

**EDC LIMITED****PANAJI - GOA****BALANCE SHEET AS AT 31ST MARCH, 2009**

		SCH.	AMT.(RS.)	AS AT 31/03/09 AMT.(RS.)	AMT.(RS.)	AS AT 31/03/08 AMT.(RS.)
1	<b><u>SOURCES OF FUNDS</u></b>	-	-	-	-	-
1.1	<b><u>SHAREHOLDERS FUNDS</u></b>					
	Share Capital	A		959,248,000.00		809,248,000.00
	Reserves & Surplus	B		1,104,651,849.08		810,202,783.03
1.2	<b><u>LOAN FUNDS</u></b>					
	Secured Loans	C		415,564,501.90		353,173,303.58
	Unsecured Loans	D		7,018,103.81		62,136,449.00
	<b>TOTAL</b>			<b>2,486,482,454.79</b>		<b>2,034,760,535.61</b>
2	<b><u>APPLICATION OF FUNDS</u></b>					
2.1	<b><u>FIXED ASSETS</u></b>	E				
	Gross Block		91,095,602.16		85,310,918.79	
	Less: Depreciation		25,386,221.35		29,918,673.77	
	Net Block			65,709,380.81		55,392,245.02
2.2	<b><u>INVESTMENTS</u></b>	F		330,656,832.00		330,656,832.00
2.3	<b><u>DEFERRED TAX ASSETS [NET]</u></b>	G		643,771.00		511,937.00
2.4	<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>	H	4,169,912,548.75		3,679,632,582.73	
2.5	<b><u>Less: CURRENT LIABILITIES &amp;</u></b>					

<b>PROVISIONS</b>					
	Current Liabilities	<b>I</b>	954,353,736.77		849,125,042.14
	Provisions	<b>J</b>	1,126,086,341.00		1,182,308,019.00
			2,080,440,077.77		2,031,433,061.14
2.6	<b>NET CURRENT ASSETS (2.4 - 2.5)</b>			2,089,472,470.98	1,648,199,521.59
	<b>TOTAL</b>			<b>2,486,482,454.79</b>	<b>2,034,760,535.61</b>

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.**

**For and on behalf of the Board**

Chartered Accountants

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

20'th August, 2009

Panaji - Goa

20'th August, 2009

**EDC LIMITED**  
**PANAJI - GOA**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	SCH.	AS AT 31/03/09 AMT.(RS.)	AS AT 31/03/08 AMT.(RS.)
<b>[1] INCOME</b>	<b>K</b>	433,353,227.90	1,080,984,583.14
<b>TOTAL INCOME</b>		<b>433,353,227.90</b>	<b>1,080,984,583.14</b>
<b>[2] EXPENDITURE</b>			
Financial Expenses	<b>L</b>	43,069,789.87	88,240,813.45
Administrative & Promotional Expenses	<b>M</b>	135,040,414.95	153,835,202.25
Depreciation	<b>E</b>	2,923,553.03	2,370,536.94
<b>TOTAL EXPENDITURE</b>		<b>181,033,757.85</b>	<b>244,446,552.64</b>
<b>[3] PROFIT BEFORE RESERVES AND TAXATION (1 - 2)</b>		<b>252,319,470.05</b>	<b>836,538,030.50</b>
[4] PROVISION FOR NON PERFORMING ASSETS WRITTEN BACK		120,605,818.00	185,658,652.00
[5] PROVISION FOR LOSS ON INVESTMENT		2,087,000.00	-
[6] TRANSFER TO SPECIAL RESERVE UNDER SECTION 36(1)(VIII)		50,000,000.00	40,000,000.00
<b>[7] NET PROFIT BEFORE TAXATION (3+4-5-6)</b>		<b>320,838,288.05</b>	<b>982,196,682.50</b>
[8] LESS/(ADD) : PRIOR PERIOD ADJUSTMENT		231,709.00	(240,713.00)
<b>[9] LESS : PROVISION FOR TAXATION</b>		<b>320,606,579.05</b>	<b>982,437,395.50</b>
i) Current Tax		68,000,000.00	175,800,000.00
ii) Fringe Benefit Tax		260,000.00	217,000.00
iii) Wealth Tax		23,000.00	23,490.00
iv) Excess Provision of Wealth Tax in respect of earlier years		(291,500.00)	-
v) Deferred Tax Effect for the year		(131,834.00)	11,996,755.00
<b>[10] PROFIT AFTER TAX</b>		<b>252,746,913.05</b>	<b>794,400,150.50</b>
[11] BALANCE BROUGHT FORWARD (PREVIOUS YEAR)		-	(669,952,304.47)
<b>[12] PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>252,746,913.05</b>	<b>124,447,846.03</b>
Proposed Dividend		7,092,480.00	5,738,382.00
Tax on Dividend		1,205,367.00	975,238.00
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>244,449,066.05</b>	<b>117,734,226.03</b>

**EARNINGS PER SHARE** (Basic & Diluted)

**35.64**

**112.01**

(refer note B9(12)(8) 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

**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

20<sup>th</sup> August, 2009

Panaji - Goa

20<sup>th</sup> August, 2009

**EDC LIMITED  
PANAJI - GOA**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS  
AT 31ST MARCH 2009**

	<b>31/3/2009</b>		<b>31/3/2008</b>	
	<b>Rs.</b>	<b>Ps.</b>	<b>Rs</b>	<b>Ps.</b>
<b>SCHEDULE A: SHARE CAPITAL</b>				
Authorised 12,500,000 Equity Shares of Rs 100/- ea	1,250,000,000.00		750,000,000.00	
Issued subscribed and paid up 7,092,480 Equity Shares of Rs.100/- ea	709,248,000.00		709,248,000.00	
Share Application Money	250,000,000.00		100,000,000.00	
<b>Total:</b>	<b>959,248,000.00</b>		<b>809,248,000.00</b>	

<b>SCHEDULE B: RESERVES AND SURPLUS</b>				
Special Reserve (under Section 36(1) (viii) of the Income Tax Act, 1961.)				
Balance as per last	456,602,726.00			
Transfer from Profit	50,000,000.00			
	506,602,726.00		456,602,726.00	
Capital Reserve	234,465,831.00		234,465,831.00	
General Reserve as per last balance sh	1,400,000.00		1,400,000.00	
Profit and Loss acc: 117,734,226.03				
Add: During the yea 244,449,066.05	362,183,292.08		117,734,226.03	
<b>Total:</b>	<b>1,104,651,849.08</b>		<b>810,202,783.03</b>	

<b>SCHEDULE C: SECURED LOANS</b>				
<b>Secured against Government Guarantee</b>				
Short Term Loan from Dena Bank	300,000,000.00		150,000,000.00	
Cash Credit from Dena Bank	115,423,847.90		199,403,416.05	
<b>Secured against FDR.</b>				
Demand Loan from Bank of India	106,931.00		-	
Demand Loan from IDBI Bank Limited	33,723.00		-	
Demand Loan from State Bank of India	-		3,769,887.53	
<b>Total:</b>	<b>415,564,501.90</b>		<b>353,173,303.58</b>	

<b>SCHEDULE D: UNSECURED LOANS</b>		
11.5% EDC Bonds 2009	-	1,500,000.00
Indian Overseas Bank	7,018,103.81	-
Goa State Co-operative Bank Ltd. (Cash)	-	615,901.00
Indian Overseas Bank ( Term Loan )	-	60,020,548.00
<b>Total:</b>	<b>7,018,103.81</b>	<b>62,136,449.00</b>

**EDC LIMITED**  
**PANAJI - GOA.**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009**

**SCHEDULE "E": FIXED ASSETS**

PARTICULARS Description of Assets	GROSS BLOCK								DEPRECIATION								NET BLOCK			
	As at 31/03/2008		Additions		Disposal		As at 31/03/2009		Upto 31/03/2008		For the Year		Adjustment		Upto 31/03/2009		As at 31/03/2009		As at 31/03/2008	
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
Land (free hold)	353,000.00		-		-		<b>353,000.00</b>		-		-		-		-		353,000.00		353,000.00	
Land (Patto Plaza)		-		-		-			-		-		-		-			-		-
Buildings																				
Retained for own use	48,054,979.66		-		-		<b>48,054,979.66</b>	4,104,307.27		783,296.15				-		4,887,603.42	43,167,376.24		43,950,672.39	
Let Out	470,434.35		-		-		<b>470,434.35</b>	146,548.84		7,668.07				-		154,216.91	316,217.44		323,885.51	
Shops	353,849.00		-		-		<b>353,849.00</b>							-			353,849.00		353,849.00	
Lifts	869,688.00		1,220,000.00		-		<b>2,089,688.00</b>	815,251.29		46,549.63				-		861,800.92	1,227,887.08		54,436.71	
Air cond. & Other plants	5,348,313.84		179,550.00		95,435.00		<b>5,432,428.84</b>	3,160,908.89		250,763.97		53,618.43				3,358,054.43	2,074,374.41		2,187,404.95	
Furniture and Fixtures	9,606,574.37		4,465.75		224,725.00		<b>9,386,315.12</b>	8,496,884.48		578,009.55		142,317.33				8,932,576.70	453,738.42		1,109,689.89	
Office Equipments	4,195,200.75		59,572.00		950,595.00		<b>3,304,177.75</b>	2,478,550.76		151,515.77		462,992.90				2,167,073.63	1,137,104.12		1,716,649.99	
Computers	9,789,925.82		1,282,211.00		6,960,473.82		<b>4,111,663.00</b>	8,879,119.51		347,649.56		6,793,664.79				2,433,104.28	1,678,558.72		910,806.31	
Vehicles	6,268,953.00		601,324.44		3,412.00		<b>6,866,865.44</b>	1,837,102.73		633,734.11		3,412.00				2,467,424.84	4,399,440.60		4,431,850.27	
Computer Software		-	5,715,000.00		-		<b>5,715,000.00</b>		-	124,366.22				-		124,366.22	5,590,633.78			
Capital Work in progress (Incl. of Adv.)		-	4,957,201.00		-		<b>4,957,201.00</b>		-					-			4,957,201.00			
<b>Total Rs.:</b>	85,310,918.79		14,019,324.19		8,234,640.82		<b>91,095,602.16</b>	29,918,673.77		2,923,553.03		7,456,005.45				25,386,221.35	65,709,380.81		55,392,245.02	
2007-2008	72,873,709.64		35,376,641.75		22,939,432.60		85,310,918.79	35,857,037.91		2,370,536.94		8,308,901.08				29,918,673.77	55,392,245.02		37,016,671.73	

**EDC LIMITED**  
**PANAJI - GOA**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009**

	31/3/2009 Rs. Ps.	31/3/2008 Rs. Ps.
<b>SCHEDULE F: INVESTMENTS (AT COST)</b>		
<b>I. Investments in Subsidiary Companies - Unquoted</b>		
A) Non- Trade – Unquoted		
1. Goa Electronics Limited		
1,80,000 Equity Shares of Rs.100/- each fully paid up	18,000,000.00	18,000,000.00
2. Goa Antibiotics & Pharmaceuticals Limited		
i) 3,99,000 Equity Shares of Rs.100/- each fully paid up	37,222,017.00	37,222,017.00
ii) Goa Antibiotics & Pharmaceuticals Limited 15,03,000 - 8.5% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up.	150,300,000.00	150,300,000.00
3. Goa Auto Accessories Limited		
i) 2,59,000 Equity Shares of Rs.100/- each fully paid up	25,900,000.00	25,900,000.00
ii) Goa Auto Accessories Limited 3,00,000 - 8.5% Cumulative Redeemable Preference Shares of Rs.100/- each fully paid up	30,000,000.00	30,000,000.00
<b>II. Other investments (Non-trade-Unquoted)</b>		
1. Info Tech Corporation of Goa Limited		
15,69,037 Equity Shares of Rs.10/- each fully paid up	15,690,370.00	15,690,370.00
2. Goa State Infrastructure Development Corporation Limited		
50,000 Equity Shares of Rs.10/- each fully paid up	500,000.00	500,000.00
3. Goa State Co-operative Bank Limited		
500 Equity Shares of Rs.100/- each fully paid up	50,000.00	50,000.00
4. Goa Metal Casters Private Limited		
2,500 Equity Shares of Rs.100/- each fully paid up	250,000.00	250,000.00
5. Rodal Circaprint Electronics Limited		
15,000 - 13.5% Redeemable Preference Shares of Rs.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 Rs.100/- each fully paid up	80,000.00	80,000.00
Quoted		
1. Automobile Corporation of Goa Limited		
4,05,302 Equity Shares of Rs.10/- each fully paid up.	10,132,445.00	10,132,445.00
2. Nova Dhatu Udyog Limited		
7,50,000 Equity Shares of Rs.10/- each fully paid up	7,500,000.00	7,500,000.00
3. Ravish Infusion Limited		
15,00,000 Equity shares of Rs.10/- each fully paid up	15,000,000.00	15,000,000.00
4. Marmagao Steel Limited		
7,50,000 Equity Shares of Rs.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 Rs.10/- each fully paid up	9,282,000.00	9,282,000.00
6. GKB Ophthalmics Limited		
50,000 Equity Shares of Rs.10/- each fully paid up.	1,750,000.00	1,750,000.00
<b>Total:</b>	<b>330,656,832.00</b>	<b>330,656,832.00</b>
Quoted Investments	51,164,445.00	51,164,445.00
Unquoted Investments	279,492,387.00	279,492,387.00
<b>Total:</b>	<b>330,656,832.00</b>	<b>330,656,832.00</b>
Market value of quoted investments	61,989,198.90	108,460,824.60

**EDC LIMITED  
PANAJI - GOA**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH  
2009**

	<b>31/3/2009</b>		<b>31/3/2008</b>	
	Rs.	Ps.	Rs	Ps.
<b>SCHEDULE G: DEFERRED TAX ASSET</b>				
Deffered Tax Asset on Account of Depreciation	(5,345,629.00)		(4,735,695.00)	
Leave Encashment Provision	5,812,082.00		3,861,464.00	
Ex-gratia	12,971.00		1,221,821.00	
Interest Tax Provision	164,347.00		164,347.00	
<b>Total:</b>	<b>643,771.00</b>		<b>511,937.00</b>	

<b>SCHEDULE H: CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>I. CURRENT ASSETS :</b>				
Accrued interest on fixed deposits and loans	51,863,681.00		53,529,615.00	
Work in Progress (Phase II)	-		463,749.40	
Cash in hand	139,257.47		59,429.39	
Bank Balance in Current Accounts with scheduled banks	3,856,265.27		21,373,317.50	
in Fixed Deposits with scheduled banks	1,003,833,869.00		656,442,770.00	
<b>II. LOANS &amp; ADVANCES :</b>				
A. Loans to Industrial units	770,265,407.10		935,912,959.10	
B. Loan to Other Corporates	1,875,836,745.01		1,612,713,785.01	
C. Loans to Subsidiary Companies	75,299,140.44		62,970,188.06	
D. Loans to Staff				
i. Secured - considered good	13,216,462.00		16,179,545.90	
ii. Unsecured - considered good	1,606,063.47		1,918,053.47	
E. Value to be received				
i) Unsecured considered Good	6,334,497.49		10,752,656.91	
ii) Receivable from Govt. (Subsidy)	-		1,464,326.00	
iii) Advance payment of Income Tax and Tax deducted at	354,864,087.50		286,392,813.99	
iv) Advance payment of Fringe Benefit Tax	3,201,414.00		2,635,345.00	
v) Advance payment of Wealth tax	9,235,484.00		16,463,853.00	
F. Deposits with public bodies & others	360,175.00		360,175.00	
<b>Total:</b>	<b>4,169,912,548.75</b>		<b>3,679,632,582.73</b>	



**EDC LIMITED  
PANAJI - GOA**

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

	<b>31/3/2009</b>		<b>31/3/2008</b>	
	<b>Rs.</b>	<b>Ps.</b>	<b>Rs</b>	<b>Ps.</b>
<b>SCHEDULE I: CURRENT LIABILITIES</b>				
<b>Current Liabilities</b>				
Sundry Creditors	21,776,585.00		12,721,786.50	
Interest accrued but not due( Bonds )		-	17,014.00	
D.I.T.C. Share Capital (Govt. of Goa)	15,361,422.00		26,124,990.00	
<b>Deposits and advances</b>				
Others	862,934,149.74		793,400,515.94	
Other Liabilities	54,281,580.03		16,860,735.70	
<b>Total:</b>	<b>954,353,736.77</b>		<b>849,125,042.14</b>	

<b>SCHEDULE J: PROVISIONS</b>			
<b>Provisions</b>			
Provision for Taxation			
Balance as per last Balance Sheet	283,300,000.00		
Add: Provision for the Current Year	68,000,000.00	351,300,000.00	283,300,000.00
Provision for Fringe Benefit Tax			
Balance as per last Balance Sheet	1,418,000.00		
Add: Provision for the Current Year	260,000.00	1,678,000.00	1,418,000.00
Provision for Wealth Tax			
Balance as per last Balance Sheet	16,827,420.00		
Less: Adjusted during the year	7,570,087.00		
Add: Provision for the Current Year	23,000.00	9,280,333.00	16,827,420.00
Provision for proposed Dividend			
Provision for Dividend Tax	7,092,480.00		
	1,205,367.00	8,297,847.00	6,713,620.00
Provision for loss on Investment			
Balance as per last Balance Sheet	304,863,000.00		
Add: Provision for the Current Year	2,087,000.00	306,950,000.00	304,863,000.00
Provision for NPA			
Balance as per last Balance Sheet	569,185,979.00		
Less: Transferred to Profit & Loss account	120,605,818.00	448,580,161.00	569,185,979.00
<b>Total:</b>		<b>1,126,086,341.00</b>	<b>1,182,308,019.00</b>

**EDC LIMITED  
PANAJI - GOA**

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH  
2009**

	31/3/2009		31/3/2008	
	Rs.	Ps.	Rs	Ps.
<b>SCHEDULE K: INCOME</b>				
Interest on loans and deposits	276,451,019.59		232,395,181.24	
Interest on Fixed Deposits (Gross) {Tax deducted at source Rs.17,854,619.51 ( Previous year - Rs32,226,368.82 ) }	83,237,904.55		150,762,194.56	
Dividend (from non-trade investments) {Tax deducted at source Rs.NIL ( Previous year - Rs. NIL ) }	4,421,500.00		4,343,380.00	
Interest Subsidy from Government of Goa	23,643,690.00		22,500,000.00	
Rent (Gross) {Tax deducted at source Rs.643,350.00 (Previous year - Rs. 307,619.00 )}	2,501,914.00		1,679,536.00	
Interest-Sacrifice earned from settlement with SIDBI		-	92,671,939.00	
Miscellaneous receipts {Tax deducted at source Rs.3,626.00 ( Previous year - Rs. 13,852.00 )}	12,542,175.30		16,495,293.21	
Extension Fees (Patto Plaza)	4,816,793.00		-	
Recovery of Bad Debts written off	11,044,560.00		12,316,171.00	
Profit on sale of Assets		-	604,128.73	

Interest on Sale of Leasehold Plots	-	6,059,501.00
Profit on Sale of Leasehold Plots	-	541,157,258.40
Sundry Balances written back	3,838,225.46	-
Sundry deposits balances written back	10,855,446.00	-
<b>Total:</b>	<b>433,353,227.90</b>	<b>1,080,984,583.14</b>

<b>SCHEDULE L: FINANCIAL EXPENSES</b>		
Interest on Bonds, SIDBI refinance and other loans	43,069,789.87	88,240,813.45
<b>Total:</b>	<b>43,069,789.87</b>	<b>88,240,813.45</b>

**EDC LIMITED  
PANAJI - GOA**

**SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED 31ST MARCH 2009**

	31/3/2009		31/3/2008	
	Rs.	Ps.	Rs.	Ps.
<b>SCHEDULE M: ADMINISTRATIVE AND PROMOTIONAL EXPENSES</b>				
Salaries and allowances			39,061,367.63	34,831,366.88
Arrears of VI Pay			29,212,241.00	-
Contribution to Provident Fund and other Funds			3,817,474.00	5,442,025.00
Staff Welfare			2,062,404.48	2,151,816.51
Advertisement and Publicity			532,405.00	544,506.00
Consultancy and professional fees			1,884,757.18	614,127.00
Travelling and conveyance			1,695,521.87	1,944,917.10
Printing and Stationery			857,489.69	620,687.25
Staff training expenses			69,009.00	46,730.00
Auditors remuneration -				
Audit Fees		66,180.00		
Tax Audit fees		<u>16,545.00</u>		
			82,725.00	84,270.00
Repairs & Maintenance -				
Buildings		833,008.13		
Vehicles		293,975.56		
Others		<u>3,053,166.15</u>		
			4,180,149.84	4,859,378.81
Postage, Telegrams and Telephones			902,541.90	870,013.77
Rent			9,576.00	8,208.00
Electricity and water charges			2,025,746.00	1,246,776.00
Insurance			106,842.00	89,996.00
Director's Sitting Fees			27,200.00	-
Bad Debts Written Off			42,486,456.88	93,555,898.22
NRI (Goa ) Cell Expenses			-	4,838,866.13
CMRY-Subsidy			1,890,801.00	-
Miscellaneous expenses			1,533,776.03	1,005,640.93
Loss on Write Off of Investments			-	1,000,140.00
Sundry debits written off			1,937,295.08	-
Loss on Sale/Scrapping of Assets			664,635.37	79,838.65
<b>Total:</b>			<b>135,040,414.95</b>	<b>153,835,202.25</b>

# **EDC LIMITED PANAJI, GOA**

## **SCHEDULE N:**

### **ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

#### **(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 10 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.

##### **3. 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.

**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. INVENTORIES:**

Land Development Cost towards Commercial Complex, Phase-II was valued at cost and has been written off during the year, since the project has been not taken forward.

**5. 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. Accordingly, amount paid during the year Rs.33,235.00 (Previous Year Rs.63,597.00) is charged to Profit & Loss Account. The payment/provisions for the premium towards Gratuity are based on the actuarial valuation made by Life Insurance Corporation of India.
- (d) The Corporation provides for the encashment of Earned Leave subject to certain rules. As per the regular past practice followed, it is assumed that the entire accumulated leave shall be availed or encashed by the employees, during the next twelve months and accordingly the benefit is not treated as long term

defined benefit. Leave Salary for the un-availed leave of the employees of the Corporation, has been provided for at Rs.5,738,799.00 (Previous year Rs.719,247.00)

The corporation decided to implement VI pay scales to its employees subject to approval of the state government. Therefore, provision towards salary arrears as well as all the above terminal benefits is provided based on the proposed revised scales.

## 6. 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:

		2008-09			2007-08		
Sr. No	Classification	Amount (Rs.)	Percentage	Provisions (Rs.)	Amount (Rs.)	Percentage	Provisions (Rs.)
I	Standard Assets	19151.24	0.25%	<b>47.88</b>	16405.10	0.25%	<b>41.01</b>
II	Sub Standard	2058.20	10.00%	<b>205.82</b>	2373.44	10.00%	<b>237.34</b>
III	Doubtful Assets	3937.63	20.00% to 100.00%	<b>1627.36</b>	4281.38	20.00% to 50.00%	<b>1912.26</b>
IV	Loss Assets	2604.74	100.00%	<b>2604.74</b>	3501.24	100.00%	<b>3501.24</b>
	<b>Total</b>	<b>27751.81</b>		<b>4485.80</b>	<b>26561.16</b>		<b>5691.85</b>

No additional Provision has been made towards NPA Reserve during the year.

## 7. REVENUE RECOGNITION:

- 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.
- 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 charged to the Profit & Loss account on accrual basis.

## **8. 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.

## **9. 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.

## **10. OUTSTANDING INTEREST:**

Interest accrued and outstanding on the loans as on 31/03/2009 was Rs.23,989.20 lakh (Previous Year Rs. 27,471.63 lakh).

## **11. 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.

## **12. 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 Rs.4,421,500.00 ( Previous Year Rs. .4,343,380.00). 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 current year is NIL (Previous Year: Rs.1,000,140.00).

**3. LOANS AND ADVANCES:**

- (a) In respect of loans granted to industrial units, the Corporation has initiated the process of updating the value of security.
- (b) Advances recoverable in cash or in kind or for value to be received from subsidiary companies which have been written off during the year are NIL (Previous year - Rs.1,290,541.93).
- (c) Loans and advances include loans to employees of the Corporation of Rs.14,822,525.47 (Previous year - Rs.18,097,599.37. Maximum balance during the year is - Rs.18,394,606.37 (Previous year - Rs. 21,574,399.90 ).
- (d) The Corporation has maintained Special Reserve u/s 36(1) (viii) of the Income Tax Act, 1961, to the extent of Rs.506,602,726.00 (Previous Year Rs. 456,602,726.00).
- (e) The Corporation has retained provision for NPA Reserve for the year to the extent of Rs.448,580,161.00 (Previous Year Rs. 569,185,979.00) which is considered adequate provision, as detailed at A (6) pre-page. The Corporation has written back NPA provision of Rs.120,605,818.00 (Previous Year Rs. 185,658,652.00) as it was in excess of the required provision.
- (f) The Corporation consistently discloses the loans and advances at gross value, before deduction of Provision for standard, sub-standard, doubtful and loss assets.
- (g) The Corporation has considered 51 (Previous Year 18) cases under One Time Settlement Scheme during the year. The total amount outstanding from these

units was Rs.3184.17 Lakh (Previous Year Rs.2492.79 lakh ) The details of the amounts Outstanding, Recovered and Waived during the period, are as follows:

(Rs. In lakhs)

Sr. No.	Particulars	2008-09			2007-08		
		Outstanding amount	Recovered	Amount waived	Outstanding amount	Recovered	Amount waived
1.	Principal	790.77	789.23	1.54	983.58	983.58	0.00
2.	Interest	2393.40	303.76	2089.64	1509.21	336.59	1172.62
	<b>Total</b>	<b>3184.17</b>	<b>1092.99</b>	<b>2091.18</b>	<b>2492.79</b>	<b>1320.17</b>	<b>1172.62</b>

(h) During the year Corporation has accounted Rs.686.73 Lakh (Previous year Rs. 775.70 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 :

(Rs. in lakh)

Sr. No.	Particulars	2008-09	2007-08
1.	Principal	550.33	634.73
2.	Interest	61.73	85.31
3.	Interest tax	6.90	4.03
4.	Loan account expenses	52.40	48.31
5.	Other interest	15.37	3.32
	<b>Total</b>	<b>686.73</b>	<b>775.70</b>

#### 4. UNSECURED LOANS:

11.5% EDC Bonds 2009 (Guaranteed by Government of Goa) worth Rs.15.00 lakh was repaid at par on 23<sup>rd</sup> February, 2009.

#### 5. CONTINGENT LIABILITIES NOT PROVIDED FOR:

- The Corporation had given guarantee on behalf of Goa Antibiotics & Pharmaceuticals Ltd, (GAPL) Subsidiary Company for repayment of principal and interest to Central Bank of India, Panaji - Rs.670.00 lakh (Previous year Rs.670.00 lakh). GAPL has settled the loan of Goa State Co-operative Bank Ltd., and therefore their Guarantee stands revoked.
- 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 Rs.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 Rs.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 Rs.78,00,233.00 is provided for up to 31/3/2008. No further provision is made as the matter is sub-judice.

## 6. TAXATION :

### (A) CURRENT TAXES:

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

	<b>(Amt. in Rupees)</b>	
	<b>F.Y. 2008-09</b>	<b>F.Y. 2007-08</b>
Corporate Tax	68,000,000.00	175,800,000.00
Fringe Benefit Tax	260,000.00	217,000.00
Wealth Tax	23,000.00	23,490.00

### (B) DEFERRED TAX:

	<b>(Amt. in Rupees )</b>			
	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b>Timing differences on account of</b>	<b>Deferred Tax Assets</b>	<b>Deferred Tax Assets</b>	<b>Deferred Tax Liabilities</b>	<b>Deferred Tax Liabilities</b>
Depreciation effect	-	-	5,345,629.00	4,735,695.00
Leave Encashment	5,812,082.00	3,861,464.00		
Ex-gratia	12,971.00	1,221,821.00	-	-
Interest Tax	164,347.00	164,347.00	-	-
<b>TOTAL:</b>	<b>5,989,400.00</b>	<b>5,247,632.00</b>	<b>5,345,629.00</b>	<b>4,735,695.00</b>

Net Deferred Tax Assets: Rs.643,771.00 (Previous Year Rs. 511,937.00)

**7. BAD DEBTS WRITTEN OFF:**

During the current year, the Corporation has written off Principal amount of Rs.42,309,928.00 (excluding OTS & CMRY amount of Rs.176,528.88) being the Term Loan/Corporate Loan/Medium Term Loan/Seed Capital as per details below:

( Amt. in Rs.)

	<b>2008-09</b>	<b>2007-08</b>
Term Loan	Rs.33,185,321.00	Rs. 72,934,942.32
Corporate Loan/Medium Term Loan	Rs 9,000,000.00	Rs. 19,690,371.90
Seed Capital	Rs. 124,607.00	Rs. 869,441.00
Bad debts debited to P&L A/c.	<b>Rs.42,309,928.00</b>	<b>Rs. 93,494,755.22</b>

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.

**8. '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.

**9. LAND ACQUISITION DEPOSIT:**

An amount of Rs. 504,176,455.23 (previous year Rs 406,149,191.23) 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.

**10. INVESTOR EDUCATION AND PROTECTION FUND :**

The Investor Education and Protection Fund are credited by the following amount:

( Amt. in Rs.)

<b>Particular</b>	<b>2008-2009</b>	<b>2007-2008</b>
Unclaimed Dividend	NIL	66,500.00

**11. 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.

**12. OTHERS:**

1. Deposits & Advances includes Rs.117,000.00 (Previous year Rs.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 Rs.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 Rs : Nil). Amount incurred on foreign tour/travel of Chairman is 184,454.00 (Previous Year Rs : Nil).
4. Expenditure incurred on office of Chairman/Vice Chairman in connection with the business of the Corporation:

**(Amt. in Rupees)**

	2008-09		2007-08	
	<b>Chairman</b>	<b>Vice Chairman</b>	<b>Chairman</b>	<b>Vice Chairman</b>
Salaries of staff	37,167.00	65,000.00	-	14,000.00
Entertainment	207,992.23	-	100,299.66	-
Expenditure on Car	199,342.73	-	210,851.64	-
Traveling & Conveyance	169,082.66	-	93,193.35	-

## 5. Remuneration to Managing Director:

(Amt. in Rupees)

	<b>2008-09</b>	<b>2007-08</b>
Salaries	914,019.00	503,009.00
Perquisites	22,000.00	22,000.00
Leave Salary & Pension Contribution	97,968.00	95,532.00

6. The Financial expenses of Rs.43,069,789.87 (Previous year - Rs. 88,240,813.45) is inclusive of Rs. 155,486.00 ( P.Y.- Rs.43,577,866.00) towards Interest on Bonds, Rs.26,451,597.87 ( P.Y. - Rs.40,680,286.45) towards Interest on overdraft from Bank and Rs. 16,462,706.00 ( P.Y.-Rs.3,982,661.00) towards Interest on Land acquisition.
7. An amount of Rs.615,901.00 outstanding towards The Goa State Co-operative Bank Ltd. (GSCB) cash credit in the previous years has been written back, in view of the directions for settlement of liabilities to the Corporation and GSCB, by the Finance Department, Government of Goa.
8. Earnings per share:

	<b>2008-09</b>	<b>2007-08</b>
Net Profit as per Profit & Loss Account	Rs.252,746,913.05	Rs.794,400,150.50
No. of shares	7,092,480	7,092,480
Earning per share (Basic/Diluted)	35.64	Rs.112.01.

9. 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 31/3/2009. In case of M/s. Goa Antibiotics & Pharmaceuticals Ltd., interest on term loan of Rs.500 Lakhs is to be reimbursed by the State Government. This interest amount has been claimed by the Corporation jointly with other claims of interest subsidy. However, before giving credit the Corporation has sought confirmation from the State Government, which is awaited. Pending clarification in the matter, interest subsidy is recognized as income, only to the extent actually received.

10. 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.
11. 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.
12. 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. As no further order is passed nor any amount quantified, no provision is made for the period.
13. The capital commitments towards renovation of ground floor for the period ending 31/03/2009 is Rs.2,316,488.00.
14. 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.
15. 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.
16. Fixed Deposits with Banks includes Rs.333,492.00 (Previous year. Rs.310,236.00) pledged with Indian Overseas Bank, Panaji as security to Bank guarantee furnished to Electricity Department of Goa for H.T. Power connection.



**17. Prior Period Adjustment**

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Dividend to Shareholders	177,869.00	
Dividend Tax	30,229.00	
Interest on 10.5% EDC Bonds	23,611.00	
Interest Subsidy		31,030.00
Interest on Fixed Deposit		(274,094.00)
TDS on Interest		2,101.00
Miscellaneous write offs		250.00
<b>Total</b>	<b>231,709.00</b>	<b>(240,713.00)</b>

18. Previous years' 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.**

Chartered Accountants

For and on behalf of 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.

20th August, 2009

Panaji, Goa.

20th August, 2009