

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED									
BALANCE SHEET AS AT 31ST MARCH 2006									
SCHEDULE		As at 31.03.2006				As at 31.03.2005			
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
SOURCES OF FUNDS									
SHAREHOLDER'S FUNDS									
Share Capital	A	3,50,01,300.00				3, 50, 01, 300.00			
Reserves & Surplus	B	4,31,44,376.00		7,81,45,676.00		5,71,18,932.79		9,21,20,232.79	
								9,21,20,232.79	
APPLICATION OF FUNDS FIXED ASSETS									
FIXED ASSETS									
Gross Block	C	1,27,54,006.81				1,33,97,834.25			
Less: Depreciation		55,73,725.03				57,21,184.42			
Net Block				71,80,281.78				76,76,649.83	
INVESTMENT	D			5,00,000.00				5,00,000.00	
CURRENT ASSETS, LOANS & ADVANCES									
Inventories	E	2,90,24,210.00				4,50,30,859.00			
Sundry Debtors	F	4,37,25,161.53				4,26,70,385.11			
Cash & Bank Balances	G	3,48,42,284.49				2,65,53,333.97			
Interest Accrued on Bank & Other Deposits		7,12,930.12				7,21,322.12			
Loans & Advances	H	2,51,98,762.18				2,19,30,336. 85			
		13,35,03,348.32				13,69,06,237.05			
LESS: CURRENT LIABILITIES AND PROVISIONS									
Current Liabilities	I	6,41,24,864.46				5,27,62,654.09			
Provision	J	3,07,500.00				2,00,000.00			
		6,44,32,364.46		6,90,70,983.86		5,29,62,654.09		8,39,43,582.96	
NET CURRENT ASSETS				<u>7,67,51,265.64</u>				<u>9,21,20,232.79</u>	
Profit & Loss Account				13,94,410.36					
				<u>7,81,45,676.00</u>				<u>9,21,20,232.79</u>	
FOR "ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF ACCOUNTS" SEE SCHEDULE OI & OII RESP. ANNEXED									
AS PER OUR REPORT OF EVEN DATE ATTACHED									
FOR S. J. SHAH & ASSOCIATES CHARTERED ACCOUNTANTS		Sd/- (SAILESH S. SHAH) PARTNER		Sd/- (RAMKRISHNA PARAB) MANAGER (ACCTS)		Sd/- (NIKHIL U. DESAI) MANAGING DIRECTOR		Sd/ (VICTORIA FERNANDES) CHAIRMAN	
Place: Panaji, Goa. Dated: 04.09.2006								Place: Panaji, Goa. Dated: 04.09.2006	

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED									
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006									
SCHEDULE		As at 31.03.2006		As at 31.03.2005					
		Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
INCOME									
Sales		17,82,10,755.74				26,99,26,628.09			
Other income	K	15,26,611.99				32,08,996.18			
Increase/(Decrease) in Stock	L	(1,59,71,960.00)		16,37,65,407.73		29,80,591.00		27,61,16,215.27	
EXPENDITURE									
Purchase of Trading Goods		15,41,36,071.51				25,40,67,601.09			
Manufacturing & Other Expenses	M	2,07,47,950.01				1,42,09,372.00			
Financial Expenses	N	2,12,505.67				10,91,396.90			
Depreciation	O	6,40,812.00		17,57,37,339.19		6,78,136.00		27,00,46,505.99	
NET Profit before Prior Period Adjustment				(1,19,71,931.46)				60,69,709.28	
Add Prior Period Adjustment (Net)				(3,10,443.57)				(31,17,220.64)	
				(1,22,82, 375.03)				29, 52,488.64	
Add: Provision for Fringe Benefit Tax				1,07,500.00					
				(1,23,89,875.03)				29,52,488.64	
Less: Provision for Taxation								2,00,000.00	
NET LOSS AFTER TAXATION				(1,23,89,875.03)				27,52,488.64	
Balance of Profit / (Loss) Carried to Balance Sheet				(1,23,89,875.03)				27, 52,488.64	
FOR "ACCOUNTING POLICIES AND OTHER NOTES FORMING PART OF ACCOUNTS" SEE									
SCHEDULE 01 & OII RESP. ANNEXED									
AS PER OUR REPORT OF EVEN DATE ATTACHED									
FOR S. J. SHAH & ASSOCIATES									
CHARTERED ACCOUNTANTS									
Sd/-		Sd/-		Sd/-		Sd/-			
(SAILESH S. SHAH)		(RAMKRISHNA PARAB)		(NIKHIL U. DESAI)		(VICTORIA FERNANDES)			
PARTNER		MANAGER (ACCTS)		MANAGING DIRECTOR		CHAIRMAN			
Place: Panaji, Goa.						Place: Panaji, Goa.			
Dated: 04 09.2006						Dated: 04.09.2006			

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED									
Schedules annexed to and forming Part of the Accounts for the year ended 31st March. 2006									
As at 31.03.2005					As at 31.03.2005				
	Rs.	P	Rs.	P	Rs.	P	Rs.	P	
SCHEDULE A: SHARE CAPITAL									
Authorised:									
4,00,000 Equity Shares of Rs. 100/- each				<u>4,00,00,000.00</u>				<u>4,00,00,000.00</u>	
Issued & Subscribed:									
3,50,013 (31.3.2003 - 3,50,013) Equity shares of Rs. 100/- each fully paid up.									
(Of the above, 3,33,013 Equity shares of Rs. 100/- each, fully paid up, are held by the Govt. of Goa and its nominees. 2000 Equity shares of Rs. 100/- each, fully paid up are held by the President of India on behalf of the Administration of Union Territory of Daman & Diu and 15,000 (31.3.2004 - 15,000) Equity shares of Rs. 100/- each, fully paid up, held by the President of India on behalf of Development Commissioner (Handicrafts), New Delhi.									
				3,50,01,300.00				3,50,01,300.00	
				<u>3,50,01,300.00</u>				<u>3,50,01,300.00</u>	
SCHEDULE B: RESERVES AND SURPLUS									
Capital Reserve				1,08,500.00				1,08,500.00	
Government Grant opening balance	6014968.12					44,18,765.75			
Additions during the year	1,12,000.00					<u>1,10,00,000.00</u>			
	61,26,968.12					1,54,18,765.75			
Less:									
Refunded back to DC(H)	2,50,000.00								
Transferred to Govt. Investment	10,00,000.00								
Utilised for Design Workshop BPC	50,124.00								
Utilised for the implementation of Handicrafts Promotion Plan	<u>27,90,968.12</u>	<u>40,91,092.12</u>		20,35,876.00		<u>94,03,797.63</u>		60,14,968.12	
				2,00,00,000.00				2,00,00,000.00	
Government Grant towards DDSRY									
Government Investment towards development of Handicrafts	2,00,00,000.00					2,00,00,000.00			
Add: Transferred from Grant in Aid	10,00,000.00			2,10,00,000.00				2,00,00,000.00	
TOTAL				4,31,44,376.00				4,61,23,468.12	
General Reserve				82,42,976.03				82,42,976.03	
Profit & (Loss) Accounts									
Opening balance	27,52,488.64					27,52,488.64			
Less: Loss	(1,23,89,875.03)			(96,37,386.39)				27,52,488.64	
Less: Transferred to Profit & Loss Account				<u>(13,94,410.36)</u>					
				<u>4,31,44,376.00</u>				<u>5,71,18,932.79</u>	

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED											
<div>SCHEDULE C: FIXED ASSETS</div> <div>DESCRIPTION OF ASSETS</div>											
		Rates	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	S.T.	As at	Additions	Deductions	As at	Upto	Deductions	For the	Upto	As at	As at
	Line	31.03.2005			31.03.2006	31.03.2005	Rs.	Year	31.03.2006	31.03.2006	31.03.2005
	%	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	10	11	12
Leasehold Land		4332477.00	176760.00	-	4509237.00	990580.00	-	150307.00	1140887.00	3368350.00	3341897.00
Land Development		1012991.04	-	-	1012991.04	416156.09	-	57282.00	473438.09	539552.95	596834.95
Sheds	3.34	1794703.51	-	-	1794703.51	454756.40	-	59943.00	514699.40	1280004.11	1339947.11
Godowns	1.63	883174.95	-	-	883174.95	235669.15	-	14396.00	260065.15	633109.80	647505.80
Weighbridge	4.75	1559978.10	-	-	1559978.10	998290.27	-	74099.00	1072389.27	487588.83	561687.93
Design Equipments	4.75	35250.89	-	-	35250.89	35249.89	-		35249.89	1.00	1.00
Air Conditioners	4.75	189938.80	-	-	189938.80	115962.92	-	9022.00	124984.92	64953.88	73975.88
Office Equipments	4.75	234570.02	7032.00	38480.00	203122.02	80011.59	18823.00	9569.00	70757.59	132365.43	154558.43
Computers	16.21	729573.76	-	-	729573.76	466325.00	-	118264.00	584589.00	144984.76	263248.76
Water Coolers	4.75	28674.30	-	-	28674.30	22577.03	-	1362.00	23939.03	4735.27	6097.27
Van/Jeeps	9.5	1250101.01	-	216154.01	1033947.00	746070.26	216154.01	98255.00	628141.25	405805.75	504030.75
Cars	9.5	972346.94	-	589964.43	382382.51	787598.61	533294.38	46047.00	280351.18	102031.28	184748.33
Furnitures & Fixtures	6.33	374053.93	16978.00	-	391031.93	371937.21	-	2296.00	374233.21	16798.72	2116.72
		13397834.25	200770.00	844598.44	12754006.81	5721184.42	788271.39	640812.00	5573725.03	7180281.78	7676649.83
Previous Year		13362668.25	1173047.00	316495.67	13397834.25	5043048.42	103073.63	678136.00	5721184.42	7676649.83	8319619.83
Note: Lease Deeds with Goa, Daman & Diu Industrial Development Corporation are yet to be executed for plots leased to the Company											
In respect of plots at Kakoda, Verna & Daman and shed at Bicholim.											

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED									
Schedules annexed to and forming part of the Accounts for the Year ended 31st March. 2006									
As at 31.03.2006				As at 31.03.2005					
	Rs.	P.		Rs.	P.		Rs.	P.	
SCHEDULE D: INVESTMENT									
50,000 Equity Shares of Electronics Corporation of Goa Ltd. (A Govt. of Goa Undertaking) of Rs. 10/- each, fully paid up (At cost, non trade, unquoted)				5,00,000.00			5,00,000.00		
TOTAL				5,00,000.00			5,00,000.00		
SCHEDULE E: INVENTORIES									
(As certified by Managing Director)									
Raw Materials:									
Clay / Ceramic				2,39,581.00			2,79,422.00		
Fuel				23,496.00			18,344.00		
Finished Goods				2,87,61,133.00			4,47,33,093.00		
TOTAL				2,90,24,210.00			4,50,30,859.00		
SCHEDULE F: SUNDRY DEBTORS									
Debts Outstanding for a period exceeding six months				1,28,60,745.56			1,46,42,806.13		
Other Debts				3,13,38,725..64			2,80,27,578.98		
TOTAL				4,41,99,471.22			4,26,70,385.11		
Less: Provision for Doubtful Debts				4,74,309.69			-		
				4,37,25,161.53			4,26,70,385.11		
Of the above:-									
Unsecured, considered good				4,37,25,161.53			4,26,70,385.11		
Unsecured, considered doubtful				4,74,309.69			-		
TOTAL				4,41,99,471.22			4,26,70,385.11		
SCHEDULE G: CASH AND BANK BALANCES									
Cash in Hand				8,627.00			8235.83		
Stamp Papers in Hand				25,000.00			25,000.00		
Balance in Scheduled Banks									
In Cash Credit Accounts (secured against stock & book debts)				1,29,06,908.28			-		
In Current Accounts				1,56,49,929.21			2,65,20,098.14		
In Fixed Deposit Accounts				62,51,820.00			-		
TOTAL				3,48,42,284.49			2,65,53,333.00		

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED

Schedules annexed to and forming part of the Accounts for the year ended 31st March. 2006

As at
31.03.2006

As at
31.03.2005

Rs. P.

Rs. P.

Rs. P.

Rs. P.

SCHEDULE H: LOANS AND ADVANCES

(Fully Secured considered good - Rs. 1,17,57,647.68

Balance unsecured considered good)

Advance recoverable in cash or in kind

or for value to be received (See Note 13

of Note on Accounts)

2,38,80,708.18

2,08,54,310.85

Advances to Staff

5,30,940.00

7,15,979.00

Advance Payment of Income Tax

2,95,110.00

20,777.00

Deposits with Government, Public Bodies & Others

4,92,004.00

3,39,270.00

TOTAL

2,51,98,762.18

2,19,30,336.85

SCHEDULE I: CURRENT LIABILITIES

Advances from Customers

35,03,321.91

36,64,761.16

Other Liabilities

1,23,08,725.95

1,05, 84,544.15

Sundry Creditors:

SSI Units

4,79,39,302.84

3,82,75,293.02

Others

3,73,513.76

4,83,12,816.60

2,38,055.76

3,85,13,348.78

TOTAL

6,41,24,864.46

5,27,62,654.09

SCHEDULE J: PROVISIONS

Provision for Taxation u/s 115 JB

2,00,000.00

2,00,000.00

2,00,000.00

Provision, for Fringe Benefit Tax

1,07,500.00

3,07,500.00

3,07,500.00

2,00,000.00

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED									
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH. 2006									
As at 31.03.2006					As at 31.03.2005				
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.	
<u>SCHEDULE K: OTHER INCOME</u>									
Interest on. Bank Deposits (Gross)									
Tax Deducted at Source NIL (Previous Year Nil)			1,88,604.00				13,231.00		
Interest on Marketing Advance and Others (Gross)									
Tax Deducted at Source Rs. NIL									
(Previous Year Rs. 3,700.00)			8,87,177.46				6,45,796.18		
Service/Handling Charges (Gross)									
Tax Deducted at Source Rs. 3,700.00									
(Previous Year Rs. 6,002.00)			1,33,146.48				22,65,214.00		
Sr. balances w/off/w/b(Net)			51,594.42				-		
Miscellaneous Income			<u>2,66,089.63</u>				<u>2,84,755.00</u>		
TOTAL			<u><u>15,26,611.99</u></u>				<u><u>32,08,996.18</u></u>		
<u>SCHEDULE L: INCREASE/DECREASE IN STOCK</u>									
Closing Stock			2,87,61,133.00				4,47,33,093.00		
Less: Opening Stock			4,47,33,093.00				4,17,52,502.00		
TOTAL			<u><u>(1,59,71,960.00)</u></u>				<u><u>29,80,591.00</u></u>		

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED

Schedules annexed to and forming part of the Accounts for the ear ended 31st March. 2006

As at
31.03.2006

As at
31.03.2005

Rs. P. Rs. P. Rs. P. Rs. P.

SCHEDULE M: MANUFACTURING & OTHER EXPENSES

Raw Material Consumed:									
Clay	51,060.00					1,14,760.00			
Fuel	5,200.00		56,260.00			25,908.00		1,40,668.00	
Consumable Stores			8,307.00					10,610.00	
Salaries, Wages & Bonus			1,00,16,699.30					78,02,586.00	
Contribution to Provident Fund, Pension & Other Funds			10,38,976.00					10,37,946.00	
Contribution to Gratuity Fund			28,362.00					4,63,534.00	
Staff Welfare Expenses			5,30,396.34					3,23,393.50	
Rent			7,10, 317.00					7,14,127.00	
Rates & Taxes			1,56,030.00					1,83,353.00	
Insurance			99,453.00					93,204.00	
Repairs & Maintenance - Vehicles			5,00,923.15					3,26,704.75	
Repairs & Maintenance - Others			1,96,674.00					3,30,219.60	
Printing & Stationery			1,22,570.40					2,72,252.35	
Postage, Telegrams & Telephones			3,76,655.51					3,35,750.46	
Advertisement & Publicity			5,43,220.50					3,17,541.00	
Travelling & Conveyance			2,63,735.00					3,42,032.00	
Legal & Professional Fees			1,94,637.00					2,19,756.00	
Directors Sitting Fees			8,800.00					7,600.00	
Audit Fees			27,550.00					27,550.00	
ESI Contribution			2,60,000.00					-	
Provision For Doubtful Debts			4,74,309.69					-	
Excess Exp. On Dev. Of Handicrafts Over GIA			39,40,016.88					-	
Service Tax			53,668.00					43,002.00	
Watch & Ward			4,15,882.00					3,99,116.00	
Miscellaneous Expenses			5,52,287.36					7,37,828.34	
Transport & Coolie			65,719.88					80,598.00	
Extra Ordinary Items			1,06,500.00					-	
TOTAL			2,07,47,950.01					1,43,51,404.90	

SCHEDULE N: FINANCIAL EXPENSES

On Cash Credit			41,232.00					9,49,364.00	
On Bank Charges & Commission			1,71,273.67					1,42, 032.90	
TOTAL			2,12, 505.67					10,91,396.90	

SCHEDULE: O - I

ACCOUNTING POLICIES

1. FIXED ASSETS

Fixed Assets are valued at cost less accumulated depreciation.

2. DEPRECIATION

- a) Depreciation is charged under the "Straight Line Method" as per the rates prescribed in Schedule XIV of the companies Act, 1956.
- b) Depreciation on additions/sales is charged on pro-rata basis from the date of the addition or disposal, as the case may be.
- c) The cost of lease in respect of plots has been amortised and charged to Profit & Loss Account over a period of 30 years being the lease period.
- d) Land Development cost in respect of land at Kakoda/Verna Industrial Estate is being charged to Profit and Loss Account over the remaining lease period.

3. INVENTORIES

- a) Inventories of raw material are valued at cost.
- b) Finished goods are valued at lower of cost or market value on FIFO Basis.

4. GRATUITY

The Company has joined the Group Gratuity Scheme of Life Insurance Corporation of India and the payment is made as per the Scheme.

5. METHOD OF ACCOUNTING

The Company follows the Accrual method of Accounting except for interest receivable Sundry Debtors on overdue accounts which are doubtful or under dispute which are accounted for on cash basis.

6. ENCASHMENT OF LEAVE

In accordance with the Accounting Standard 15 of the Institute of Chartered Accountants of India, liability for leave encashment benefit on retirement has been accounted for based on the assumption that such benefit is payable to all employees at the end of settlement of the dues / work.

GOA HANDICRAFTS, RURAL & SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION LIMITED

SCHEDULE O - II : NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

1.	Licensed Capacity, Installed Capacity and Actual Production	UNIT		31.03.2006		31.03.2005	
				Not Applicable		Not Applicable	
a)	Licensed Capacity			Not Ascertainable		Not Ascertainable	
b)	Installed Capacity						
c)	Actual Production						
	(i) Clay Articles (Assorted)	Nos.		1439		1216	
2.	Raw Materials Consumed (Entirely Indigenous)			<u>31.03.2006</u>		<u>31.03.2006</u>	
		UNIT		<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
	Clay	MT		40,000	48,166	30000.00	12,480.00
	Fuel	MT		16,000	15807	22,000.00	19,800.00
3.	Quantative Information in regard to goods dealt in by the Company						
	Class of Goods	Unit	Opening Stock	Purchases I		Turnover	Closing Stock
			Qty. Value	Qty. Value		Qty. Value	Qty. Value
			Rs. P.	Rs. P.		Rs. P.	Rs. P.
	Clay Articles	Nos	3938 223113	- -	2380 27671	2997 135116	
			-3228 (166443 00)	-1216 -64278	-506 -27415	-3938 -223113	
	Iron & Steel	MT	1251.646 40007089	2145.795 67162861.21	2618.363 87373695.65	779.078 24363362	
			-1371.207 -38036904	-5217.165 -165444656.1	-5336.726 -179649679.2	-1251.646 -40007089	
	Marketing		- -	- 80586052	- 82779263	- 312000 00	
			(-) (-)	(-) -78798550	(-) -78798550	(-) (-)	
	Handicrafts		- 4502891	- 6387158.3	- 8030126.09	- 3950655	
			-2292299	(-) -9760117	- -10087326.59	(-) (45.02,891.00)	
	Polymer	MT	- -	- -	- -	- -	
			-12,56,856.00	(-) (-)	-24.9 -1363657.35	(-) (-)	
			44733093	15,41,06,071.53	17,82,10,755.74	2,87,61,133.00	

NOTES: 1. The difference in quantity - tally is on account of damages/wastages/weight difference/Pilferages.

2. Figures in brackets are in respect of Previous Year.

4. Loans & Advance include:

Due by Officers of the Company - Rs. 89,879/- (Previous Year - Rs. 1,18,859/-). The maximum balance outstanding at any time during the year was Rs. 1,18,859/- (Previous Year - Rs. 1,34,759/-).

5. a) There are no imports of raw materials, components, spare parts or capital goods.

b) Earnings in foreign exchange - Rs. NIL (Previous Year - Rs. NIL). Expenditure in foreign exchange Rs. NIL (Previous year - Rs. NIL).

6. Managing Director's Remuneration:	31.03.2006		31.03.2005	
	Rs.	P.	Rs.	P.
Salary	6,39,566.00		5,79,566.00	
Medical Re-imbursement	3,600.00		3,600.00	

7. Debtors & Creditors are subject to confirmation and reconciliation, if any.

8. **Sundry Debtors** - Other dues considered good include amounts outstanding for more than 3 years estimate at Rs. 72.05 lakhs, which includes Government Departments - Rs. 37.95 lakhs.

9. Estimated amount of contracts remaining to be executed on Capital and not provided for - Rs. Nil (Previous Year - Rs. NIL).

10. The Company has not provided the Electricity Charges for the office and emporium premises for the period from November 1995 to September 2000, since no claim has been received from the Director of Industries & Mines, Govt. of Goa. The Claim will be settled as and when received. No provision has been made since the amount cannot be quantified.

11. The Activities of the Company at Daman have been transferred to Omnibus Industrial Development Corporation. However, division of Assets and Liabilities have not been finalised by the Govt. of Goa.

12. The Company has joined the "Group Gratuity Scheme" of LIC of India, for funding its Gratuity liability and the payment is made as per the scheme. However, for the year 2005-06 no payment has been made in view of the fund available with LIC including accrues interest were excess over the accrued gratuity payable.

13. The Govt. of Goa has formulated the "Deen Dayal Swayam Rojgar Yojana Scheme" and appointed the Company as the Implementing Agency. Accordingly, the Company has disbursed an amount of Rs. 1,12,26,707.63 as Soft Loan for the purchase of kiosks and working capital to the unemployed youth under the Scheme. The Company has also paid an advance of Rs. 4,46,257.00 to the manufacturers of the kiosks. Both these amounts are included under "Loans & Advances" - Advances Recoverable in Cash or Kind or for Value to be received."

14. Govt. of Goa vide Order No. 15/24/2003-IND/268 dated 23.03.04 & Order No. 15/2/2004-IND dated 31.03.2004 has released an amount of Rs. 85.66 lakhs & Rs. 100.00 lakhs respectively as Grant-in-Aid for the implementation of Handicrafts Plan and the amount spent on this Plan amounting to Rs. 63,71,619.25 in the year 2003-04 and Rs. 94,03,797.63 in the year 2004-05 and Rs. 27,90,968.12 in the Current Year, has been shown under Schedule 'B' by reducing from the total Grant received.

15. Govt. of India, Development Commissioner (Handicrafts) vide Order No. C-13011/16/2003-04/CC/(WR) dated 12.02.04 has released an amount of Rs. 2.50 lakh towards the implementation of Ambedkar Hasta

Shilpa Vikas Yojana and the same was shown under Schedule 'B' in the Year 2004-05 has now been refunded back to DC(H) in the Current Year.

16. Govt. of Goa vide Order No. 15/12/2001-IND(Part) dated 31/10/2003 has released an amount of Rs. 200.00 lakhs as Grant for implementation of "Deen Dayal Swayam Rojgar Yojana" and Rs. 210.00 lakhs vide Govt. Order No. 15/12/2001-IND-(Part) dated 21.03.05 as investment for the implementation of Development of Handicrafts activity and the same has been shown in schedule 'B'.
17. Employees State Insurance Corporation, Panaji Office vide their Notice / Order u/s 45 (a) of the ESI Act 1948 demanded an amount of Rs. 26,11,500/- as ESI Contribution for the period from 1988 to 2004. This Corporation has preferred an Appeal with the Competent ESI Authority. Also an application for exemption is pending with the Govt. of Goa. Pending the outcome of the above, an amount of Rs. 26,11,500/- has been provided for by debiting prior period expenses Account. However the management is of the opinion that this Corporation is not legally liable for the said liability. Current Year Provision is also made in the Books of Accounts.
18. Company has noticed a forgery and cheating case by unknown person during the period from 31/12/03 to 09/01/04 in purchases of Tyres and Tubes from M/s. J.K. Industries, Panaji on our supply orders worth Rs. 2.10 lakhs by fabricating false documents. However, in the mean time, liability for the payment to the Party M/s. J.K. Industries has been held up till the final investigation is over. Final investigation report from Police Department is pending. The necessary treatment in accounts will be done at a future date.
19. The Company has acquired assets out of Grant in Aid received for the Government of Goa as per the handicrafts plan in the year 04-05 & 05-06 such as Air Conditioners for Emporia - Rs. 2.02 lakhs. Handicrafts Van - Rs. 3.91 lakhs, Computers - Rs. 8.51 lakhs, Furnitures & Fixtures - Rs. 1.56 lakhs, Sewing Machines - Rs. 3.42 lakhs & Heena Papad Machine - Rs. 1.48 lakhs & machinery at BPC - Rs. 11.72 lakhs. However these assets have not been capitalized.
20. The Company in its 102nd Board Meeting held on 17th March, 2006, has approved the provision for doubtful debts to be provided for the account of Rs. 34,49,934.05. However, Company has considered provision of doubtful debts amounting to Rs. 4,74,309.69 and the balance amount of Rs. 29,75,624.36 has not been provided in view of the suits for recovery filed in the Court and the chances of recovery are fair and hopeful recovery.
21. Fixed Deposit receipt of Rs. 11.50 lakhs have been pledged to the Bank of Maharashtra, Panaji as security towards Bank Guarantee of Rs. 115.00 lakhs issued by the Bank in favour of Steel Authority of India Ltd., Mumbai.
22. Extra Ordinary Items : Amount of grant of Rs. 1,06,500/- refunded back to DC (H), New Delhi, which were utilized in the last year due to some dispute / disqualification by them. The amount of Rs. 39,40,016.88 expenditure on development of Handicrafts over Grant in Aid received by the Company.
23. SSI Units to whom an amount of over Rs. 1.00 lakh is due for more than one month are as under. These are dues in respect of goods supplied to Government Departments.

1. M/s. Mandovi Cement Pipes	28.31 Lakhs	16. M/s. Prestige Furniture Pvt. Ltd.	16.53 Lakhs
2. M/s. Michael & Michael	41.95 "	17. M/s. Hadson Industries Craft	1.11 "
3. M/s. Mallikarjun Pipes & Cement Products	58.94 "	18. M/s. Yashoda Industries	7.91 "

4. M/s. Shreenath Pre-Stressed P. Ltd.	9.41	"	19. M/s. National Paper Industries	2.69	"
5. M/s. Cement Brick Industries	5.28	"	20. M/s. Deepak Steel Furnitures	7.01	"
6. M/s. Sanjay Enterprises	19.99	"	21. M/s. Tumkur Conductors Pvt. Ltd.	40.09	"
7. M/s. Anmol Industries	2.62	"	22. M/s. Malikarjun Group of Industries	49.90	"
8. M/s. Rayani Industries	7.52	"	23. M/s. Surya Concrete Industries	29.67	"
9. M/s. Ideal Furnitures	1.31	"	24. M/s. Bharat Conductors Ltd.	80.08	"
10. M/s. Prestige Industries	5.71	"	25. M/s. Glow Paints Pvt. Ltd.	1.11	"
11. M/s. Vanaji Industries	3.63	"	26. M/s. Plastwell Plastics	1.12	"
12. M/s. Gaurav Furnitures	10.03	"	27. M/s. Roz Bal Industries	4.20	"
13. M/s. H.K. Metacraft	2.49	"	28. M/s. Hemant Steel Furniture	2.74	"
14. M/s. Asha Steel Industries	8.40	"	29. M/s. Sushank Chemical Industry	2.46	"
15. M/s. Astra Concrete Products	2.32	"	30. M/s. Zarak Moulders	1.13	"
			31. M/s. Ganesh Engineering Works	1.27	"

24. Figures for previous year have been re-arranged and regrouped wherever necessary.

25. Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details

Registration No.	:	410/G
State Code	:	24
Balance Sheet Date	:	31.03.2006

II. Capital Raised during the Year

Public Issue	:	NIL
Right Issue	:	NIL
Bonus Issue	:	NIL
Private Issue	:	NIL

**III. Position of mobilisation and
Deployment of Funds**

Total Liabilities	:	142578
Total assets	:	142578

Sources of Funds

(Rs. In Lakhs)

Paid Up Capital	:	35001 Lakhs
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Reserves & Surplus	:	43144
Secured Loans	:	NIL
Unsecured Loans	:	NIL

Application of Funds

Net Fixed Assets	:	7180
Investments	:	500
Net Current Assets	:	69071
Misc. Expenditure	:	—
Accumulated Losses	:	1394

IV. Performance of the Company

Turnover	:	178211
Total Expenditure	:	21599
Profit Before Tax	:	12390
Profit After Tax	:	12390
Earnings Per Share (in Rupees)	:	—
Dividend Rate (%)	:	—

IV. Generic Names of Three Principal Products/Services of the Company

1. Item Code No.	:	2508.40
Product Description	:	Clay Items

Signatures of Schedules "A" to "Q-II"

As per our Report of
Even date attached

**FOR S. J. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS**

Sd/-
(SAILESH S. SHAH)
PARTNER

Sd/-
(RAMKRISHNA A. PARAB)
MANAGER (ACCTS)

Sd/-
(NIKHIL U. DESAI)
MANAGING DIRECTOR

Sd/-
(VICTORIA FERNANDES)
CHAIRMAN

Place : Panaji, Goa
Date : 04.09.2006