	-	3,545,049	3,545,049	-	2,038,824
ELECTRICAL INSTALLATIONS	10,112,308	10,112,308	-	4,604,404	4,604,404	-	5,507,904
FURNITURE & FITTINGS	7,221,107	7,221,107	-	3,728,440	3,728,440	-	3,492,667
VEHICLES	2,858,226	2,858,226	-	2,021,911	2,021,911	-	836,315
CAPITAL WORK IN PROGRESS	175,939	175,939	-	-	-	-	-
	239,355,773	239,234,024	121,750	123,561,717	123,537,512	97,542	115,618,115
previous year	239,179,834	-	239,179,834	112,345,955	246,737,168	97,542	-

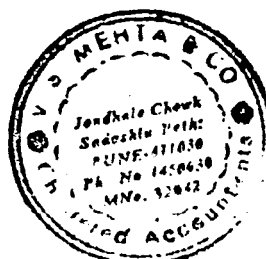
	31ST MARCH 2007 RUPEES	31ST MARCH 2006 RUPEES
SCHEDULE D - INVESTMENTS		
(Unquoted, Non-trade)		
(Previous year 1,080) Fully paid Shares of Rs. 25/- Shetkari Sahakari Bank Ltd.	54,000	54,000
(Previous year 25) Fully paid Shares of Rs. 10/- Greater Bombay Co-operative Bank Ltd.	250	250
Gas Patra	1,000	1,000
Savings Certificates	43,700	43,700
Security Deposit with Government / other Authorities)		
	<u>98,950</u>	<u>98,950</u>
Market value of shares	54,250	54,250



NAVCOM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007

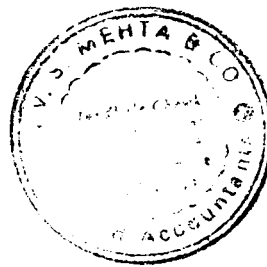
	31ST MARCH, 2007		31ST MARCH 2006
	RUPEES	RUPEES	RUPEES
SCHEDULE E - CURRENT ASSETS, LOANS & ADVANCES			
Interest Accrued		2,599,013	2,599,013
Inventories (As valued & certified by Director)			
Packing Materials, Stores and Fuel (At Cost)	-		-
Raw Materials (At Cost)	-		-
Finished Goods (At Lower of Cost or Selling Price)	-		-
Sundry Debtors (Unsecured, considered Good)		684,219,613	705,721,765
Cash & Bank Balances			
Cash on Hand	378,126		378,126
Balances with Scheduled Banks			
In Current Accounts	2,808,202		2,808,202
In Fixed Deposit	15,551,252		15,551,252
In Current Account			
With Shetkari Co-Op. Bank Ltd.	28,826		1,669
With Solapur Gramin Bank LTD.	5,341		5,341
With Solapur nagan audyog sah bank mydt	-		32,873
		18,771,747	18,777,463
Loans, Advances and Deposits (Unsecured, considered Good)			
Advances recoverable in cash or in kind or for value to be received			
For Expenditure	287,270,120		287,270,120
Advance Tax (Net)	(425,963)		(404,037)
Deposits	377,100		392,900
		287,221,257	287,258,983
		992,811,630	1,014,357,225



NAVCOM INDUSTRIES LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007

	31st MARCH, 2007 RUPEES	31st MARCH 2006 RUPEES
SCHEDULE F - CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	1,008,289,213	1012322250
Advances Received	116,940,299	116940299
Unclaimed Dividend	71,750	71750
Retention Money	325,134	325134
Loans to Directors	59,263,685	0
Bank Balances Overdrawn	41,557	41557
	<u>1184931638</u>	<u>1129700990</u>
	<u>1184931638</u>	<u>1129700990</u>
SCHEDULE G - PROFIT AND LOSS ACCOUNT		
Balance Brought Forward From Profit and Loss Account	852110248	781637495
Less : Adjusted Against General Reserve	14900000	
Less : Adjusted Against Capital Reserve	477234765	
	<u>359975483</u>	14900000
	<u>359975483</u>	<u>766737495</u>



NAVCOM INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	SCH- DULE	2006-2007 RUPEES	2005-2006 RUPEES
INCOME			
Sales		400,950	85,073,161
Job Work Receipts		-	3,236,549
Interest		85,365	17,605
Other Income		967,394	31,367
Variation In Stocks	1	-	(7,794,884)
	TOTAL	1,453,709	80,563,798
Expenditure			
Materials Consumed	2	392,040	75,461,162
Payments to and Provisions for Employees	3	22,700	2,138,947
Works Expenses	4	-	6,220,166
Other Expenses	5	71,511,722	4,160,060
Depreciation		-	11,215,764
	TOTAL	71,926,462	99,196,099
Loss for the year		(70,472,753)	(18,632,301)
Earlier Years Expenses (Net)		-	-
Balance Brought forward from Previous Year		(781,637,495)	(763,005,194)
Balance carried to Balance sheet		(852,110,248)	(781,637,495)
NOTES ON ACCOUNTS	6		

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

V.S. Mehta & Co.
V.S. MEHTA
Proprietor
Chartered Accountants
537, Sadashiv Peth
Pune
August 14, 2007

For and on behalf of the Board of Directors

U.P. Bumble
UMESH P. BOMBLE
Director

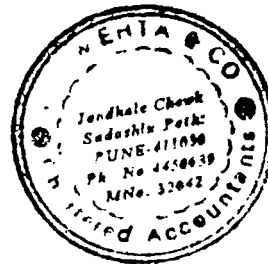
Sambhaji G. Satpute
SAMBHAJI G. SATPUTE
Director

Pune
August 14, 2007

NAVCOM INDUSTRIES LIMITED.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	2006-2007	2005-2006
	RUPEES	RUPEES
SCHEDULE 1 - VARIATION IN STOCKS		
Opening Stock	0	7,794,884
Closing Stock	0	-
	0	(7,794,884)
SCHEDULE 2 - MATERIALS CONSUMED		
Opening Stock	0	3,547,124
Add : Purchases	392040	71,914,038
	392040	75,461,162
Less: Closing Stock	0	-
	392040	75,461,162
SCHEDULE 3 - PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries Wages, Allownce, etc.	1700	1,939,508
Gratuity	21000	-
Contribution to P.F., E.S.I Funds, etc.	0	155,629
Welfare Expenses	0	43,810
	22700	2,138,947
SCHEDULE 4 - WORKS EXPENSES		
Stores and Spares Consumed	0	460,399
Packing Materials Consumed	0	82,846
Power and Fuel	0	4,771,906
Laboratory and Testing Charges	0	31,636
Repairs to Factory Building	0	95,645
Repairs to Plant & Machinery	0	608,060
Factory Expenses	0	169,675
	0	6,220,166



NAVCOM INDUSTRIES LIMITED.

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2007

	2006-2007 RUPEES	2005-2006 RUPEES
SCHEDULE 5 - OTHER EXPENSES		
Rent	0	2,455,000
Rates & Taxes	0	19,195
Insurance	0	206,073
Transport, Coolie and Cartage	0	352,839
Travelling & Conveyance	0	118,416
Vehicle Expenses	0	521,282
Printing & Stationery	0	26,817
Postage, Telegram and Telephone	0	166,025
Legal & Professional Fees	5000	114,203
Brokerage	0	185,345
Advertisement Expenses	0	(6,184)
Bank commission, Finance Charges	148	1,006
Other Expenses (including office expenses, listing fees filing fees etc.)		44
Loss on sale of asset	52960197	-
Balance W/off	18546376	
	71511722	4,160,060



NAVCOM INDUSTRIES LIMITED

SCHEDULE 6: NOTES ON ACCOUNTS

NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2007 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

	2006-2007 RUPEES	2005-2006 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. ARCIL (Assets Reconstruction Company of India Ltd.) has disposed off the Assets of the company taken over by them for the consideration of Rs. 6.19 crores and also recovered Rs. 6.01 cores from director who provided guarantee for loans taken by the company. These proceeds have been accepted in full and final satisfaction of the outstanding loans and associated dues of the company. The entire outstanding balances of secured loans from bank and financial institution stands remitted. The necessary entries to reflect appropriate financial position following these transactions have been incorporated in the accounts.		
3. In view of the settlement of loans and associated dues and sale of assets by ARCIL the resultant remission being on capital account amounting to Rs. 47.72 crores has been transferred to capital reserve account.		
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 not to accept the meeting fees.		
5. Amount paid and/or provided to the Auditors:		
a) Audit Fees	5000	7500
b) Tax Audit Fees	NIL	7500
c) Out of Pocket Expenses	NIL	NIL



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	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

	2006-07		2005-06	
	Qty.	Value	Qty	Value
S.E.		nil		75461162
Feed Materials				
Chemicals *	*		*	
Packing Materials	*	nil	*	82846
(*) numerous				

13.3 Consumption of Raw Materials
% of Total Consumption

Imported	-	-	-	-
Indigeneous	nil	nil	75461162	100

13.4 Consumption of Packing Material,
Stores & Spare Parts

Imported	-	-	-	-
Indigeneous	nil	nil	543245	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

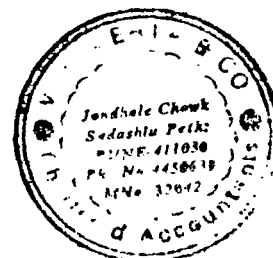
Investments are stated at cost.

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 & Co.
V.S. MEHTA
Proprietor
Pune 14, August 2007

Chartered Accountants
537, Sadashiv Peth,
Mandhale Chowk. PUNE-411 004

U.P. Bomble

UMESH P. BOMBLE
Director
Pune, 14 August 2007

Sambhaji G. Satpute
SAMBHAJI G. SATPUTE
Director

NAVCOM INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE
YEAR ENDED 31 ST MARCH, 2007

2006-2007

Rupees

(A) CASH FLOW FROM OPERATING ACTIVITIES	
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	-17512556
ADJUSTMENTS FOR DEPRECIATION	0
INTEREST AND FINANCIAL CHARGES	0
PRELIMINARY EXPENSES AMORTISED	0
LOSS ON SALE OF ASSETS	-52960197
INTEREST & DIVIDEND INCOME	-85365
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	-70558118
LESS:ADJUSTMENTS FOR	
TRADE & OTHER RECEIVABLES	21539878
INVENTORIES	0
TRADE PAYABLES	55230647
CASH GENERATED FROM OPERATIONS	6212407
INTEREST PAID	0
CASH INFLOW / (OUTFLOW) BEFORE EXTRAORDINARY ITEMS	6212407
EXTRAORDINARY ITEMS	
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	6212407
(B) CASH FLOW INVESTING ACTIVITIES :	
PURCHASES OF FIXED ASSTES	0
SALE OF FIXED ASSTES	115696512
SALE/(PURCHASE) OF INVESTMENTS	0
INTEREST & DIVIDEND RECEIVED	85365
NET CASH INFLOW/(OUTFLOW)FROM INVESTING ACTIVITIES	115781877
(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	-122000000
NET CASH INFLOW / (OUTFLOW) GENERATED	-122000000
IN FINANCING ACTIVITIES	
NET INCREASE / (DECREASE) IN CASH AND CASH	
EQUIVALEMTS (A) + (B) + (C)	(5716)
CASH AND CASH EQUIVALENTS AS AT 01.04.2006	
(OPENING BALANCE)	18777463
CASH AND CASH EQUIVALENTS AS AT 31.03.2007	
(CLOSING BALANCE)	18771747

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 requirments 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
Proprietor

Place : Pune
Date : 14th August 2007

S. Mehta & Co.
Chartered Accountants
37, Sadashiv Park
Candale Church, PUNE-411 004

For and on behalf of the Board of Directors

U.P. Bumble
UMESH P. BOMBLE
DIRECTOR

Sambhaji G. Satpute
SAMBHAJI G. SATPUTE
DIRECTOR

Place : Pune
Date : 14th , August 2007