

EDC LIMITED
PANAJI - GOA

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCH.	AMT.([₹])	AS AT 31/03/11 AMT.([₹])	AMT.([₹])	AS AT 31/03/10 AMT.([₹])
SOURCES OF FUNDS					
SHAREHOLDERS FUNDS					
Share Capital	A		1,009,248,000.00		1,009,248,000.00
Reserves & Surplus	B		1,550,881,939.09		1,413,531,440.66
LOAN FUNDS					
Secured Loans	C		930,107,332.97		-
Unsecured Loans	D		-		-
TOTAL			3,490,237,272.06		2,422,779,440.66
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	E	95,684,252.61		93,480,418.61	
Less: Depreciation		32,168,732.92		27,787,816.51	
Net Block			63,515,519.69		65,692,602.10
INVESTMENTS					
	F		330,656,832.00		330,656,832.00
DEFERRED TAX ASSETS [NET]					
	G		343,008.00		5,306,163.00
CURRENT ASSETS, LOANS & ADVANCES					
	H	5,603,881,479.27		4,000,376,308.19	
Less: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	I	1,613,880,183.90		1,041,354,376.63	
Provisions	J	894,279,383.00		937,898,088.00	
		2,508,159,566.90		1,979,252,464.63	
NET CURRENT ASSETS (2.4 - 2.5)			3,095,721,912.37		2,021,123,843.56
TOTAL			3,490,237,272.06		2,422,779,440.66

Notes to Accounts and Significant Accounting Policies

N

EDC LIMITED
PANAJI - GOA

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	SCH.	AS AT 31/03/2011 AMT.([₹])	AS AT 31/03/10 AMT.([₹])
[1] INCOME	K	406,222,351.72	440,984,575.93
TOTAL INCOME		406,222,351.72	440,984,575.93
[2] EXPENDITURE			
Financial Expenses	L	45,583,140.92	34,967,953.00
Administrative & Promotional Expenses	M	142,782,518.79	101,610,785.27
Depreciation	E	4,380,916.41	4,208,984.08
TOTAL EXPENDITURE		192,746,576.12	140,787,722.35
[3] PROFIT BEFORE RESERVES AND TAXATION (1 - 2)		213,475,775.60	300,196,853.58
[4] Provision/(Excess Provision Reversed) For Non Performing Assets		17,361,070.00	(98,123,190.00)
[5] Provision/(Excess Provision Reversed) For Loss On Investment		600,000.00	(1,087,613.00)
[6] Transfer To Special Reserve Under Section 36(1)(Viii)		40,000,000.00	63,500,000.00
[7] NET PROFIT BEFORE TAXATION 3-(4+5+6)		155,514,705.60	335,907,656.58
[8] LESS/(ADD) : PRIOR PERIOD ADJUSTMENT		20,460.00	4,190.00
		155,494,245.60	335,903,466.58
[9] LESS/(ADD) : PROVISION FOR TAXATION			
i) Current Tax		40,000,000.00	84,500,000.00
iii) Deferred Tax Effect for the year		4,963,155.00	(4,662,392.00)
iv) Wealth Tax		15,000.00	13,700.00
v) Short Provision of Wealth Tax in respect of earlier years		7,737.00	-
vi) Short/(Excess) provision for Fringe Benefit Tax in respect of earlier years		120,090.00	(213,666.00)
vii) Excess provision for Wealth Tax in respect of earlier years		(21,849.00)	-
viii) Short/(Excess) provision for Income Tax in respect of earlier years		1,290,899.17	(921,464.00)
[10] PROFIT AVAILABLE FOR APPROPRIATION		109,119,213.43	257,187,288.58
Proposed Dividend		10,092,480.00	10,092,480.00
Tax on Dividend		1,676,235.00	1,715,217.00
BALANCE CARRIED TO BALANCE SHEET		97,350,498.43	245,379,591.58

EARNINGS PER SHARE (Basic & Diluted) (R) **10.81** **25.48**

(refer note B-10(14) of Notes to Accounts)

Notes to Accounts and Significant Accounting Policies

N

Signatures to Schedules "A" to "N"

As per our report of even date attached

For M/s. R. K. PIKALE & CO.

Chartered Accountants
FRN.107919W

For and on behalf of the Board

Sd/-
CA. R.K. PIKALE
Partner
M. No.30691

Sd/-
AGNELO N. FERNANDES
Chairman

Sd/-
W. V. R. MURTHY
Managing Director

216, Govinda Building
M. G. Road
Panaji- Goa
28th July, 2011

Panaji - Goa
28th July, 2011

EDC LIMITED
PANAJI - GOA

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

	AS AT 31/03/2011	AS AT 31/03/10
	AMT.(₹)	AMT.(₹)
SCHEDULE A: SHARE CAPITAL		
Authorised 12,500,000 Equity Shares of ₹100/- each	1,250,000,000.00	1,250,000,000.00
Issued subscribed and paid up 10,092,480 Equity Shares of ₹100/- each fully paid up	1,009,248,000.00	1,009,248,000.00
Total:	1,009,248,000.00	1,009,248,000.00

SCHEDULE B: RESERVES AND SURPLUS		
Special Reserve (under Section 36(1) (viii) of the Income Tax Act, 1961.)		
Balance as per last Balance Sheet	570,102,726.00	
Transfer from Profit and Loss Account	40,000,000.00	610,102,726.00
Capital Reserve		234,465,831.00
General Reserve as per last balance sheet		1,400,000.00
Profit and Loss account	607,562,883.66	
Add: During the year	97,350,498.43	704,913,382.09
Total:		1,550,881,939.09
		1,413,531,440.66

SCHEDULE C: SECURED LOANS		
Secured against FDR.		
Demand Loan From Canara Bank	87,805,712.00	-
Demand Loan From State Bank Of Travancore	172,875,362.00	-
Demand Loan From Bank Of Baroda	44,449,583.00	-
Demand Loan From Federal Bank Limited	91,421,216.00	-
Demand Loan From Bank Of India	101,203,586.05	-
Demand Loan From Syndicate Bank	432,351,873.92	-
Total:	930,107,332.97	-

SCHEDULE D: UNSECURED LOANS		
	-	-
Total:	-	-

EDC LIMITED
PANAJI - GOA.
SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

SCHEDULE "E": FIXED ASSETS

PARTICULARS	Rate of Depr.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31/03/2010	Additions	Disposal	As at 31/03/2011	Upto 31/03/2010	For the Year	Adjustment	Upto 31/03/2011	As at 31/03/2011	As at 31/03/2010
Description of Assets		([₹])	([₹])	([₹])	([₹])	([₹])	([₹])	([₹])	([₹])	([₹])	([₹])
Land (free hold)	-	353,000.00	-	-	353,000.00	-	-	-	-	353,000.00	353,000.00
Land (Patto Plaza)	-	-	-	-	-	-	-	-	-	-	-
Buildings											
Retained for own use	1.63	49,875,690.66	-	-	49,875,690.66	5,691,064.06	812,974.00	-	6,504,038.06	43,371,652.60	44,184,626.60
Let Out	1.63	470,434.35	-	-	470,434.35	161,884.98	7,668.00	-	169,552.98	300,881.37	308,549.37
Shops		353,849.00	-	-	353,849.00	-	-	-	-	353,849.00	353,849.00
Lifts	4.75	3,309,688.00	-	-	3,309,688.00	985,587.00	121,140.00	-	1,106,727.00	2,202,961.00	2,324,101.00
Air cond. & Other plants	4.75	6,500,534.84	255,650.00	-	6,756,184.84	3,617,599.44	310,773.00	-	3,928,372.44	2,827,812.40	2,882,935.40
Furniture and Fixtures	6.33	12,378,683.57	731,271.00	-	13,109,954.57	9,405,195.29	797,777.00	-	10,202,972.29	2,906,982.28	2,973,488.28
Office Equipments	4.75	3,183,728.75	44,485.00	-	3,228,213.75	2,267,621.76	145,298.96	-	2,412,920.72	815,293.03	916,106.99
Computers	16.21	4,210,236.00	131,532.00	-	4,341,768.00	2,681,396.10	569,029.45	-	3,250,425.55	1,091,342.45	1,528,839.90
Vehicles	9.5	6,595,510.44	801,306.00	-	7,396,816.44	1,909,463.83	663,488.00	-	2,572,951.83	4,823,864.61	4,686,046.61
Electrical Fittings	6.33	534,063.00	239,590.00	-	773,653.00	17,236.33	26,366.00	-	43,602.33	730,050.67	516,826.67
INTANGIBLE ASSETS											
Computer Software	16.21	5,715,000.00	-	-	5,715,000.00	1,050,767.72	926,402.00	-	1,977,169.72	3,737,830.28	4,664,232.28
Total:		93,480,418.61	2,203,834.00	-	95,684,252.61	27,787,816.51	4,380,916.41	-	32,168,732.92	63,515,519.69	65,692,602.10
2009-2010		91,095,602.16	10,447,982.00	8,063,165.55	93,480,418.61	25,386,221.35	4,208,984.08	1,807,388.92	27,787,816.51	65,692,602.10	65,709,380.81

EDC LIMITED
PANAJI - GOA

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

	AS AT 31/03/2011 AMT.(₹)	AS AT 31/03/10 AMT.(₹)
<u>SCHEDULE F: INVESTMENTS (AT COST)</u>		
<u>LONG TERM INVESTMENTS</u>		
<u>I. Investments in Subsidiary Companies - Unquoted</u>		
A) Non- Trade – Unquoted		
1. Goa Electronics Limited 1,80,000 Equity Shares of R 100/- each fully paid up	18,000,000.00	18,000,000.00
2. <u>Goa Antibiotics & Pharmaceuticals Limited</u>		
i) 3,99,000 Equity Shares of R 100/- each fully paid up	37,222,017.00	37,222,017.00
ii) 15,03,000 - 8.5% Cumulative Redeemable Preference Shares of R 100/- each fully paid up.	150,300,000.00	150,300,000.00
3. <u>Goa Auto Accessories Limited</u>		
i) 2,59,000 Equity Shares of R 100/- each fully paid up	25,900,000.00	25,900,000.00
ii) 3,00,000 - 8.5% Cumulative Redeemable Preference Shares of R 100/- each fully paid up	30,000,000.00	30,000,000.00
<u>II. Other investments (Non-trade-Unquoted)</u>		
1. Info Tech Corporation of Goa Limited 15,69,037 Equity Shares of R 10/- each fully paid up	15,690,370.00	15,690,370.00
2. Goa State Infrastructure Development Corporation Limited 60,000 (includes 10,000 as bonus shares issued on 15/04/2010) Equity Shares of R 10/- each fully paid up	500,000.00	500,000.00
3. Goa State Co-operative Bank Limited 500 Equity Shares of R 100/- each fully paid up	50,000.00	50,000.00
4. Goa Metal Casters Private Limited 2,500 Equity Shares of R 100/- each fully paid up	250,000.00	250,000.00
5. Rodal Circaprint Electronics Limited 15,000 - 13.5% Redeemable Preference Shares of R 100/- each fully paid up	1,500,000.00	1,500,000.00
6. MITCON Ltd. 2000 (includes 1,200 as bonus shares issued on 28/02/2008) Equity Shares of R 100/- each fully paid up	80,000.00	80,000.00
<u>III. Quoted Long Term Investments</u>		
1. Automobile Corporation of Goa Limited 4,05,302 Equity Shares of R 10/- each fully paid up.	10,132,445.00	10,132,445.00
2. Nova Dhatu Udyog Limited 7,50,000 Equity Shares of R 10/- each fully paid up	7,500,000.00	7,500,000.00
3. Ravish Infusion Limited 15,00,000 Equity shares of R 10/- each fully paid up	15,000,000.00	15,000,000.00
4. Marmagoa Steel Limited 7,50,000 Equity Shares of R 1/- each fully paid up	7,500,000.00	7,500,000.00
5. IDBI Limited 1,14,240 (includes 42,840 as bonus shares issued on 29/03/2001) Equity Shares of R 10/- each fully paid up	9,282,000.00	9,282,000.00
6. GKB Ophthalmics Limited 50,000 Equity Shares of R 10/- each fully paid up.	1,750,000.00	1,750,000.00
Total:	330,656,832.00	330,656,832.00
Quoted Investments	51,164,445.00	51,164,445.00
Unquoted Investments	279,492,387.00	279,492,387.00
Total:	330,656,832.00	330,656,832.00
Market value of quoted investments	164,653,614.10	113,791,338.50

EDC LIMITED
PANAJI - GOA

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

	AS AT 31/03/2011	AS AT 31/03/10
	AMT.([₹])	AMT.([₹])
SCHEDULE G: DEFERRED TAX ASSET		
Depreciation	(7,603,756.00)	(7,175,820.00)
Leave Encashment Provision	7,755,293.00	8,324,485.00
Ex-gratia	30,859.00	51,368.00
Interest Tax Provision	160,612.00	164,347.00
Gratuity	-	3,941,783.00
Total:	343,008.00	5,306,163.00

SCHEDULE H: CURRENT ASSETS, LOANS AND ADVANCES		
I. CURRENT ASSETS :		
Accrued interest on fixed deposits and loans {Net of Tax deducted at source `7,716,119.73 (Previous year - ` 15,726,101.01) }	84,572,122.44	72,216,717.95
Cash in hand	649,322.71	159,113.97
Bank Balance in Current Accounts with scheduled banks in Fixed Deposits with scheduled banks	22,648,676.38 2,829,457,310.00	62,793,361.80 1,008,018,329.00
II. LOANS & ADVANCES :		
A. Loans to Industrial units	2,249,744,264.96	2,424,841,235.61
B. Other loans	5,092,000.00	5,092,000.00
C. Loans to Subsidiary Companies	116,532,873.00	120,489,073.00
C. Loans to Staff		
i. Secured - considered good	8,168,235.00	11,148,194.00
ii. Unsecured - considered good	1,229,502.47	1,401,613.47
D. Value to be received		
i) Unsecured considered Good	46,938,352.59	22,576,829.70
ii) Advance payment of Income Tax and Tax deducted at source	232,063,091.72	261,401,284.69
iii) Advance payment of Fringe Benefit Tax	268,840.00	607,159.00
iv) Advance payment of Wealth tax	6,146,613.00	9,266,221.00
E. Deposits with public bodies & others	370,275.00	365,175.00
Total:	5,603,881,479.27	4,000,376,308.19

EDC LIMITED
PANAJI - GOA

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2011

		AS AT 31/03/2011	AS AT 31/03/10
		AMT.(')	AMT.(')
SCHEDULE I: CURRENT LIABILITIES			
<u>Current Liabilities</u>			
Sundry Creditors		27,376,985.89	26,111,283.00
D.I.T.C. Share Capital (Govt. of Goa)		22,246,760.00	4,675,549.00
<u>Deposits and advances</u>			
Others		1,519,631,533.75	941,113,666.38
Other Liabilities		44,624,904.26	69,453,878.25
Total:		1,613,880,183.90	1,041,354,376.63

SCHEDULE J: PROVISIONS			
<u>Provisions</u>			
<u>Provision for Taxation</u>			
Balance as per last Balance Sheet	260,000,000.00		
Less: Adjusted during the year	107,500,000.00		
Add: Provision for the Current Year	40,000,000.00	192,500,000.00	260,000,000.00
<u>Provision for Fringe Benefit Tax</u>			
Balance as per last Balance Sheet	477,000.00		
Less: Adjusted during the year	217,000.00		
Add: Provision for the Current Year	-	260,000.00	477,000.00
<u>Provision for Wealth Tax</u>			
Balance as per last Balance Sheet	9,294,033.00		
Less: Adjusted during the year	5,646,490.00		
Add: Provision for the Current Year	15,000.00	3,662,543.00	9,294,033.00
<u>Provision for proposed Dividend & Dividend Tax</u>			
<u>Proposed Dividend</u>			
Balance as per last Balance Sheet	10,092,480.00		
Add: Provision for the Current Year	10,092,480.00		
<u>Dividend Tax</u>			
Balance as per last Balance Sheet	1,715,217.00		
Add: Provision for the Current Year	1,676,235.00	23,576,412.00	11,807,697.00
<u>Provision for loss on Investment</u>			
Balance as per last Balance Sheet	305,862,387.00		
Less: Written back during the year	-		
Add: Provision for the Current Year	600,000.00	306,462,387.00	305,862,387.00
<u>Provision for NPA</u>			
Balance as per last Balance Sheet	350,456,971.00		
Less: Written back during the year	-		
Add: Provision for the Current Year	17,361,070.00	367,818,041.00	350,456,971.00
Total:		894,279,383.00	937,898,088.00

EDC LIMITED
PANAJI - GOA

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	AS AT 31/03/2011	AS AT 31/03/10
	AMT.([₹])	AMT.([₹])
<u>SCHEDULE K: INCOME</u>		
Interest on loans and deposits	229,435,417.31	289,909,630.11
Interest on Fixed Deposits (Gross) {Tax deducted at source ` 13,165,330.38 (Previous year - `22,594,976.01) }	131,293,251.80	99,898,347.96
Dividend (from non-trade investments)	1,891,277.00	4,508,620.00
Interest Subsidy from Government of Goa	5,450,254.00	15,237,141.00
Rent (Gross) {Tax deducted at source ` 475,075.00 (Previous year - ` 509,072.00) }	4,789,780.00	3,652,480.00
Miscellaneous receipts {Tax deducted at source`983.00 (Previous year - ` 742.00) }	3,351,164.50	2,369,171.43
Lease/Ground rent & Extension Fees (Patto Plaza) {Tax deducted at source R 109,556.00 (Previous year - R 4000.00) }	21,068,987.08	5,837,760.43
Recovery of Bad Debts written off	4,397,408.85	15,441,538.00
Profit on sale of Assets	-	50,450.00
Sundry Balances written back	-	887,978.00
Sundry deposits written back	2,698,838.25	3,191,459.00
Recovery on Loan Account expenses	1,845,972.93	-
Total:	406,222,351.72	440,984,575.93

<u>SCHEDULE L: FINANCIAL EXPENSES</u>		
Interest Cost	45,583,140.92	34,967,953.00
Total:	45,583,140.92	34,967,953.00

EDC LIMITED
PANAJI - GOA

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	AS AT 31/03/2011	AS AT 31/03/10
	AMT.(₹)	AMT.(₹)
<u>SCHEDULE M: ADMINISTRATIVE AND PROMOTIONAL EXPENSES</u>		
Salaries and allowances	56,184,561.00	40,827,288.60
Arrears of VI Pay	-	6,913,235.00
Contribution to Provident Fund and other Funds	19,254,044.00	18,218,953.00
Staff Welfare	3,308,941.31	1,943,104.56
Advertisement and Publicity	2,520,087.86	1,684,967.00
Consultancy and professional fees	3,171,665.00	2,565,841.00
Travelling and conveyance	550,615.26	1,276,496.69
Printing and Stationery	631,722.20	723,668.70
Staff training expenses	44,000.00	6,715.00
Auditors remuneration -		
Audit Fees	88,240.00	
Tax Audit fees	22,060.00	
	110,300.00	82,725.00
Repairs & Maintenance -		
Buildings	78,814.45	
Vehicles	1,208,089.16	
Others	26,640,120.00	
	27,927,023.61	2,989,497.18
Postage, Telegrams and Telephones	1,026,218.79	923,607.20
Rent	8,208.00	8,208.00
Electricity and water charges	1,300,432.00	1,414,412.00
Insurance	184,524.00	152,409.00
Director's Sitting Fees	9,200.00	8,800.00
Bad Debts Written Off	25,133,502.59	701,362.00
Chief Minister's Relief Fund	-	10,000,000.00
CMRY-Subsidy	322,740.00	698,801.00
Loan Account Expenses		4,910,723.45
Miscellaneous expenses	1,094,733.17	5,048,008.36
Sundry Balances written off	-	7,578.90
Loss on Sale/Scrapping of Assets	-	504,383.63
Total:	142,782,518.79	101,610,785.27

**EDC LIMITED
PANAJI, GOA**

SCHEDULE N:

**ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2011**

(A) ACCOUNTING POLICIES:

1. ACCOUNTING CONVENTION:

The accounts of the Corporation are prepared under the historical cost convention and in accordance with the relevant accounting standards, except where stated otherwise. The Corporation follows accrual basis of accounting for recognition of income and expenses, except as indicated below:

- a) In accordance with the provisions of Section 209 (1) (d), of the Companies Act, 1956 and the exemption granted to financial institutions, under circular No.G.S.R.550 (E) dated 16th May, 1989, the Corporation has as in the previous years followed the mercantile system of accounting, except in respect of interest income, as disclosed in para 9 herein below.
- b) In case of appropriation of sale proceeds of disposal of assets, taken under Section 29 of SFC's Act 1951/PMRA, the Corporation has decided first, to adjust the amount debited to other expenses, thereafter towards principal and lastly the balance, if any towards interest.

2. FIXED ASSETS:

- a) Fixed Assets are shown at historical cost less accumulated depreciation.
- b) Depreciation on assets has been provided on straight-line method, at the rate prescribed by Schedule XIV to Companies Act, 1956. Depreciation, in respect of additions to and deduction from assets, has been charged on pro-rata basis, with reference to the period of use of such assets. Depreciation, in respect of assets given on lease in respect of lease transactions entered into, prior to 01-04-2001 is depreciated over the primary period of lease.

- c) Computer Software which is subject to Technical Obsolescence has been classified as Intangible assets and the same is being depreciated on Straight Line Basis at the rate prescribed by Schedule XIV to Companies Act, 1956.

3. INVESTMENTS AND DIMINUTION IN VALUE OF INVESTMENTS:

Investments being long-term, are carried in the Financial Statement at cost. However, Provision for diminution is made, to recognize a decline other than temporary, in the value of investments.

4. EMPLOYEE BENEFITS:

- (a) The eligible employees of the Corporation are entitled to receive benefits, under the Provident Fund, a defined contribution plan in which, both the employees and the Corporation make monthly contributions, at a specified percentage of the covered employee's salary. The contributions, as specified under the law are accrued on a monthly basis and deposited with the Regional Provident Fund Commissioner and the Central Provident Fund under the Pension Scheme.
- (b) The Corporation has a Superannuation Plan for its employees, with a defined contribution plan. The plan is managed by a Trust and the funds are invested under EDC Employees Group Superannuation Scheme, with the Life Insurance Corporation of India. The contribution paid to the Life Insurance Corporation of India, during the year is charged to the Profit & Loss Account.
- (c) The Corporation has an obligation towards Gratuity. A defined benefit retirement plan has set up a Gratuity Trust and has taken a Group Gratuity Cash Accumulation Scheme with the Life Insurance Corporation of India, for future payments of gratuities to its retiring employees. The payment/provisions for the premium towards Gratuity are based on the actuarial valuation made by Life Insurance Corporation of India. Accordingly, the expense on the account during the year is `8,256,709.00 (Previous Year `11,719,823.00).
- (d) The liability in respect of compensated absences for employees is determined on the basis of an independent actuarial valuation carried out at the end of the year and differential liability is recognized as an expense/income in the Profit and Loss Account. During the year an amount of `719,749.00 has been written back (Previous Year –`6,967,373.00)

5. ASSET CLASSIFICATION:

Income Recognition, Asset Classification and Provisioning for Non Performing Assets is done based on the Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances as per guidelines issued by the Reserve Bank of India.

The details of the classifications are as under:

		(' in lakhs)					
Sr. No	Classification	2010-11			2009-10		
		Amount (₹)	Percentage	Provisions (₹)	Amount (₹)	Percentage	Provisions (₹)
I	Standard Assets	17972.53	0.25%	44.93	19466.81	0.25%	48.67
II	Sub Standard	1318.84	10.00%	131.88	1452.38	10.00%	145.24
III	Doubtful Assets	4481.42	20.00% to 100.00%	1780.30	3926.84	20.00% to 100.00%	1613.74
IV	Loss Assets	1721.07	100.00%	1721.07	1696.92	100.00%	1696.92
	Total	25493.86		3678.18	26542.95		3504.57

6. REVENUE RECOGNITION:

- (a) In respect of Interest Income, Revenue is recognized as per Prudential Norms on Income Recognition, Asset Classification and Provisioning for Non Performing Assets. In respect of others, Revenue is recognized on accrual basis as and when the right to receive the revenue is established. Revenue Recognition is postponed, when there is a significant uncertainty as to measurability or collectability.
- (b) The Corporation has extended various types of loans to the employees, as per the schemes from time to time. The interest on such loans is charged to the Profit & Loss account, in the year of actual receipt.
- (c) The Corporation has given some shops/offices premises on rent and has individual lease agreements with the allottees. The rent received is recognized as income on accrual basis.

7. TAXATION:

As required by AS-22, issued by ICAI, current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961. Deferred Tax Assets are recognized for all the timing differences and carried forward to the extent, that there is a reasonable certainty that sufficient future taxable income will be available against such Deferred Tax Assets and can be realized.

8. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognized only when there is present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

9. OUTSTANDING INTEREST:

Interest accrued and outstanding on the loans as on 31/03/2011 was ₹25,735.36 lakh (Previous Year ₹24,563.37 lakh).

10. PRIOR PERIOD ITEMS :

Significant items of Income and expenditure which relate to prior period are accounted in the Profit and Loss Account, under the head "Prior Period Adjustments" other than those occasioned during or after the close of the year and which are treated as relatable to the current year.

11. BORROWING COST:

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized.

(B) NOTES TO ACCOUNTS:

1. EARNINGS FROM INVESTMENTS:

The Corporation has earned dividend from investments of ₹18,91,277.00 (Previous Year ₹45,08,620.00). Dividend on 8.5% Cumulative Redeemable Preference Shares, issued to GAPL and GAAL shall be accounted for on receipt basis.

2. WRITE OFF / PROVISION FOR LOSS ON INVESTMENT:

Provision for Loss on Investment made during the year is ₹6,00,000.00 (Previous Year: ₹10,87,613.00 was written back).

3. LOANS AND ADVANCES:

- (a) In respect of loans granted to industrial units, the Corporation is in the process of updating the value of securities. This activity is likely to be completed in the next financial year.
- (b) Loans and advances include loans to employees of the Corporation of ₹9,397,737.47 (Previous year ₹12,549,807.47). Maximum balance during the year is - ₹12,728,939.47 (Previous year - ₹15,049,084.47).
- (c) The Corporation has maintained Special Reserve u/s 36(1) (viii) of the Income Tax Act, 1961, to the extent of ₹610,102,726.00 (Previous Year ₹570,102,726.00).
- (d) The Corporation has retained provision for NPA Reserve for the year to the extent of ₹367,818,041.00 (Previous Year ₹350,456,971.00). During the year additional Provision of ₹17,361,070.00 was provided (Previous Year ₹98,123,190.00 was written back).
- (e) The Corporation consistently discloses the loans and advances at gross value, before deduction of Provision for standard, sub-standard, doubtful and loss assets.
- (f) The Corporation has considered (Previous Year 34) cases under One Time Settlement Scheme during the year. The total amount outstanding from these units was ₹287.09 Lakh (Previous Year ₹1066.82 Lakh) The details of the amounts Outstanding, Recovered and Waived during the period, are as follows:

(₹ in lakh)

Sr. No.	Particulars	2010-11			2009-10		
		Outstanding amount	Recovered	Amount waived	Outstanding amount	Recovered	Amount waived
1.	Principal	86.61	77.20	9.40	317.28	310.27	7.01
2.	Interest	200.48	11.50	188.98	749.54	79.75	669.79
	Total	287.09	88.70	198.38	1066.82	390.02	676.80

- (g) During the year Corporation has accounted `594.39 Lakh (Previous Year `191.92 Lakh) received from sale proceeds, from disposal of assets taken under Sec.29 of SFC's Act 1951/PMRA. The details of adjustment of this amount is as follows :

(` in lakh)

Sr. No.	Particulars	2010-11	2009-10
1.	Principal	543.90	111.39
2.	Interest	8.58	78.79
3.	Other Expenses	41.91	1.74
	Total	594.39	191.92

4. CONTINGENT LIABILITIES NOT PROVIDED FOR:

1. The Corporation has provided its fixed deposits held with various bankers on lien to the said bankers for working capital facilities advanced to its subsidiary companies. Total of such facilities amounts to `400 Lakhs (Previous year `Nil).
2. Provision has not been made in the accounts in respect of the following liabilities not acknowledged as debt for the reasons stated below:-
 - a) Corporation had taken over the possession of mortgaged assets in respect of Diyana Holiday Homes, under Section 29, of State Financial Corporation Act. Subsequently, Mr. Baptist D'Souza, had filed a civil suit against the Corporation on 25/02/2003, for a rent back installment claim of `600/- per day, by way of damages until the date of removal of the seal by the Corporation. As the entire assets of the Hotel were mortgaged to the Corporation, since February 1995, Corporation does not expect any liability on this account.
 - b) As per the directions of Hon'ble Supreme Court of India, an amount of `925.00 Lakh was deposited with the Corporation, by M/s. Falcon Retreat Pvt. Ltd., a unit assisted by EDC. Pending final disposal of the suit and as decided by the Board, Interest earned on the Deposit amounting to an amount of `78,00,233.00 is provided for up to 31/3/2008. The Hon'ble Supreme Court of

India in its judgment in May 2011 has upheld the decision of the redemption of mortgage in favour of M/s. Falcon Retreat Pvt. Ltd., and the appeals filed by M/s. L. K. Trust has been dismissed. M/s Falcon Retreat Pvt. Ltd., has demanded interest on the amount deposited for the intervening period amounting to `408.54 Lakhs. EDC expects to contest this claim successfully and no liability is expected on this account.

Simultaneously M/s. L. K. Trust had deposited `1385.00 Lakhs in 2005-06 towards purchase of said attached hotel unit of M/s. Falcon Retreat Pvt. Ltd. No further provision is made as the matter was sub-judice. In view of the judgment passed by Hon'ble Supreme Court of India, the entire amount of `1385.00 Lakhs has been refunded to M/s. L. K. Trust in June 2011. M/s. L. K. Trust has filed claim for interest on the above amount @18% p.a. amounting to `1233.00 Lakhs. The Corporation has not yet decided on this matter.

- c) The Corporation had awarded a Contract of `920.39 Lakh for Improvement of Infrastructure at Patto Plaza, Panaji to M/s. Kanaka Infratech Ltd., Mumbai. The contract was terminated by the Corporation in view of violation of terms of contract by the contractor. The contractor M/s Kanaka Infratech Ltd., has approached the Additional District Court challenging the termination and claimed compensation of `10000.00 Lakh. The Corporation expects to successfully defend the case and expects no liability on this count.
- d) Income Tax Department has assessed the Wealth Tax from A.Y. 2001-02 up to A.Y.2005-06 and had dropped the penalty proceedings against the Corporation. The Commissioner of Income Tax has issued a notice u/s 25(2) of Wealth Tax Act for the above period, re-opening the matter. The Corporation has replied appropriately to the said notice. A penalty of `51.02 Lakh was levied by the IT Department and the Corporation filed an Appeal with Income Tax Appellate Tribunal (ITAT). These matters are also concurrently pending with CIT(Appeals) and the decision is expected to be in line with ITAT. Further, the Corporation remitted `25.00 lakhs in January 2011 as per the directives of the Chief Commissioner of Income Tax pending decision of the ITAT and the same is included in advance payment of I.T. as disclosed in the Balance Sheet. The ITAT, Panaji Bench passed its order February 2011 allowing the appeal for A.Y..2001-02, 2002-03, 2004-05 and 2005-06 and the appeal for A.Y. 2003-04 was dismissed. The penalty of year

2003-04 is ₹9,44,633.00. The Corporation has filed an appeal in the Hon'ble High Court, Panaji against the order dated 25/02/2011 passed by ITAT.

5. TAXATION:

(A) CURRENT TAXES:

During the current year the Corporation has made following provisions towards taxation:

(Amt. in `)

	F.Y. 2010-11	F.Y. 2009-10
Corporate Tax	40,000,000.00	84,500,000.00
Wealth Tax	15,000.00	13,700.00

(B) DEFERRED TAX:

(Amt. in `)

	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
Timing differences on account of	Deferred Tax Assets	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Liabilities
Depreciation effect	-	-	7,603,756.00	7,175,820.00
Leave Encashment	7,755,293.00	8,324,485.00	-	-
Ex-Gratia	30,859.00	51,368.00	-	-
Interest Tax	160,612.00	164,347.00	-	-
Gratuity	-	3,941,783.00	-	-
TOTAL:	7,946,764.00	12,481,983.00	7,603,756.00	7,175,820.00

Net Deferred Tax Assets: ₹343,008.00 (Previous Year ₹5,306,163.00).

6. BAD DEBTS WRITTEN OFF:

During the current year, the Corporation has written off ₹2,41,93,058.00 (Previous Year ₹ Nil) excluding OTS & CMRY amount of ₹9,40,445.01 (Previous Year ₹701,362.00).

The sale proceeds of the securities in respect of Bad debts written off/recovery of bad debts will be accounted under the head "Other Income", as and when the amounts are realized in future.

7. 'D.I.T.C' SHARE CAPITAL:

The Corporation is the implementing agency for the “Share Capital Assistance to Self Employed Scheme of DITC – 2003”, a Government of Goa sponsored scheme, which is made applicable to the beneficiaries of Chief Minister’s Rozgar Yojana (CMRY). The CMRY scheme, is a Government of Goa sponsored Self Employment Scheme, for assisting educated unemployed. Under the said scheme, in addition to the term loan, the applicant is also provided “Interest Free Share Capital” contribution, which is to be repaid over a period of 5 to 10 years by the applicant. This amount is repaid by EDC, to the D.I.T.C. on recovery from the beneficiaries under the scheme, over a period of 10 years.

8. LAND ACQUISITION DEPOSIT:

An amount of `1,166,339,858.23 (Previous Year `598,747,696.23) is outstanding against Land Acquisition Deposit with the Corporation. This amount deposited is payable towards Land Acquisition by the Government Departments, as and when instructions are received from the Land Acquisition Officer of the respective projects.

9. PATTO PLAZA PROJECT:

The Corporation had developed the land at Patto Plaza admeasuring 177,555.72 sq.mtrs. Comprising of 100,667.40 sq.mtrs. of developed plots and the balance being open space, roads etc. All the plots have been allotted on Long Lease and all the allottees are liable to pay annual ground rent and other charges, as specified in their lease agreement.

During the year the Corporation awarded contract of `1275.06 Lakh for Redevelopment of Patto Plaza to M/s. M. Venkata Rao Infra Project Pvt. Ltd. The work executed during the year is `226.68 Lakh and has been charged to Profit and Loss account.

10. OTHERS:

1. Deposits & Advances includes `27,000.00 (Previous Year `117,000.00) being unclaimed Fixed Deposits from Public. No response has been

received from the depositors, despite efforts from the Corporation to refund the same.

2. Allotment of two shops in EDC Building, on which balance of bid amount of ₹353,849.00 is defaulted is cancelled and the shops are repossessed by the Corporation. The cost is taken to be the amount, which was due from the defaulting allottees. The shops are meant to be re-allotted to fresh bidders, and therefore no depreciation provision is considered necessary.
3. There are no imports or remittances in foreign currency or earnings in foreign exchange during the current year (Previous Year : Nil). Amount incurred on foreign tour is ₹366,285.00 (Previous Year : Nil).
4. Expenditure incurred on office of Chairman/Vice Chairman in connection with the business of the Corporation:

(Amt. in `)

	2010-11		2009-10	
	Chairman	Vice Chairman	Chairman	Vice Chairman
Salaries of staff	1,92,007.00	2,10,000.00	60,000	185,500.00
Entertainment & telephone	2,88,526.31	98,921.00	215,790.00	60,000.00
Expenditure on Car	2,50,626.75	10,932.60	1,77,268.00	15,712.00
Traveling & Conveyance	98,207.26	-	77,870.00	17,724.00

5. Remuneration to Managing Director:

(Amt. in `)

	2010-11	2009-10
Salaries	9,59,951.00	12,02,898.00
Perquisites	1,23,400.00	94,689.00
Leave Salary & Pension Contribution	2,60,951.00	6,86,830.00

6. The Financial expenses of ₹45,583,140.92 (Previous Year - ₹34,967,953.00) is inclusive of ₹16,040,611.92 (Previous Year - ₹13,008,167.00) towards Interest on overdraft from Banks and ₹29,542,529.00 (Previous Year - ₹21,959,786.00) towards Interest on Land acquisition.
7. An amount of ₹615,901.00 outstanding towards The Goa State Co-operative Bank Ltd. (GSCB) cash credit in the previous years has been written back in 2008-09, in view of the directions for settlement of liabilities

to the Corporation and GSCB, by the Finance Department, Government of Goa.

8. The annual accounts of the subsidiaries are yet to be reviewed by CAG and as such Consolidated Financial Statements as required by Accounting Standard 21, issued by ICAI is not appended herewith. Statement pursuant to Sec.212 of the Companies Act, 1956 relating to subsidiary companies is annexed herewith as Annexure-A. The balance confirmation pertaining to all subsidiary accounts have been confirmed as on 31/3/2011.
9. The Corporation is primarily engaged in carrying on financial activities where the risks and returns are similar and is in the normal course of lending activities. As such, Segmental Reporting as required under Accounting Standard 17 issued by ICAI is not applicable to the Corporation.
10. In the absence of any intimation received from parties regarding the status of their registration under "Micro, Small & Medium Enterprises Development Act 2006 " the company is unable to comply with the disclosures required to be made under the Act.
11. The Corporation has various amounts payable as well as receivable from various State Government departments pertaining to past transactions. The Corporation has approached the State Government to convey their approval for adjustment of all such payables against receivables. Approval in respect of such payments is awaited.
12. The Corporation had extended the Corporate Loan to M/s. Vishwas Steel Ltd. against the pledge of shares. On default of repayment of the loan, the pledge has been invoked and the shares of M/s Mega Corporation Ltd., are held by the Corporation in the Demat account. No accounting effect has been given for the same as final decision in respect of such shares is yet to be taken.
13. Fixed Deposits with Banks includes `373,626.00 pledged with IDBI Bank Ltd, Panaji, (Previous Year `328,769.00 pledged with Indian Overseas

Bank, Panaji) for furnishing Bank guarantee to Electricity Department of Goa for H.T. Power connection.

14. Earnings per share:

	2010-11	2009-10
Net Profit as per Profit & Loss Account	₹109,119,213.43	₹257,187,288.58
No. of shares	10,092,480	10,092,480
Earning per Share (Basic & Diluted)	₹10.81	₹25.48

15. Prior Period Adjustment

(Amount in `)

Particulars	2010-11	2009-10
Miscellaneous written off	20,460.00	4,190.00

16. Previous year's figures have been reclassified and regrouped to conform to the figures of the current year.

Signature to Schedules 'A' to 'N'

As per our report of even date attached

For M/s. R. K. Pikale & Co.

For and on behalf of Board

Chartered Accountants

FRN.107919W

Sd/-
CA. R. K. PIKALE
Partner
M. No. 30691

Sd/-
AGNELO N. FERNANDES
Chairman

Sd/-
W.V.R. MURTHY
Managing Director

216, Govinda Building,
M. G. Road,
Panaji, Goa.
28th July, 2011

Panaji, Goa.
28th July, 2011