



**ANNUAL REPORT
2007-08**



Carol Info Services Limited

Carol Info Services Limited

BOARD OF DIRECTORS

DR. G. B. PARULKAR

Chairman & Managing Director

SURESH SHENOY

Director

R. B. GANDHI

Director

ANIL KAMATH

Director

V. R. KHETAN

Company Secretary

BANKERS

State Bank of India (CAG Branch)

Citibank, N.A.

ICICI Bank Ltd.

HDFC Bank Ltd.

AUDITORS

Haribhakti & Co.

REGISTERED OFFICE

City Survey No. 681,

Village Nahur,

Mulund-Goregaon Link Road,

Bhandup (West),

Mumbai-400 078.

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DIRECTORS' REPORT

To
The Shareholders

The Directors take pleasure in presenting the 28th Annual Report of the Company and audited accounts for the year ended March 31, 2008.

FINANCIAL PERFORMANCE

The summary of financial results for the year is given below:

(Rs. in thousands)

	Year ended 31.03.2008	Year ended 31.03.2007
Operating Income	238,537	202,835
Operating Profit	101,533	97,289
Other Income	10,881	17,574
Interest Income	190,630	182,728
Depreciation	56,213	55,548
Profit Before Tax	246,831	242,043
Provision for Tax	(58,455)	(27,157)
Deferred Tax (Liability)/Asset	(54,002)	80,373
Fringe Benefit Tax	(324)	(294)
Net Profit for the Year	134,050	294,965

SUBSIDIARIES AND OPERATIONS

There are no subsidiaries of the Company.

DIVIDEND AND RESERVES

Your board has recommended a dividend of 20% on equity shares for the year ended March 31, 2008. It is recommended that an amount of Rs. 75,000 thousand be transferred to General Reserve and the Balance of Rs. 12,580 thousand be retained in Profit and Loss Account.

BOARD OF DIRECTORS

Mr. D. G. Modi resigned as a director of the Company on June 30, 2008. Mr. Modi has been providing valuable guidance to the Company since 2001. The Board of Directors wish to place on record their sincere appreciation for the valuable contribution made by Mr. Modi during his tenure of the office.

Mr. R. B. Gandhi, retires by rotation as director at the upcoming Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Gandhi is a fellow member of the Institute of Chartered Accountants of India and also an Associate member of the Institute of Company Secretaries of India. His other directorships include Wockhardt Ltd., Wockhardt Biopharm Ltd., Merind Ltd., Wockhardt Infrastructure Development Ltd., Wockhardt Maharashtra Hospital Ltd., and Vinton Healthcare Ltd. He is the member of Audit Committee & Investors Grievance Committee of the Company and Chairman of Audit Committee of Vinton Healthcare Ltd. He does not hold any shares of the Company.

During the year, the Board has appointed Mr. Suresh Shenoy as Additional Director on June 30, 2008 and he holds office upto the ensuing Annual General Meeting. The resolution for his appointment as Director is being moved at the ensuing Annual General Meeting. The details of his appointment together with nature of his expertise in specific functional areas and names of the companies in which he holds office of a Director and/or the Chairman/Membership of committees of the Board, are provided in the notice of the ensuing Annual General Meeting.

The Board recommends their appointment.

Carol Info Services Limited

APPOINTMENT OF AUDITORS

M/s. Haribhakti & Co., Chartered Accountants retire as auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year ended on March 31, 2008, the Board of Directors state that:

- (i) the applicable accounting standards have been followed in preparation of the financial statements and there are no material departures from the said standards;
- (ii) in order to provide a true and fair view of the state of affairs of the Company as on March 31, 2008 and the profits for the period ended on that date reasonable and prudent judgments and estimates have been made and generally accepted accounting policies have been selected and consistently applied;
- (iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the financial statements have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956

The Company does not have employees to whom provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 apply.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed to this report.

SECRETARIAL AUDIT

As directed by Securities and Exchange Board of India (SEBI) secretarial audit is being carried out at the specified periodicity by a practicing Company secretary. The findings of the secretarial audit were entirely satisfactory.

CORPORATE GOVERNANCE

As required by Clause 49 of the listing agreement, a separate report on corporate governance forms part of the Annual Report. A report from the practicing company secretary regarding compliance of conditions of corporate governance forms part of this report.

ACKNOWLEDGEMENTS

Your Directors acknowledge the impeccable service rendered by the employees of the Company at all levels. The Directors also take this opportunity to place on record their appreciation to the stakeholders, bankers and all others for their continued support to the Company.

For and on behalf of the
Board of Directors

Place : Mumbai
Date : June 30, 2008

G. B. PARULKAR
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2008.

I. CONSERVATION OF ENERGY

(1) **Energy conservation measures taken:**

No new energy conservation measures were taken during the year 2007-08.

(2) **Additional Investments and proposals being implemented for reduction of energy consumption:**

During replacement of worn out ammonia evaporation coils, modification of refrigeration plant is being carried out which will give a substantial saving.

(3) **Impact of measures taken at (1) above:**

N.A.

(4) **Total energy consumption and Energy Consumption per unit of production:**

	Year Ended 31.03.2008	Year Ended 31.03.2007
(A) Power & Fuel Consumption:		
1. Electricity		
a. Purchased		
Units (in million)	1.656	1.314
Total Amount (in millions)	6.977	5.303
Rate/Unit (Rs.)	4.213	4.036
b. Own Generation Through Diesel Generator		
Units (in million)	0.416	0.355
Units per litre of Diesel oil	3.26	3.34
Cost/Unit (Rs.)	8.53	8.70
2. Coal		Not Applicable
Quantity	—	—
Total Cost	—	—
Average Rate	—	—
3. Furnace Oil & LSHS		
Quantity (Kilo-litres)	926.84	690.10
Total Amount (in million)	22.083	13.983
Average Rate	23.83	20.26
4. Natural Gas		Not Applicable
Quantity (unit NM ³)	—	—
Total Amount (in million)	—	—
Average Rate (Rs./100 NM ³)	—	—

(B) Consumption per unit of production:

The consumption per unit depends on the product mix since it consists of different types of products. Hence there is no specific standard.

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year)

No technology has been imported during the last 5 years.

III. FOREIGN EXCHANGE EARNINGS & OUTGO

Total Foreign Exchange Used and Earned

	Year Ended 31.03.2008	(Rs. in millions) Year Ended 31.03.2007
(A) Total Foreign Exchange used		
(i) On input of raw materials, spare parts & capital goods	NIL	NIL
(ii) Expenditure in foreign currency for business travels, books & periodicals membership subscription, commission on sales and R & D expenses	NIL	NIL
(iii) Others	1.14	1.13
(B) Total Foreign Exchange Earned	NIL	NIL

Carol Info Services Limited

REPORT ON CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereafter the Code) through Clause 49 in the listing agreement executed by the Company with stock exchanges. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The Code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporate. While most of the practices laid down in Clause 49 require mandatory compliance, others are recommendatory in nature. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49, for the financial year 2007-08.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Carol Info Services Limited endeavors to attain the highest standards of Corporate Governance. The Company's pursuit towards achieving good governance is an ongoing process, thereby ensuring transparency, accountability and responsibility in dealing with employees, stakeholders, customers and the community at large.

BOARD OF DIRECTORS

The Board comprises of 4 directors of which 3 are independent & non-executive directors. The composition of the Board complies with the requirements of the Code.

The Board of Directors of the Company met five times during the year on April 27, 2007, June 29, 2007, July 30, 2007, October 31, 2007 and January 31, 2008.

Composition of Board and other related matters:

Name of the Director	Category	No. of other Directorships Held ⁽¹⁾	No. of other Board Committees of which Member/Chairman ⁽²⁾	Board meetings attended	Attendance at the last AGM
Dr. G. B. Parulkar, Chairman & Managing Director	Whole-time Director (Executive)	2	Nil	5	Yes
Mr. R. B. Gandhi	Non-Executive (Independent)	6	1 (as Chairman) 2 (as Member)	5	Yes
Mr. Anil Kamath	Non-Executive (Independent)	7	2 (as Chairman) 1 (as Member)	5	No
Mr. D. G. Modi*	Non-Executive (Independent)	Nil	2 (as Member)	4	No

* Resigned w.e.f. June 30, 2008

Notes:

1. This number excludes the directorships/committee memberships held in foreign companies, private companies, companies registered under Section 25 of the Companies Act, 1956, alternate directorship and that of the Company.
2. This includes the Chairmanship/Membership only in the Audit Committee and Shareholders' Grievance Committee.

The Board of Directors, in its meeting dated June 30, 2008, appointed Mr. Suresh Shenoy as additional director (Non-Executive Independent) w.e.f. June 30, 2008.

None of the Non-Executive Directors hold any shares/convertible instruments of the Company.

AUDIT COMMITTEE

During the year under review, four meetings of the Committee were held on June 29, 2007, July 30, 2007, October 31, 2007 and January 31, 2008.

The Composition of the Committee as on March 31, 2008 as well as the particulars of attendance at the Committee during the year are given in the table below:

Name	Category of Directorship	Qualification/Competence	No. of meetings attended
Mr. Anil Kamath, Chairman	Non-Executive (Independent)	B.Com. (Hons.), MIMA, AMRSH (Lon.), MBIM (Lon.), FCA	4
Mr. R. B. Gandhi	Non-Executive (Independent)	B.Com. (Hons.), FCA, ACS	4
Mr. D. G. Modi*	Non-Executive (Independent)	B.Sc., B.Pharm.	3

* Ceased to be a member of Committee w.e.f. June 30, 2008

The Board of Directors, in its meeting dated June 30, 2008, reconstituted the Audit Committee with the following three members.

1. Mr. Anil Kamath, Chairman of the Committee
2. Mr. R. B. Gandhi
3. Mr. Suresh Shenoy

The composition of the Committee complied with the requirements of Clause 49 of listing agreement and Section 292A of the Companies Act, 1956.

The Secretary of the Company acts as a Secretary to the Committee.

Terms of Reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreements with the Stock Exchanges that inter alia include a review of financial reporting process, draft financial statements and auditors' report (before submission to the board), accounting policies and practices, internal controls and internal audit systems, risk management policies and practices, related party transactions, internal audit reports and adequacy of internal audit function.

The role of the audit committee includes recommending the appointment and removal of external auditor, discussion of audit plan, fixation of audit fee and also approval for payment of any other services.

INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee which specifically looks into redressing of shareholders and investors complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends and to ensure expeditious share transfer process. During the year ended March 31, 2008, four meetings of the Committee were held on June 29, 2007, July 30, 2007, October 31, 2007 and January 31, 2008. The constitution and functioning of the Committee is given in the table below:

Name of Director	Category	No. of meetings attended
Mr. Anil Kamath, Chairman	Non-Executive (Independent)	4
Mr. R. B. Gandhi	Non-Executive (Independent)	4
Mr. D. G. Modi*	Non-Executive (Independent)	3

* Ceased to be a member of Committee w.e.f. June 30, 2008

The Board of Directors, in its meeting dated June 30, 2008, reconstituted the Investor Grievance Committee with the following three members.

1. Mr. Anil Kamath, Chairman of the Committee
2. Mr. R. B. Gandhi
3. Mr. Suresh Shenoy

Mr. V. R. Khetan, Company Secretary, provided secretarial support to the Committee and was also the designated Compliance Officer for such matters.

During the year, the Company received 75 communications pertaining to non-receipt of shares sent for transfer, non-receipt of dividend warrants and non-receipt of credit or documents sent for demat. All the communications were satisfactorily replied. No complaint was pending as on March 31, 2008.

There are no shares pending for transfer for a period of more than 21 days from the day of receipt, so long as the documents are clear in all respects.

MANAGERIAL REMUNERATION

(a) Remuneration of Chairman & Managing Director

The remuneration of Dr. G. B. Parulkar, Chairman & Managing Director was fixed by the Board and approved by the shareholders at the Annual General Meeting held on September 28, 2007. The remuneration of Rs. 2,00,000 has been paid to Dr. Parulkar for the year 2007-08 as per the shareholder's resolution.

(b) Independent Non-Executive Directors (INEDs)

During the year, the INEDs were neither paid any remuneration nor granted any loans or advances.

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GENERAL BODY MEETINGS

Details of the Annual General Meetings (AGM) during last three years are as under:

AGM	Date	Time	Venue	No. of special resolutions passed
25th AGM	September 12, 2005	3.00 p.m.	Merind Limited, Mulund-Goregaon Link Road, Bhandup (W), Mumbai 400 078	Nil
26th AGM	September 29, 2006	3.00 p.m.	– Same as above –	Nil
27th AGM	September 28, 2007	3.00 p.m.	– Same as above –	1

The special resolution indicated above was passed by show of hands. The Company has not passed any shareholder resolution through postal ballot during the year under reference. Currently no resolution is proposed to be passed through postal ballot.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

As required by Clause 49 of the listing agreement, a separate report on Management Discussion and Analysis Report is published separately in this Annual Report.

DISCLOSURES

(a) Legal Compliances

The Company follows a formal management policy and system of legal compliance & reporting to facilitate periodical review by the Board of compliance status of laws applicable to the Company and steps taken to rectify non-compliances, if any.

There were no instances of material non-compliance and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

The CEO and CFO have certified to the Board with regards to the Financial Statements and other matters as required in the Listing Agreement.

(b) Code of Business Conduct and Ethics

The Code of Business Conduct and Ethics adopted by the Company has been posted on the web site of the Company. The members of the Board and senior management of the Company have submitted their affirmation on compliance with the Code of Business Conduct for the effective period. The declaration by the CEO to that effect forms part of this report as Annex. 1.

(c) Related Party Transactions

The Independent directors on the Company's Board do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or their relatives, which in the judgment of the Board affect the independence of judgment of the Directors or which may have a potential conflict with interests of the Company. Transactions with related parties are disclosed in detail in Schedule 22 annexed to the financial statements for the year. The register of contracts containing the transactions in which the Directors are interested, if any, is placed before the Board regularly.

(d) Mandatory & Non-Mandatory Clauses

The Company has complied with all mandatory requirements laid down by the Clause 49. The non-mandatory requirements of the Clause 49 of the listing agreement are neither necessary nor desirable and hence the Company does not consider the need to adopt them.

(e) Risk Management Policy

The Company has defined and adopted a Risk Management Policy, which not only assesses the risks but also helps in timely rectification and minimization of these risks associated with strategic, operational, financial and compliance operations across all business operations. These control procedures and systems ensure that the Board is periodically informed on the material risks faced by the Company and the steps taken by the Company to alleviate those risks.

COMMUNICATION TO SHAREHOLDERS

During the year, the quarterly and annual financial results of the Company were submitted to the stock exchanges soon after the Board meeting approved these and were also published in at least two leading newspapers – The Free Press Journal (English) and Navshakti (Marathi).

AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

Certificate on the Compliance of conditions of Corporate Governance is enclosed alongwith this report as Annex. 2.

GENERAL SHAREHOLDER INFORMATION

1. 28th Annual General Meeting:

Date & Time	Tuesday, September 30, 2008 at 3.00 p.m.
Venue	Merind Limited, Goregaon-Mulund Link Road, Bhandup (West), Mumbai 400 078

2. Tentative Financial Calendar for the Year 2008-09:

Financial year	1-April to 31-March
First Quarter results	End of July 2008
Half Yearly results	End of October 2008
Third Quarter results	End of January 2009
Results for year-end	End of June 2009
Annual General Meeting for the year ending March 31, 2009	End of September 2009

3. Date of Book Closure for Annual General Meeting and Final Dividend for the year ended March 2008: September 22, 2008 to September 26, 2008 (both days inclusive)

4. Dividend Payment Date:

The proposed dividend, if approved at the ensuing AGM will be distributed at the end of October 2008.

5. Listing on Stock Exchanges and Security Codes:

Name of Stock Exchange	Security Code
<i>(A) Equity Share</i>	
Bombay Stock Exchange Ltd., Mumbai (BSE)	500446
The National Stock Exchange of India Ltd., Mumbai (NSE)	CAROLINFO
<i>(B) GDRs</i>	
Luxembourg Stock Exchange	

The Company has paid the annual listing fees for the year 2008-09 to all of the above stock exchanges.

6. Market Price Data:

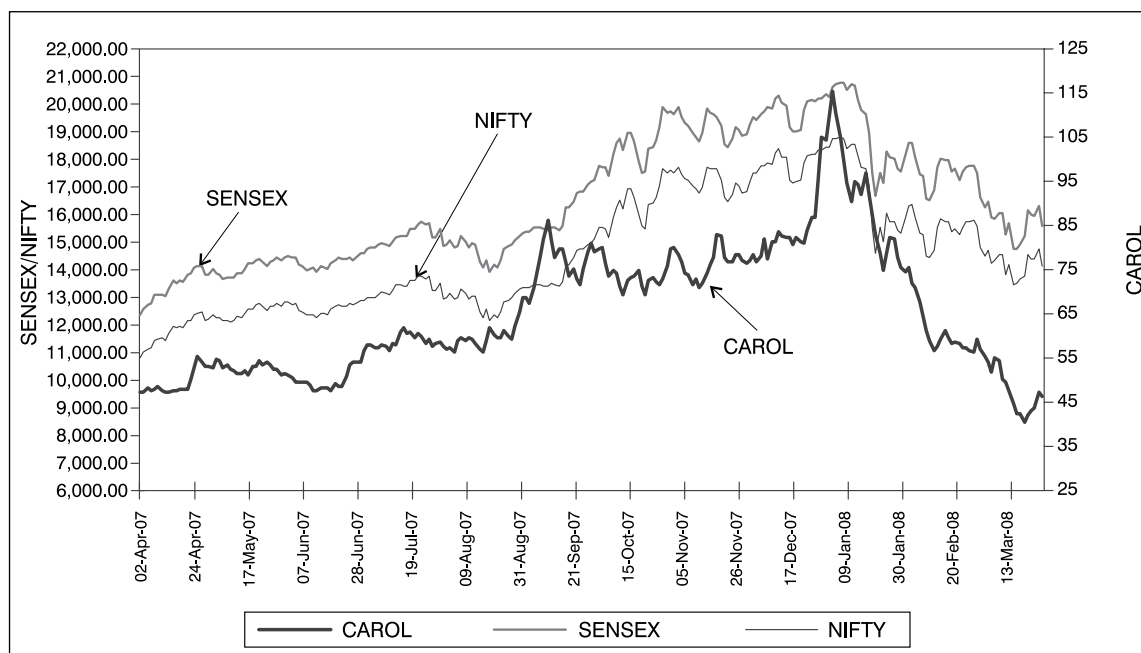
The closing market price of equity share on March 31, 2008 (last trading day of the year) was Rs. 46.75 on BSE & Rs. 46.85 on NSE.

The monthly movement of equity share prices during the year at BSE & NSE is summarized as herein below:

Monthly Share Price movement during 2007-08 at BSE & NSE						
Month	B S E			N S E		
	High	Low	Monthly Volume	High	Low	Monthly Volume
April 2007	58.70	47.00	282,553	59.25	47.00	203,727
May 2007	55.70	51.05	435,270	55.55	50.05	250,119
June 2007	56.50	47.10	360,578	56.70	47.25	226,282
July 2007	64.45	55.05	1,030,276	64.10	54.55	586,320
August 2007	65.80	55.00	889,549	65.55	55.45	446,641
September 2007	90.80	66.70	3,448,780	90.00	66.35	1,658,010
October 2007	85.65	68.20	1,531,703	85.55	68.75	843,990
November 2007	88.00	69.65	915,050	89.65	70.05	571,702
December 2007	96.05	77.00	1,277,844	96.55	74.10	706,144
January 2008	121.50	74.45	2,118,823	121.45	74.60	1,304,970
February 2008	78.50	55.30	763,891	78.90	54.30	347,585
March 2008	60.00	40.55	474,762	58.75	38.10	509,137

Carol Info Services Limited

7. Stock Performance Index (2007-08):



8. Distribution of Shareholding as at March 31, 2008:

By size of shareholding:

Slab of Shareholdings No. of Shares	No. of Shareholders	%	Amount in Rs.	%
1 – 500	24,113	91.77	33,947,420	9.58
501 – 1000	1,107	4.21	9,234,890	2.61
1001 – 2000	488	1.86	7,659,880	2.16
2001 – 3000	177	0.67	4,582,080	1.29
3001 – 4000	93	0.35	3,382,430	0.96
4001 – 5000	73	0.28	3,447,770	0.97
5001 – 10000	110	0.43	8,258,490	2.33
Above 10000	114	0.43	283,851,760	80.10
Total	26,275	100.00	354,364,720	100.00

By category of shareholders:

Categories	Number of shares	Amount in Rs.	%
Promoters	22,584,758	225,847,580	63.73
Directors & relatives	600	6,000	0.00
Financial Institutions & Banks	5,600	56,000	0.02
Mutual Funds	151,300	1,513,000	0.43
Insurance Companies	137,100	1,371,000	0.39
Foreign Institutional Investors/OCB's	344,645	3,446,450	0.97
Bodies Corporate	3,236,285	32,362,850	9.13
Non-resident Indians	597,021	5,970,210	1.68
Shares Representing GDRs	291,946	2,919,460	0.82
Other Public	8,087,217	80,872,170	22.83
Total	35,436,472	354,364,720	100.00

9. Dematerialisation of Securities:

The Equity shares of the Company are traded compulsorily in the dematerialized segment of all the stock exchanges and are under rolling settlement. Out of the public shareholding of 12,559,768 equity shares, 11,471,065 equity shares representing 91.33%, are in dematerialised form. The demat security (ISIN) code for the equity share is INE198A01014.

10. Share Transfer System:

To expedite the transfer of shares held in physical mode the powers to authorise transfers have been delegated to Mr. Vijay Khetan, Company Secretary of the Company. The transfers which are complete in all respects are taken up for approval generally every ten days and the transferred securities dispatched to the transferor within 21 days.

The Company has signed necessary agreements with two depositories currently functional in India. viz. National Securities Depository Ltd. & Central Depository Services (India) Ltd. The transfer of shares in depository mode need not be approved by the Company.

11. Investor Relations:

All complaints received from shareholders have been cleared within the financial year. The complaints are generally replied to within 10 days from their lodgment with the Company. No complaint was pending as on March 31, 2008.

12. Outstanding GDRs/ADRs/Warrants/any other Convertible Instruments:

The Number of outstanding GDRs as on March 31, 2008 is 291,946. The Company does not have any other outstanding instruments of the captioned type except GDRs.

13. Registered Office:

City Survey No. 681, Village Nahur, Mulund-Goregaon Link Road, Bhandup (W), Mumbai 400 078.

14. Address of Factories:

Ambala – Chandigarh Highway, Village Sarsini, Lalru P.O., Dist. Patiala 140 501, Punjab.

15. Compliance Officer:

V. R. Khetan, Company Secretary,
City Survey No. 681, Village Nahur, Mulund-Goregaon Link Road, Bhandup (West), Mumbai 400 078.

16. Investor Services:

E-mail: investorrelations@carolinfoservices.com

17. Registrars & Transfer Agents:

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078
Tel: 022 2596 3838/2594 6970-78
Fax: 022 2594 6969

For & on behalf of the Board of Directors

G. B. Parulkar

Chairman & Managing Director

Place : Mumbai

Date : June 30, 2008

ANNEX 1 TO CORPORATE GOVERNANCE REPORT

AFFIRMATION OF COMPLIANCE WITH CODE OF BUSINESS CONDUCT & ETHICS

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management of the Company.

All the Board Members and the Senior Management Personnel have affirmed their Compliance with the respective Code for the year ended on 31.03.2008.

Place : Mumbai

Date : June 30, 2008

G. B. Parulkar

Chairman & Managing Director

ANNEX 2 TO CORPORATE GOVERNANCE REPORT

CERTIFICATE OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,

The Members of **Carol Info Services Limited**

We have examined the compliance of Corporate Governance by Carol Info Services Limited for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

In our opinion and to the best of our information and according to the explanation given to us and based on the representations, made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreements.

We further state that such compliance is neither an assurance to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

VIRENDRA BHATT

Practicing Company Secretary
ACS No.: 1157; CP No.: 124

Place : Mumbai

Date : June 30, 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is engaged in service segment. The primary activities are contract manufacturing, loan licensee and renting of immovable property. The Company is engaged in contract manufacturing of nutraceutical and milk-based products. Contract manufacturing in India is growing rapidly catering to both domestic and international pharmaceutical companies. The Company's plant in Lalru, Punjab is well placed, and is operating near to capacity, and will continue to do so in the foreseeable future.

The Company is also engaged in renting of immovable property activity. The property portfolio, although a non-core activity, generates substantial income. This activity is likely to continue for a foreseeable future.

OUTLOOK ON OPPORTUNITIES

The Indian nutraceutical market measures US\$ 600 million. The Infant formulae and follow-on segment, Weaning Cereals and Protein Supplements market are expanding rapidly. Increasing awareness and rising disposable incomes is leading growth of the nutraceutical market. The Company is confident that it is well positioned to capture these opportunities in contract manufacturing and continue to grow the business in a prudent manner.

OUTLOOK ON THREATS, RISKS AND CONCERNS

The Company does not foresee any commercial or other threats, which could disrupt the operations of its business and or its manufacturing facility.

SEGMENT-WISE PERFORMANCE

The Company is in service segment and also derives income from the properties owned by it. Income from contract manufacturing amounted to Rs. 82,587 thousand and rent income amounted to Rs. 68,351 thousand.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal control systems provide for well-defined policies, guidelines, authorizations and approval procedures. The prime objective of such audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

FINANCIAL PERFORMANCE

The Company's income from sales and services grew by 17% for the year ended March 2008 to Rs. 238,537 thousands compared with Rs. 202,835 thousands for the year ended March 2007. The profit before tax for the year was Rs. 246,831 thousands as compared to Rs. 242,043 thousand for the previous year.

HUMAN RESOURCES

The Company has 84 employees. Through various interventions like training and development, self learning initiatives, communication channels, cross-functional interventions for nurturing creativity and multi-rate feedback there has been a continuous effort to build and enhance competencies of employees at every level of the organization.

AUDITORS' REPORT

To

The Members of Carol Info Services Limited

1. We have audited the attached Balance Sheet of **Carol Info Services Limited** ("the Company") as at March 31, 2008 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together "the order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act") and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act, to the extent they are applicable to the Company. As regards AS-17 on Segment Reporting, as explained in Note No. 20 of annual accounts, the Management considers all kinds of services rendered as only one business segment;
 - (e) on the basis of written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors of the Company is prima facie disqualified as on March 31, 2008, from being appointed as a director in terms of Section 274(1)(g) of the Act;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give the information required by the Act, in the manner so required and also give, a true and fair view in conformity with the accounting policies generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
 - (ii) in the case of the Profit & Loss Account, of the profits for the year ended on that date; and
 - (iii) in the case of Cash Flow Statements, of the cash flows for the year ended on that date.

For Haribhakti & Co.
Chartered Accountants

CHE TAN DESAI
Partner

Membership No. 17000

Place: Mumbai

Date : June 30, 2008

ANNEXURE TO AUDITORS' REPORT — MARCH 31, 2008

Annexure referred to in paragraph 3 of Auditors' Report of even date to the members of Carol Info Services Limited on the accounts for the year ended March 31, 2008.

I. Fixed Assets:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The Company has a program for phased physical verification of all its fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, certain fixed assets have been physically verified by management during the year. As informed, no material discrepancies were noticed on such verification.
2. During the year, the Company has not disposed off substantial part of its fixed assets.

II. Inventory:

3. As explained to us, the inventory of the Company has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The Company has maintained proper records of inventory and the discrepancies between the physical stocks and the book stocks noticed on physical verification as mentioned in paragraph 3 above were not material and have been properly dealt with in the books of accounts.

III. Loans taken from/granted to 301 Parties:

6. The Company has neither granted nor taken any loan to/from any party covered in the Register maintained under Section 301 of the Act.

IV. Internal Control:

7. In our opinion and according to information and explanations given to us, the existing internal control procedures for the purchase of inventory and fixed assets and for the sale of goods and services are commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct any major weaknesses in aforesaid internal control.

V. Transaction with parties covered under Section 301 of the Act:

8. According to the information and explanations given to us by the management, there are no transactions that need to be entered into the Register to be maintained under Section 301 of the Act.

VI. Acceptance of Deposits from public:

9. According to the information and explanations given to us by the management, and as represented to us, the Company has not accepted deposits from public and therefore the provisions of Section 58A and 58AA of the Act are not applicable to the Company.

VII. Internal Audit:

10. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

VIII. Cost Audit:

11. On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government of India under Section 209(1)(d) of the Act have been so maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

IX. Statutory dues:

12. According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, the Company has been generally regular in depositing undisputed statutory dues, if any, in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other material statutory dues during the year with the appropriate authorities in India.
13. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess were in arrears, as at March 31, 2008 for a period of more than six months from the date they became payable.

14. As at March 31, 2008, there have been no disputed dues which have not been deposited with the respective authorities in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, except as under:

Name of the Statute	Nature of the dues	Amount (Rs. in thousands)	Period to which the amount relates	Forum where dispute is pending
Bombay Sales Tax Act, 1959	Sales Tax Dues	1,219.43	A.Y. 93-94	Appellate Tribunal
		3,794.05	A.Y. 94-95	Appellate Tribunal
		3,404.56	A.Y. 95-96	Appellate Tribunal
		2,714.41	A.Y. 96-97	Appellate Tribunal
		2,773.14	A.Y. 97-98	Appellate Tribunal
Kerala General Sales Tax Act, 1963	Sales Tax Dues	410.00	A.Y. 94-95	Appellate Tribunal

X. Others:

15. The Company does not have accumulated losses. Also, it has neither incurred any cash loss during the financial year ended on that date nor in the immediately preceding financial year.
16. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
17. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
18. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
19. According to the information and explanations given to us by the management and based on our overall examination of the books of accounts, during the year, the Company has not taken any term loans.
20. On the basis of review of utilisation of funds, which is based on overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, funds raised on short-term basis have not been used for long-term purpose.
21. The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act.
22. The Company has not issued any debentures during the year.
23. As per the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
24. The following Clauses of paragraph 4 and 5 of Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company and hence are not reported upon:
Clause (xiii); Clause (xiv); and Clause (xx).

For **Haribhakti & Co.**
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Place : Mumbai
Date : June 30, 2008

Carol Info Services Limited

BALANCE SHEET AS AT MARCH 31, 2008

(All amounts in thousands of Indian Rupees)

	Notes	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	354,365	354,365
Reserves and surplus	4	3,426,302	3,375,170
		<u>3,780,667</u>	<u>3,729,535</u>
LOAN FUNDS			
Unsecured loans	5	51,777	58,329
DEFERRED TAX LIABILITY (Net)	2(g) & 6	<u>59,429</u>	<u>5,427</u>
		<u><u>3,891,873</u></u>	<u><u>3,793,291</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	2(a) & 7	2,165,181	2,140,079
Accumulated depreciation		(666,405)	(612,249)
Net block		1,498,776	1,527,830
Capital work-in-progress and advances		39,072	28,777
		<u>1,537,848</u>	<u>1,556,607</u>
INVESTMENTS	2(c) & 8	209,713	219,063
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	2(d) & 9	6,066	6,066
Sundry debtors	10	26,523	28,746
Cash and bank balances	11	20,543	582,379
Loans and advances	12	2,512,466	1,824,076
		<u>2,565,598</u>	<u>2,441,267</u>
CURRENT LIABILITIES AND PROVISIONS	13	(421,286)	(423,646)
NET CURRENT ASSETS		<u><u>2,144,312</u></u>	<u><u>2,017,621</u></u>
		<u><u>3,891,873</u></u>	<u><u>3,793,291</u></u>

The accompanying notes 1 to 27 are an integral part of this Balance Sheet.

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place : Mumbai
Date : June 30, 2008

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman and Managing Director

R. B. Gandhi
A. V. Kamath } Directors

V. R. Khetan
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in thousands of Indian Rupees)

	Notes	For the year ended 31.03.2008	For the year ended 31.03.2007
INCOME			
Sales and services	2(f) & 14	238,537	202,835
Other income	15	10,881	17,574
Interest income	16	190,630	182,728
		440,048	403,137
EXPENDITURE			
Purchase of finished goods		2,300	834
Operating and other expenses	17	134,704	104,712
Depreciation	2(a) & 7	56,213	55,548
		193,217	161,094
PROFIT BEFORE TAX		246,831	242,043
Provision for tax		(58,455)	(27,157)
— Deferred tax	2(g) & 6	(54,002)	80,373
— Fringe benefit tax		(324)	(294)
NET PROFIT FOR THE YEAR		134,050	294,965
Profit and Loss Account, beginning of the year		36,448	24,401
AMOUNT AVAILABLE FOR APPROPRIATION		170,498	319,366
APPROPRIATIONS			
Proposed Dividend on Equity Shares		70,873	70,873
Tax on Dividend		12,045	12,045
Transferred to general reserve		75,000	200,000
PROFIT AND LOSS ACCOUNT, end of the year		12,580	36,448
		170,498	319,366
Earnings per share	19		
Basic & Diluted Rs.		3.78	8.32
Nominal value of share Rs.		10.00	10.00

The accompanying notes 1 to 27 are an integral part of this Profit and Loss Account.

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place : Mumbai
Date : June 30, 2008

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman and Managing Director

R. B. Gandhi
A. V. Kamath } Directors

V. R. Khetan
Company Secretary

Carol Info Services Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in thousands of Rupees)

	31.03.2008	31.03.2007
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit before tax	246,831	242,043
Adjustments to reconcile profit before tax to cash provided by operations:		
Depreciation	56,213	55,548
Amortisation of expenses/write off of fixed assets	9	—
Advance no more recoverable	428	—
Foreign exchange gain	—	30
(Profit)/loss on sale of fixed assets, net	398	(674)
(Profit)/loss on sale of Investments, net	—	(15,000)
Interest expense	303	3,572
Interest income	(190,933)	(186,300)
Dividend income	—	(247)
Operating profit before working capital changes	<u>113,249</u>	<u>98,972</u>
(Increase)/decrease in current assets, loans and advances		
Inventories	—	(805)
Sundry debtors	2,223	43,120
Loans and advances	1,370	4,820
Increase/(Decrease) in current liabilities and provisions	<u>(3,158)</u>	<u>(3,624)</u>
Cash provided by operations	<u>113,684</u>	<u>142,483</u>
Tax paid	<u>(51,264)</u>	<u>148,383</u>
Net cash provided by operating activities	<u>62,420</u>	<u>290,866</u>
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work-in-progress	(38,694)	(14,091)
Proceeds from sale of fixed assets	833	800
Purchase of investments	9,348	—
Proceeds from sale of investments	—	35,000
Loan to Companies, net	(698,173)	227,292
Interest received	191,404	185,829
Dividend received	—	247
Net cash used in investing activities	<u>(535,282)</u>	<u>435,077</u>
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
(Repayment)/Proceeds from long-term borrowings, net	(6,552)	(155,479)
Interest paid	(303)	(3,572)
Dividend paid	(82,119)	(1,299)
Net cash used in financing activities	<u>(88,974)</u>	<u>(160,350)</u>
NET DECREASE IN CASH AND BANK BALANCES	<u>(561,836)</u>	<u>565,593</u>
CASH AND BANK BALANCES, beginning of year	<u>582,379</u>	<u>16,786</u>
CASH AND BANK BALANCES, end of year	<u>20,543</u>	<u>582,379</u>

The accompanying notes 1 to 27 are an integral part of this Cash Flow Statement.

As per our report of even date attached

For Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No. 17000

Place : Mumbai
Date : June 30, 2008

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman and Managing Director

R. B. Gandhi
A. V. Kamath } Directors

V. R. Khetan
Company Secretary

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in thousands of Indian Rupees unless otherwise stated)

1. BACKGROUND

Carol Info Services Limited ('CISL' or 'the Company'), is a subsidiary of Khorakiwala Holdings and Investments Private Limited. Pursuant to a scheme of arrangement, the pharmaceutical business of the Company was demerged into Wockhardt Limited with effect from January 1, 2000. The name of the Company has been changed from Wockhardt Life Sciences Limited to Carol Info Services Limited with effect from November 7, 2003.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with accounting principles generally accepted in India. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalizes all costs relating to the acquisition and installation of fixed assets.

Depreciation is provided, using the straight line method, pro-rata to the period of use of assets, at the rates specified in Schedule XIV of the Companies Act, 1956 or based on the useful life of the assets whichever is higher. The rates used by the Company are as follows:

Assets	Percentage
Leasehold land	Over the period of Lease
Buildings	1.63 – 3.34
Plant & Machinery	4.75 – 5.88
Furniture & Fixtures	6.33
Office Equipments	4.75 – 25
Information Technology Equipments	33.33
Vehicles	20

Fixed assets whose aggregate cost is Rs. 5,000 or less are depreciated fully in the year of acquisition.

(b) Foreign currency transactions

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of the transaction. Foreign currency denominated assets and liabilities are translated into rupees at the rates of exchange prevailing on the date of the balance sheet. All exchange differences are dealt with in the statement of profit and loss.

In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the profit and loss account over the period of the contract.

(c) Investments

Long term investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments. Current investments are stated at lower of cost and fair value.

(d) Inventories

Inventories of stores and spare parts are valued at cost.

(e) Retirement benefits

The liability on account of gratuity and leave encashment are provided based on valuation by an independent actuary. Contributions to provident fund and family pension fund are charged to the profit and loss account as incurred.

(f) Revenue recognition

The Company recognises revenues on dispatch of goods to customers. Revenues are recorded at invoice value net of sales tax, excise, returns and trade discounts.

Revenue from services are recognized on completion of such services.

(g) Income-tax

Provision for current income-taxes is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the statement of Profit and Loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(h) Leases

Operating leases

Lease payments for operating leases are recognised as expense over the lease term. Lease income from operating leases is recognised as income over the lease term. Initial direct costs are recognised immediately as an expense.

Carol Info Services Limited

	As at 31.03.2008	As at 31.03.2007
3. SHARE CAPITAL		
AUTHORISED		
100,000,000 (2007 – 100,000,000) Unclassified shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
ISSUED		
35,519,797 (2007 – 35,519,797) Equity Shares of Rs. 10 each fully paid up	<u>355,198</u>	<u>355,198</u>
	<u>355,198</u>	<u>355,198</u>
SUBSCRIBED & PAID UP		
35,436,472 (2007 – 35,436,472) Equity Shares of Rs. 10 each fully paid up	<u>354,365</u>	<u>354,365</u>
	<u>354,365</u>	<u>354,365</u>
Of the above equity shares:		
(a) 21,210,400 (2007 – 21,210,400) fully paid up equity shares are held by Khorakiwala Holdings & Investments Private Limited, the Holding Company.		
(b) 25,900,976 (2007 – 25,900,976) Equity shares are allotted as fully paid by way of bonus shares by capitalisation of General Reserve, Capital Redemption Reserve and Share Premium.		
(c) 374,820 (2007 – 374,820) equity shares are allotted as fully paid up pursuant to amalgamation of Wockhardt Health Care Limited with the Company.		
4. RESERVES AND SURPLUS		
Central/State cash subsidy	—	8,084
Less: Transferred to General Reserve	—	(8,084)
	—	—
Capital redemption reserve	297,500	297,500
Securities premium account	2,716,000	2,716,000
General reserve		
Opening balance	325,222	117,138
Transferred (to)/from Profit and Loss Account	75,000	200,000
Transferred from Central/State cash subsidy	—	8,084
Balance at the end of the year	<u>400,222</u>	<u>325,222</u>
Profit & Loss Account	<u>12,580</u>	<u>36,448</u>
	<u>3,426,302</u>	<u>3,375,170</u>
5. UNSECURED LOANS		
Long term		
Sales Tax Deferral Loan	48,277	54,829
[out of the above Rs. 8,303 thousand (2007 – Rs. 6,552 thousand) is repayable within one year]		
Short term (repayable within one year)		
Loan from company	<u>3,500</u>	<u>3,500</u>
	<u>51,777</u>	<u>58,329</u>
6. DEFERRED TAX LIABILITY		
Deferred tax liabilities		
Depreciation on fixed assets	<u>60,733</u>	<u>76,441</u>
Total (A)	<u>60,733</u>	<u>76,441</u>
Deferred tax assets		
Provision for Gratuity	571	527
Provision for Leave Encashment	733	488
Unabsorbed depreciation and business losses	—	69,999
Total (B)	<u>1,304</u>	<u>71,014</u>
Deferred tax liability (A-B)	<u>59,429</u>	<u>5,427</u>
Net deferred tax liability as of the year end	<u>59,429</u>	<u>5,427</u>
Less: Opening Deferred Tax Liability	<u>5,427</u>	<u>85,800</u>
Deferred tax (credit)/Charge for the year	<u>54,002</u>	<u>(80,373)</u>

7. FIXED ASSETS

BLOCK OF ASSET	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	As at 01.04.2007	Additions during the year	Deletions/ Adjustments during the year	As at 31.03.2008	As at 01.04.2007	Charge for the year	Deletions/ Adjustments during the year	As at 31.03.2008	As at 31.03.2008	As at 31.03.2007
Freehold land	30,993	—	292	30,701	—	—	—	30,701	30,701	30,993
Leasehold land	195,141	—	—	195,141	19,069	2,640	—	21,709	173,432	176,072
Buildings	1,151,026	23,819	—	1,174,845	151,106	21,701	—	172,807	1,002,038	999,920
Plant and machinery	502,873	2,974	593	505,254	235,775	25,012	584	260,203	245,051	267,098
Furniture and fixtures	102,887	886	—	103,773	50,457	6,512	—	56,969	46,804	52,430
Office equipments	48,271	241	—	48,512	47,924	197	—	48,121	391	347
Information Technology equipments	95,201	479	—	95,680	95,170	151	—	95,321	359	31
Vehicles	13,687	—	2,412	11,275	12,748	—	1,473	11,275	—	939
Total	2,140,079	28,399	3,297	2,165,181	612,249	56,213	2,057	666,405	1,498,776	1,527,830
Capital Work-In- Progress (inclusive of Capital advances)									39,072	28,777
Grand Total	2,140,079	28,399	3,297	2,165,181	612,249	56,213	2,057	666,405	1,537,848	1,556,607
As at 31.03.2007	2,129,493	13,369	2,783	2,140,079	559,359	55,548	2,657	612,249	1,527,830	1,570,134

Out of the above assets, following are the details of assets given on lease:

Assets given on lease	2008			2007		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Buildings	883,789	106,673	777,116	883,789	91,822	791,967
Furniture and fixtures	66,740	34,688	32,052	66,740	30,457	36,283
Office equipments	28,540	28,122	418	27,841	27,841	—
Plant and machinery	156,177	90,995	65,182	154,565	82,460	72,105
Total	1,135,246	260,478	874,768	1,132,935	232,580	900,355

As at
31.03.2008 As at
31.03.2007

8. INVESTMENTS (AT COST)

LONG TERM INVESTMENTS

TRADE:

UNQUOTED:

Others

(a) 6,750,000 (2007 – 50,000,000) Equity shares of Rs. 10 each (of Re. 1 each) fully paid-up in Wockhardt Hospitals Limited	50,000	50,000
(b) Nil (2007 – 1,510,000) 7.5% Unsecured Non-Convertible Debentures (NCDs) of Rs. 100 each in Merind Limited	—	151,000
(c) 4,270,000 (2007 – Nil) equity shares of CHF 1 each fully paid-up in Swiss Biosciences AG	141,910	—

NON-TRADE:

QUOTED:

In Government securities

2,200 (2007 – 2,200) 6.75% taxfree US-64 Bonds of Rs. 100 each guaranteed by Government of India, issued by the administrator of the specified undertaking of the UTI	220	220
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UNQUOTED:

In Government securities

National Savings Certificate having face value of Rs. Nil (2007 – Rs. 260 thousand)	—	260
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Others

780,000 (2007 – 780,000) Equity shares of Rs. 10 each fully paid-up in Al Barr Finance House Limited	17,583	17,583
--	--------	--------

209,713 **219,063**

9. INVENTORIES

(As Taken, Valued and Certified by the Management)

Stores and spare parts

6,066	6,066
6,066	6,066

10. SUNDRY DEBTORS (Unsecured)

Outstanding for more than six months

Considered good	111	853
Considered doubtful	—	—

111 853

Less: Provision for doubtful debts

—	—
111	853

Other debts

Unsecured, considered good	26,412	27,893
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26,523 **28,746**

Carol Info Services Limited

	As at 31.03.2008	As at 31.03.2007
11. CASH AND BANK BALANCES		
Cash on hand	151	151
Balances with scheduled banks		
— in current accounts	20,220	31,983
— in margin accounts	100	180
Fixed Deposits	65	550,065
	<u>20,543</u>	<u>582,379</u>
12. LOANS AND ADVANCES (Unsecured, considered good)		
Loans to employees	—	48
Loans to Companies		
Considered good	2,328,514	1,630,341
Considered doubtful	117,664	118,314
	<u>2,446,178</u>	<u>1,748,655</u>
<i>Less: Provision for doubtful advances</i>	<i>(117,664)</i>	<i>(118,314)</i>
	<u>2,328,514</u>	<u>1,630,341</u>
Loans to others	5,428	5,428
Share application money	255	255
Advances recoverable in cash or in kind or for value to be received	2,935	4,481
Balance with customs, excise and sales tax authorities	557	163
Other Deposits	7,015	8,082
Advance tax, net of provision for tax	167,762	175,278
	<u>2,512,466</u>	<u>1,824,076</u>
13. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors – Micro and small enterprises [see note 18 (g)]	—	—
– Others	38,104	30,323
Security deposits	289,578	289,609
Investor Education and Protection Fund shall be credited as and When due by the following amount namely:		
– Unclaimed dividends	798	—
Other liabilities	6,052	17,810
	<u>334,532</u>	<u>337,742</u>
PROVISIONS		
Proposed dividend	70,873	70,873
Tax on proposed dividend	12,045	12,045
Provision for gratuity	1,680	1,551
Provision for leave encashment	2,156	1,435
	<u>86,754</u>	<u>85,904</u>
	<u>421,286</u>	<u>423,646</u>
	For the year ended 31.03.2008	For the year ended 31.03.2007
14. SALES AND SERVICES		
Sale of goods	3,106	2,242
Business centre operations	78,972	60,861
Processing charges received	82,587	69,477
Services	5,521	3,909
Rent Income	68,351	66,346
	<u>238,537</u>	<u>202,835</u>
15. OTHER INCOME		
Dividend on other investments	—	247
Profit on sale of assets	—	674
Profit on sale of investments	—	15,000
Miscellaneous income	10,881	1,653
	<u>10,881</u>	<u>17,574</u>

	For the year ended 31.03.2008		For the year ended 31.03.2007	
16. INTEREST				
Interest received [TDS Rs. 38,293 thousand (2007 – Rs. 36,440 thousand)]				
Investments	8,509		15,491	
Others	182,424	190,933	170,809	186,300
		<u>190,933</u>		<u>186,300</u>
<i>Less: Interest paid</i>				
Fixed	—		—	
Others	(303)	(303)	(3,572)	(3,572)
		<u>(303)</u>		<u>(3,572)</u>
		<u>190,630</u>		<u>182,728</u>

17. OPERATING AND OTHER EXPENSES

Salaries, wages and bonus	31,886	30,293
Retirement benefits	1,476	1,181
Company's contribution to provident and other funds	985	1,156
Staff welfare expenses	2,920	2,680
Travelling expenses	1,065	624
Power and fuel	34,552	24,651
Rent	11,038	6,556
Rates and taxes	19,849	10,484
Maintenance and repairs		
Machinery	2,065	817
Buildings	5,809	7,689
Stores and spare parts consumed	3,631	2,823
Insurance	955	1,585
Loss on sale of Asset	398	—
General expenses	18,075	14,173
	<u>134,704</u>	<u>104,712</u>

18. SUPPLEMENTARY PROFIT AND LOSS ACCOUNT DATA

(a) Break-up of Stores and Spare Parts consumed

	For the year ended 31.03.2008		For the year ended 31.03.2007	
	Value Rs. in thousands	%	Value Rs. in thousands	%
Stores and Spare Parts				
Imported	58	2	—	—
Indigenously Procured	3,573	98	2,823	100
	<u>3,631</u>	<u>100</u>	<u>2,823</u>	<u>100</u>
(b) Installed capacity				
Powder (in Kgs.)	<u>4,000,000</u>		<u>4,000,000</u>	

(c) Auditor's Remuneration:

	Apr. 07- Mar. 08	Apr. 06- Mar. 07
Audit Fees	135	135
Tax Audit Fees	34	34
Other services	—	5
Out of pocket expenses	3	5
	<u>172</u>	<u>179</u>

(d) Value of Imports on C.I.F. Basis
Raw Materials & Packing Materials

—	—
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(e) Expenditure in Foreign Currency
Others

144	1,134
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(f) Remuneration to Managing Director

200	200
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Carol Info Services Limited

- (g) Principal amount including interest, if any payable to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2008 Rs. Nil (2007 – Rs. Nil). The above information is given to the extent information available with the Company and relied upon by the auditors.

19. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (net profit for the year less dividends on preference shares) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares.

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below:

	31.03.2008	31.03.2007
	Rs. in thousands	Rs. in thousands

Reconciliation of earnings

Net profit attributable to equity shareholders

Profit after tax for the year	<u>134,050</u>	<u>294,965</u>
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Reconciliation of weighted average number of shares

	Shares	Shares
For basic/diluted earnings per share	<u>35,436</u>	<u>35,436</u>
	<u>35,436</u>	<u>35,436</u>

Earnings per share (nominal value Rs. 10 each)

Basic/Diluted	3.78	8.32
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20. SEGMENT INFORMATION

Primary Segments

The Company is operating in loan licensee and renting of immovable property segment. All activities are of services nature. Management is of the opinion that all the activities undertaken by the Company involve the same amount of risks.

21. LEASES

(a) Where the Company is lessor:

The Company has given on operating lease various office and residential premises. These lease and license agreements are for a period not exceeding five years and are in most cases renewable by mutual consent, on mutually agreeable terms. The company has taken refundable interest free security deposits in accordance with the agreed terms. The aggregate of rentals receivable are recognised as revenue under schedule 14 – Sales and services. Future lease rentals receivable are as follows:

(Rs. in thousands)

		For the year	Not later than one year	Later than One Year and not later than five years	Later than five years
Lease Rent Receivable	2008	130,720	105,772	64,748	—
	2007	111,903	92,036	122,843	—

(b) Where the Company is lessee:

The Company has taken on operating lease various office premises. These lease and license agreements are usually renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. The aggregate rentals payable are charged as rent under Schedule 17 – Operating and other expenses. Future lease rentals payable are as follows:

		For the year	Not later than one year	Later than One Year and not later than five years	Later than five years
Lease Rent Payable	2008	11,038	16,904	90,906	34,388
	2007	6,556	5,542	3,340	—

22. RELATED PARTY DISCLOSURES

(a) Parties where control exists

Fellow Subsidiary enterprise: Wockhardt Limited

Holding company: Khorakiwala Holdings and Investments Private Limited

Individuals having direct or indirect control over the Company: H. F. Khorakiwala

Enterprises over which Individuals having direct or indirect control over the Company, have significant influence: Palanpur Holdings and Investments Private Ltd.

Key Managerial Personnel: G. B. Parulkar

- (b) *Related party relationships where transactions have taken place during the year*
Holding company: Khorakiwala Holdings and Investments Private Limited
Fellow Subsidiary Company: Wockhardt Limited

Enterprises over which Individuals having direct or indirect control over the Company, have significant influence: Palanpur Holdings and Investments Private Ltd.

- (c) *Transactions with related parties during the year*

	<u>Apr. 07- Mar. 08</u>	<u>Apr. 06- Mar. 07</u>
<i>Holding company</i>		
Rent paid	100	100
Dividend paid	42,421	—
Interest received	32,533	59,735
Loan given	615,350	356,901
Loan repaid	1,091,600	673,290
Note: Maximum loans given to holding company at any point of time was Rs. 700,116 thousand (2007 – Rs. 995,227 thousand)		
<i>Fellow Subsidiary company</i>		
Rent received	52,049	51,849
Processing charges received	82,587	69,477
Reimbursement of Support Function Cost	9,000	12,000
Transactions with enterprises over which Individuals having direct or indirect control over the Company, having significant influence		
Loan Given	612,961	119
Loan Repaid	179,301	93,350
Interest Received	39,360	30,126
(d) <i>Related party balances outstanding</i>		
Receivable from/(payable to) holding company	19,977	471,074
Receivable from/(payable to) fellow subsidiaries	19,491	20,642
Security deposit payable to fellow subsidiary company	250,000	250,000
Receivable from Enterprises where significant influence exists	867,558	403,457

23. EMPLOYEE BENEFITS

(A) Defined benefit plans –

	31.03.2008
	Gratuity (Non-funded)
I. Expenses recognised during the year ended March 31, 2008	
1. Current Service Cost	252
2. Interest cost	125
3. Actuarial Losses/(Gains)	17
Total Expenses	<u>394</u>
II. Net Asset/(Liability) recognised in the Balance Sheet as at March 31, 2008	
1. Present value of defined benefit obligation	1,680
2. Net Asset/(Liability)	(1,680)
III. Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet as on March 31, 2008	
1. Net Asset/(Liability) at the beginning of year	(1,551)
2. Expense as per I above	394
3. Employer contributions	265
Net asset/(liability) at the end of the year	(1,680)
IV. Actuarial Assumptions:	
1. Discount rate	8%
2. Expected rate of salary increase	7%
3. Mortality	LIC (1994-96) Ultimate

Note:

- (a) Amounts recognized as an expense and included in the Schedule 17:
“Retirement benefits” are gratuity Rs. 394 thousand (2007 – Rs. 223 thousand), leave encashment Rs. 1,082 thousand (2007 – Rs. 958 thousand).
- (b) Actuarial valuation is worked out considering attrition rate and estimates of future salary increase taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (c) In the current period, the Company has adopted Accounting Standard 15 (Revised) which is mandatory from accounting periods starting from December 7, 2006. Accordingly, the Company has provided for gratuity and leave encashment based on actuarial valuation done as per Projected Unit Credit Method.

Carol Info Services Limited

(B) Defined contribution plan –

Amount recognised as an expense and included in the schedule 17 – “Contribution to provident and other funds” of Profit and Loss Account Rs. 985 thousand (2007 – Rs. 1,156 thousand).

24. In respect of unsecured loan of Rs. 3,500 thousands, obtained in earlier year by the Company, interest has not been provided for and written confirmation from the party as on March 31, 2008 has not been received.

25. In previous year, the Company had sold its wholly owned subsidiary, Wockhardt International Limited to Wockhardt Limited.

26. CONTINGENT LIABILITY

Demands for Rs. 14,316 thousand (2007 – Rs. 14,316 thousand) have been raised by Sales Tax Authorities. The Company has filed appeals against the said demand.

27. PRIOR YEAR COMPARATIVES

Prior year figures have been re-classified wherever necessary to conform with current years’ presentation.

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman and Managing Director

R. B. Gandhi }
A. V. Kamath } Directors

V. R. Khetan
Company Secretary

Place : Mumbai
Date : June 30, 2008

BALANCE SHEET ABSTRACT AND COMPANY’S GENERAL BUSINESS PROFILE (RUPEES IN THOUSANDS)

(a) Registration details:		Application of funds	
Registration No.	: L74999MH1979PLCO21942	Net fixed assets	: 1,498,776
State Code	: 11	Capital work-in-progress including advances	: 39,072
Balance Sheet Date	: 31.03.2008	Investments	: 209,713
		Net current assets	: 2,144,312
(b) Capital raised during the year:		Accumulated losses	: —
Public Issue	: Nil	(d) Performance of company:	
Rights Issue	: Nil	Turnover	: 440,048
Bonus Issue	: Nil	Total expenditure	: 193,217
Private Placement	: Nil	Profit/(Loss) before tax	: 246,831
		Profit/(Loss) after tax	: 134,050
(c) Position of mobilisation and deployment of funds:		Earnings per share	: 3.78
Total liabilities and shareholders funds	: 3,891,873	Dividend rate %	: 20%
Total assets	: 3,891,873		
Sources of funds		(e) Generic names of three principal products/services of the company:	
Paid-up capital	: 354,365	Product Description	: —
Reserves and surplus	: 3,426,302	Product Description	: —
Secured loans	: —	Product Description	: —
Unsecured loans	: 51,777		
Deferred tax liability	: 59,429		

Registered Office : City Survey No. 681, Village Nahur, Mulund - Goregaon Link Road,
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