



Regd. Office: Syndicate House, Manipal – 576 104

41st Annual Report

2011 – 2012

Chairman & Whole-time Director	: T. Mohandas Pai
Directors	: H. N. S. Rao Bharath K. Nayak K. M. Udupa A. Giridhar Pai U. Harish P. Shenoy
General Manager	: P. R. Nayak
Auditors	: M/s Chaturvedi & Shah <i>Chartered Accountants, Mumbai</i>
Registered Office	: Syndicate House, Upendra Nagar Manipal – 576 104
Bankers	: SYNDICATEBANK CORPORATION BANK ICICI BANK LTD.
Registrar and Share Transfer Agent (For Physical and Demat Shares)	: Cameo Corporate Services Ltd. Subramanian Building No. 1, Club House Road Chennai – 600 002

NOTICE

NOTICE is hereby given that the 41st ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on **Monday, the 27th August, 2012 at 4.00 p.m.** at Rotary Hall, Ananth Nagar, Manipal – 576 104, Udupi District to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date and reports of the Board of Directors and Auditors.
2. To appoint a Director in place of Mr. K. M. Udupa who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. A. Giridhar Pai who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration. M/s Chaturvedi & Shah, Chartered Accountants, Mumbai are eligible for reappointment.

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date : 30-05-2012

Sd/-
T. Mohandas Pai
Chairman & Whole-time Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND THE PROXY NEED NOT BE A MEMBER.

2. The Company has transferred unclaimed dividend declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government. Those who have not encashed their dividend warrants, for whatever reason, for the period to and including 31st March, 1995 are requested to claim amount from the Registrar of Companies, Karnataka, Bangalore.

Unclaimed dividend for the year ended 31st March, 1996, 31st March, 1997 and 31st December, 1997 has been transferred by the Company to "Investor Education and Protection Fund" set up by the Central Government and no claims shall lie against the fund or the Company in respect of the amounts so transferred.

3. Members who wish to obtain any information on the Company or view the accounts for the Financial Year ended 31st March, 2012 may visit the Company's corporate website www.icdslimited.com or send their queries at least 10 days before the Annual General Meeting to the Secretarial Department at the Registered Office of the Company.

4. The information as required to be provided under the Listing Agreement with the Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder:

A. Name	: Mr. K. M. Udupa
Date of Birth	: 22-08-1938
Professional Qualification	: B.Sc. (Agriculture) from Mysore University with Post Graduate Diploma in Rice Breeding at Central Rice Institute, Cuttack.
Expertise in specific functional areas	: Retired Dy. G. M. of Syndicate Bank, presently Managing Trustee of Bharathiya Vikas Trust, Manipal. He is instrumental in introducing innovative Rural Credit Schemes and scheme of financing solar lighting systems by Commercial Banks in India.
List of other directorships held	: SELCO Solar Light Pvt. Ltd.
Chairman/Member of the Committees of the Board	: Member – Audit Committee
Chairman / Member of the Committees of the Board of other Companies in which he is Director	: Nil

B. Name : Mr. A. Giridhar Pai
Date of Birth : 08-06-1952
Expertise in specific functional areas : Businessman
Member of Supreme Governing Body,
Academy of General Education, Manipal
List of other directorships held : Airody Jewellers Pvt. Ltd.
Chairman/Member of the
Committees of the Board : Member – Audit Committee
Chairman / Member of the : Nil
Committees of the Board of other
Companies in which he is Director

5. The Register of Members and Share Transfer Book will remain closed from Wednesday 22nd August, 2012 to Monday, 27th August, 2012 (both days inclusive) in connection with 41st Annual General Meeting.

DIRECTORS REPORT

The Directors present their 41st ANNUAL REPORT and Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

	(Rs. in '000s)	
	31st March 2012	31st March 2011
Income from Operations	1,20,96	6,01,15
Other Income	85,90	70,54
Write back of provisions	43,86	7,51,64
Total Income	2,50,72	14,23,33
Less: Operating Expenses	1,53,13	1,45,02
	97,59	12,78,31
Less: Interest	54,41	29,87
Profit/(Loss) before Depreciation	43,18	12,48,44
Less: Depreciation	7,13	8,02
Profit/(Loss) after Depreciation	36,05	12,40,42
Less : Bad debts written off	—	—
Profit/(Loss) before Tax	36,05	12,40,42
Less: Provision for Income Tax	—	96,00
Profit/(Loss) after Tax	36,05	11,44,42
Add: (Loss) brought forward	(13,37,80)	(24,82,22)
(Loss) carried forward	(13,01,75)	(13,37,80)

REVIEW OF OPERATIONS

During the year under review the Company has earned income of Rs.2.07 Crores (Rs.6.72 Crores in the corresponding period of the previous year) from recovery of over dues from HP/Lease/Bills Discounting/Loan Parties, Commission from insurance related activities, service charges earned from telephone bill recovery services, dividend and interest earned. The operating expenses incurred during the reporting period was Rs.1.53 Crores as against Rs.1.45 Crores in the previous year. The accumulated losses which was at Rs.13.37 Crores as on 31st March, 2011 has been reduced to Rs.13.02 Crores on 31st March, 2012.

The Company is continuing the fee based activities like Insurance Agency for both Life and General Insurance and also providing other services like collection of telephone bills for Telephone Service Provider. Besides, the company is focusing on collecting overdues from HP/Lease/Loans/Bills discounted parties.

DIVIDEND

Since the Company has carried forward losses in the current year, the Directors express their inability to declare Dividend.

SCHEME OF ARRANGEMENT

As reported in the previous year, the Company has repaid all six installments of public liabilities, in terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. An affidavit was filed on 31st August, 2010 to the effect that the repayment of investments under the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka has been completed. The Hon'ble High Court has taken note of the same.

Out of total liability of Rs.239.10 crores, an amount aggregating to Rs.235.73 Crores has been repaid. Unclaimed amount by the investors as on 31st March, 2012 is Rs.3.37 crores.

For claiming the interest portion mainly under 6th Installments, the investors are required to submit the original certificate and claim the interest portion. The Company has sent letters under certificate of posting to all the investors who are yet to claim 6th and Final installment covering interest on investments, asking them to surrender the original investment certificates and claim the interest accrued. Likewise there are some investors who have not yet submitted the certificates to receive the principal and interest of first installment (investment with face value of less than Rs.10,000/-) and interest on investment with face value of less than Rs.20,000/- payable as 4th installment in spite of Company advising them to do so. As on 31st March, 2012

The details are given below :

(Rs. in Crores)

Amount Payable as per Scheme		Amount Paid as on date	Amount unclaimed as on date
1 st Installment	57.27	56.96*	0.31
2 nd Installment	51.78	51.78	Nil
3 rd Installment	51.78	51.78	Nil
4 th Installment	35.75	34.87**	0.88
5 th Installment	28.71	28.71	Nil
6 th Installment	13.81	11.63	2.18
TOTAL	239.10	235.73	3.37

* includes interest on investments of face value of less than Rs.10,000/-

** includes interest on investments of face value of less than Rs.20,000/-

Arrangements are in place to pay the claims received from investors as and when the original investment certificates lodged by such investors.

FUTURE BUSINESS PLANS

As reported in the earlier years, the company stopped NBFC business as per the undertaking given to Hon'ble High Court of Karnataka while considering the company's application for scheme of arrangement. Since then company was focusing its activities on recovery of over dues. Now the company's net owned funds has become positive and meets the minimum required NOF, it is proposed to apply to Reserve Bank of India for registering the company as a Non Deposit taking NBFC for pursuing business of Hire Purchase/ Lease finance or Investment Banking.

FEE BASED ACTIVITIES

In order to generate some income to partly meet the establishment expenses, the company has been engaged as Corporate Agent for Life and General Insurance Companies. Also it is acting as an agent for collection of telephone bills for Tata Tele Services and MTS at Coimbatore Branch.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956 the Audited Statement of Accounts

along with reports of the Board of Directors and Auditors of your Company's subsidiaries, namely, Manipal Hotels Ltd. and Manipal Properties Ltd. are annexed.

DIRECTORS

Mr. K. M. Udupa and Mr. A. Giridhar Pai retire by rotation in the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2A) of the Companies Act, 1956, your Directors' confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- appropriate accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2012 and of the profit of the company for the year ended as on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis. The ability of the Company to continue as a going concern depends upon the timely recovery from debtors and future business plan. Management of the Company is hopeful of recovery of dues from debtors and the measures taken by the Company will result in controlling the operating deficits.

Particulars of employees as required under Section 217 (2A) of the Companies Act, 1956:
Nil



Particulars regarding conservation of energy and technology absorption: NIL

Foreign exchange earnings and outgo: NIL

AUDITORS

M/s Chaturvedi & Shah Chartered Accountants, Mumbai, the Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Corporate Governance Report and Auditor's Certificate regarding Compliance of conditions of Governance are made part of this Report.

CONSOLIDATED FINANCIAL STATEMENTS

As required under Clause 32 of the Listing Agreement, Audited Consolidated Financial Statements of subsidiary companies form part of this Report.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the services and co-operation extended to us by our Bankers, Investors and Members of Staff of the Company, during the year under report. Your directors also wish to thank the shareholders for their support.

For and on behalf of the Board of Directors
Sd/-

Place: Manipal **(T. Mohandas Pai)**
Date : 30-05-2012 *Chairman & Whole-time Director*

CORPORATE GOVERNANCE REPORT

1. Corporate Governance Code

The Directors present the Company's report on Corporate Governance as on 31st March, 2012 as required under Clause 49 of the Listing Agreement.

1. Philosophy:

The Company believes in good corporate governance and has taken efforts to implement the same wherever possible in the present circumstances.

2. Board of Directors:

The Board comprise of six Directors, of which one is executive and five non-executives.

The non-executive Directors are eminent personalities with experience in Banking, Management and Finance etc.

i) Number of Board Meeting and Attendance of Directors:

The Board met 4 times during 2011-2012. The details are as follows:

Date of Meeting	Board Strength	No. of Directors present
28 th May, 2011	6	5
26 th July, 2011	6	6
11 th November, 2011	6	5
31 st January, 2012	6	6

3. Audit Committee:

The Audit Committee comprised of the following members of the Board:

Sri Bharath K. Nayak, Chairman

Sri K. M. Udupa, Member

Sri Airody Giridhar Pai, Member

Sri U. Harish P. Shenoy, Member

The role and terms of reference of Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms referred to by the Board of Directors from time to time. During the year Committee met on 28th May, 2011, 26th July, 2011, 11th November, 2011 and 31st January, 2012. Mr. Bharath K. Nayak, Director is the Compliance Officer.

Attendance of the Directors at the Audit Committee Meeting:

Meeting held on	No. of Members present
28 th May, 2011	3
26 th July, 2011	4
11 th November, 2011	3
31 st January, 2012	4

The last AGM was held on 19th September, 2011 and all the six Directors attended the AGM.

ii) The Composition of Board of Directors, their directorships in other companies and memberships in committees and the details of their attendance at the Board Meetings are given below:

Sl. No.	Name of the Directors	Category of Directorships	No. of Meetings attended	Attendance at last AGM	No. of other directorship	No. of Board Committees in which Chairman (C) Member (M)
1.	Sri T. Mohandas Pai	Promoter Executive	4	Yes	5	1(C), 3 (M)
2.	Sri H. N. S. Rao	Non-Executive	4	Yes	4	2 (M)
3.	Sri Bharath K. Nayak	Non-Executive	4	Yes	16	2 (M)
4.	Sri K. M. Udupa	Non-Executive	2	Yes	1	1 (M)
5.	Sri Airody Giridhar Pai	Non-Executive	4	Yes	1	1 (M)
6.	Sri U. Harish P. Shenoy	Non-Executive	4	Yes	1	1 (M)

4. Remuneration Committee:

Sri T. Mohandas Pai is the only whole-time Director of the Company and he does not draw any remuneration. Therefore this committee has not been formed.

Details of remuneration for the year ended 31st March, 2012:

- i) Whole-Time Director: Nil
- ii) Non-Executive Directors:

Non-Executive Directors were paid remuneration by way of sitting fees for attending Board Meetings from 12th November, 2010 onwards.

5. Shareholders/Investors Grievance Committee:

The Committee approves transfer, transmission, issue of duplicate Debenture Certificates and Sub-Ordinated Debts, review and redress shareholders grievances/complaints on matters relating to transfer of shares, debentures, sub-ordinated debts, non-receipt of Balance Sheet, non-receipt of Dividend Warrants, etc. The Committee met 4 times during the year under report.

The Composition of Shareholders'/Investors Grievance Committee and attendance of the members in the meeting is given below:

Sl. No.	Name	Status	No. of Meetings attended
1.	Mr. Bharath K. Nayak	Independent Director	4
2.	Mr. K. M. Udupa	Independent Director	2
3.	Mr. A. Giridhar Pai	Independent Director	4
4.	Mr. U. Harish P. Shenoy	Independent Director	4

Mr. Bharath K. Nayak, Director is the Compliance Officer.

Number of Shareholders Complaints received : 18

Number of Shareholders Complaints settled : 18

Number not solved to the satisfaction of the shareholders : Nil

Number of pending Share transfers : Nil

6. Annual General Meetings:

The last three Annual General Meetings were held in Rotary Golden Jubilee Childrens Sports Complex, Manipal – 576 104.

AGM No.	Date	Time	Special Resolution required
38	30/09/2009	4.00 p.m.	NIL
39	27/09/2010	4.00 p.m.	Re-appointment of Mr. T. Mohandas Pai as Whole-time Director for a period of 5 years with effect from 1 st September, 2010 without remuneration for the time being.
40	19/09/2011	4.00 p.m.	NIL

All the resolutions as set out in the respective notices were passed by the shareholders.

Postal Ballot:

The Notice of 41st Annual General Meeting does not contain any item which required approval by Postal Ballot.

7. Disclosures:

- i) National Stock Exchange suspended trading in our equity shares w.e.f. 27th June, 2002 for non-submission of the Board Meeting notices for the quarter ended 30th September, 2000, December, 31st 2000 and March 31st 2001 and non-submission of Limited Review Report for the half-year ended 31st December, 2000. The non-submission was due to the restructuring of the operation of the Company during that period as the exact impact of the restructuring process could not be ascertained as on the reporting date. We have requested National Stock Exchange to condone the lapses and revoke the suspension.
- ii) None of the transactions with the directors or their relatives, management personnel and / or subsidiaries conflicts with the interest of the Company. Attention of the members is drawn to the disclosure of transaction with related parties set out in Notes to Financial Statements forming part of the Annual Report.

All related party transactions are entered in arms length basis and are only intended to further the interests of the Company.

8. Means of Communication:

- Quarterly/Half yearly Financial Results of the Company are forwarded to National Stock Exchange and are made available on the company's Website www.icdslimited.com and also published in News Papers in terms of Clause 41 of the Listing Agreement.
- Company has not made any presentations to any Institutional Investors/Analyst during the year.

Management Discussion and Analysis Report:

Review of Operations:

The Company has given an undertaking (as insisted by RBI) to the effect it will not engage in NBFC business. Therefore since 15th July, 2002, the company is neither accepting any deposit nor doing any Hire Purchase/ Lease Finance/Loan/Bill Discounting business. The present activity of the company is restricted to recovery of overdues of Hire Purchase installments / Lease Installments or Loans and other dues and repayment of public Liabilities as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka.

In order to generate some income to meet the establishment expenses the company is engaged in fee based activities like Corporate Agency, for Life Insurance Corporation, General Insurance and also as Recovery Agent for Tata Telecom. The company is also exploring other avenues of generating fee based income.

Business Review:

During the year under review, the company recovered / realised an amount of about Rs.4.31 Crores from various sources such as Recovery of Bad and Doubtful Debts, Receivables from MPL Enterprises Ltd., Manipl Properties Ltd., etc. The figure also includes fee based income earned from other activities such as service charges under Insurance Agency and Telecom Franchise, Dividend Income, Tax refunds, rental income etc.

Payment of Public Liabilities:

In terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka, Company has repaid all the six installments of public liabilities and filed an affidavit dated 31st August, 2010 to the effect that the repayment of Public Liabilities under the Scheme of Arrangement sanctioned by the Hon'ble High Court of

Karnataka has been completed. The Hon'ble High Court has taken note of the same.

The Company has sent letters under certificate of posting to all the investors who are yet to claim 6th and Final installment covering interest on Public Liabilities, asking them to surrender the original investment certificates and claim the interest accrued. Likewise there are some investors who have not yet submitted the certificates to receive the principal and interest of first installment (investment with face value of less than Rs.10,000/-) and interest on investment with face value of less than Rs.20,000/- payable as 4th installment in spite of Company advising them to do so. As on 31st March, 2012 out of total liability of Rs.239.10 crores, an amount aggregating to Rs.235.73 Crores has been repaid. (amount unclaimed by the investors as on 31st March, 2012 is Rs.3.37 crs.) The details are given below :

Rs. in Crores

Amount Payable as per Scheme		Amount Paid as on date	Balance amount payable
1 st Installment	57.27	56.96*	0.31
2 nd Installment	51.78	51.78	Nil
3 rd Installment	51.78	51.78	Nil
4 th Installment	35.75	34.87**	0.88
5 th Installment	28.71	28.71	Nil
6 th Installment	13.81	11.63	2.18
TOTAL	239.10	235.73	3.37

* includes interest on Public Liabilities of face value of less than Rs.10,000/-

** includes interest on Public Liabilities of face value of less than Rs.20,000/-

Arrangements are in place to pay the claims received from investors as and when the original investment certificates lodged by such investors.

Internal Control System:

All the payments have been centralized in Head Office. Powers are not given to the branch officials to incur any expenditure. In the given circumstances there is no need for any internal Audit at the branch level.

Discussion on Financial Performance:

The discussion on financial performance of the Company is covered in the Director's Report.

Human Resource Development:

There has been no material development on the Human Resources front. The number of people employed as on 31st March, 2012 was 63 as against the previous year's figure of 77.

General Shareholder Information:

- a) Annual General Meeting : 41st Annual General Meeting
Day & Date : Monday, the 27th August, 2012
Time : 4.00 p.m.
Venue : Rotary Hall, Ananth Nagar Manipal – 576 104, Udupi District
- b) Financial Calendar : 1st April to 31st March
- c) Date of Book Closure : 22-08-2012 to 27-08-2012 (both days inclusive)
- d) Dividend : No Dividend has been recommended by the Board of Directors for the year ended 31st March, 2012.
- e) Registered Office : Syndicate House Manipal – 576 104
- f) Listing on Stock Exchanges : The equity shares are listed on National Stock Exchange of India Ltd.

Note: Annual Listing Fee has been paid upto date.

- g) a) Stock Code : ICDS LTD. EQ. (NSE)
- b) Dematerialisation of Shares : ISIN No.INE 613B01010
- c) Email : cmli@nse.co.in
- d) website : www.nseindia.com

As on 31st March, 2012 – 95,72,614 Equity Shares forming 73.48% share capital of the Company stands dematerialised. (Previous year – 37,88,897 equity shares forming 29.09%)

- h) Market Price Data : Not Available.

Note: There had been no trading in our Equity Shares in National Stock Exchange from June, 2002.

- i) Registrar and Share Transfer Agent for Physical and Demat Shares:
Cameo Corporate Services Ltd.
Subramanian Building
No.1, Club House Road
Chennai – 600 002
Phone : (044-28460390)
Email : investor@cameoindia.com

j) Share Transfer System:

As directed by SEBI, Company has appointed Cameo Corporate Services Ltd., Subramanian Building, No.1 Club House Road, Chennai – 600 002, as Registrar and Share Transfer Agent under demat and physical form effective March, 2003. Till this date Share Transfers etc. were done in-house once in two weeks. The shareholders/investor's Grievance Committee approves all share transfer and transmission upon its receipt from the Registrars.

k) Distribution of Equity Shareholding as on 31st March, 2012:

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
0001 – 5000	4696	82.55	752343	7523430	5.78
5001 – 10000	532	9.35	370433	3704330	2.84
10001 – 20000	229	4.03	319597	3195970	2.45
20001 – 30000	73	1.28	182093	1820930	1.40
30001 – 40000	37	0.65	134168	1341680	1.03
40001 – 50000	15	0.26	65537	655370	0.50
50001 – 100000	27	0.47	199373	1993730	1.53
100001 and above	80	1.41	11003156	110031560	84.47
Total	5689	100.00	13026700	130267000	100.00

Pattern of Equity Shareholding as on 31st March, 2012

Shareholders	No. of Shares held	Percentage
Foreign Institutional Investors	400000	3.07
Directors, Relatives, Friends and Associates	6501958	49.91
Financial Institutions	684813	5.26
Banks	4528	0.03
Corporate Bodies	315797	2.42
Others	5119604	39.31
TOTAL	13026700	100.00

- l) Plant Locations: NIL
- m) Company's Website : www.icdslimited.com
- n) Address for Investor's Correspondence
Secretarial Department
ICDS Ltd.
Regd. Office: Syndicate House
MANIPAL – 576 104
Phone: (0820) 2571121-31 (11 Lines)
Email: hnsrao@icdslimited.com

DECLARATION

As provided under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSEIL) and Bombay Stock Exchange Ltd., all Board Members and Senior Management Personnel affirmed compliance with ICDS Ltd., Code of Conduct and Ethics for the year ended 31st March, 2012.

For ICDS Ltd.

Sd/-

T. Mohandas Pai

Chairman & Whole-time Director

Place : Manipal

Date : 30-05-2012

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To: The Members of ICDS Limited

We have examined the Compliance of the conditions of Corporate Governance by ICDS Ltd. for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except that,

- the Company has not appointed Company Secretary after resignation of the company secretary on 30-01-06.
- the Company does not have an Internal Audit system.

We state that,

- ♦ In respect of shareholder grievances received during the year ended March 31, 2012, no shareholder grievances are pending against the Company as on 31st March, 2012 as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee.
- ♦ In respect of investors grievances as regards to repayment of debentures / deposits on maturity we are informed that the same is being repaid in terms of the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka.

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

For CHATURVEDI & SHAH

Chartered Accountants

Firm Registration No.:101720W

Sd/-

C. D. Lala

Partner

Place : Mumbai

Date : May 30, 2012

Membership No. 35671

AUDITORS' REPORT

TO THE MEMBERS OF ICDS LIMITED

We have audited the attached Balance Sheet of **ICDS Limited** ('The Company') as at March 31, 2012, the Statement of Profit and Loss and Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 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.
3. Further to our comments in the Annexure referred to in paragraph (2) 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 , Statement of Profit and Loss and Cash flow Statement dealt with by this report are in agreement with the books of account.
- d) in our opinion the Balance Sheet, Statement of Profit & Loss and Cash flow statement dealt by with this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- e) on the basis of written representations received from the directors, as at March 31, 2012, and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of section 274(1)(g) of the Companies Act, 1956.
- f) in terms of directives issued by RBI, we state that,
 - i) the Certificate of Registration is cancelled by Reserve Bank of India on 9th October 2002.
 - ii) the Company has not obtained credit rating.
 - iii) the Company has repaid matured/unpaid deposits as per the Scheme of Arrangement sanctioned by the Hon'ble High court of Karnataka (as referred in the Note No. 2.22 of financial statements).
- g) In our opinion and to the best of our information and according to the explanations given to us, the Financial

Statements read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2012;
- ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

- iii) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For **CHATURVEDI & SHAH**
Chartered Accountants
Firm Registration No.:101720W

Sd/-
C. D. Lala
Partner

Place : Mumbai

Date : May 30, 2012 Membership No.: 35671

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred in Paragraph 2 of our report to the members of **ICDS Limited** ('the Company') for the year ended March 31, 2012. We report that :

- 1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- ii) All the fixed assets of the Company other than those under lease have been physically verified by the management during the year. As explained to us, no material discrepancies were noticed on verification.
- iii) The Company during the year has not disposed substantial part of its fixed assets.
- 2) i) As explained to us, stocks of shares and debentures have been physically verified by the management at reasonable intervals during the year.
- ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- 3) i) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Consequently requirement of clause (iii) (a), (b), (c) & (d) of paragraph 4 of the order are not applicable to the Company.
- ii) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Consequently requirement of clause (iii) (e), (f) & (g) of paragraph 4 of the order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of the business with regard to purchases of inventory, fixed assets and in respect of income earned. During the course of our audit, no major weakness has been noticed in the internal control system.

- 5) i) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section
- ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 exceeding Rs.5,00,000/- (Rupees five lakh only) in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant date.
- 6) The Company's liabilities (including public deposits along with interest accrued thereon) were restructured as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka vide its order dated 15th October 2004. Accordingly the Company has repaid its liabilities. We are informed by the management that there are no other orders by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 7) *In the opinion of the management there is no non-banking financial business done other than repayment of liabilities from the recoveries. Hence internal audit has been discontinued.*
- 8) The Central Government has not prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 for the Company.
- 9) i) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it except to the extent of non-remittance of unclaimed deposits and interest on matured deposits which is due to Investor Education and Protection fund after 15th July, 2002 which has not been remitted in terms of the Para 3 of Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka on 15th October, 2004.
- ii) According to the information and explanations given to us, no undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. We have been further informed that company made provision for income tax during earlier years on prudent basis and have been advised that no taxes payable in respect of the said provision as details given in Note No 2.09 of financial statements.
- iii) According to the records of the Company, there are no dues of income tax, wealth tax, sales tax, customs duty and excise duty/cess which have not been deposited on account of any dispute except the following :

Name of the Statute	Nature of Dues	Years to which it pertains	Amount (Rs. in 000's)	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of depreciation on leased assets	Assessment years 1991-92 to 1993-94 & Block assessment year 1987-88 to 1997-98	90,111	Special Leave Petition before Hon'ble Supreme Court of India

- 10) The accumulated loss of the company is more than 50% of networth. However the Company has not incurred cash losses during the current year and the previous year.
- 11) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, banks. In respect of matured debentures and interest accrued thereon upto 15th July 2002, the Company has repaid all installment to debenture holders as per the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Karnataka on 15th October, 2004.
- 12) In our opinion the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended is not applicable to the Company.
- 14) The Company has maintained proper records for transactions and contracts in respect of trading in shares and other investments and timely entries have been made in those records.
- 15) As per information and explanations given to us, the Company has not given any guarantees to Banks or Financial Institutions for loan taken by others.
- 16) The Company has not taken any term loans from banks or financial institutions during the year.
- 17) The Company has not raised any short-term funds during the year. Hence the question of using short-term funds for long-term purpose does not arise.
- 18) During the year Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered under our report. Accordingly provisions of Clause 4 (xix) of the Order are not applicable to the Company.
- 20) The Company has not raised any money by public issue during the year.
- 21) During the course of examination of Books of Account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the Management.

For CHATURVEDI & SHAH
Chartered Accountants
Firm Registration No.: 101720W

Sd/-
C. D. Lala
Partner

Place : Mumbai
Date : May 30, 2012 Membership No.: 35671

Balance Sheet as at 31st March, 2012

Rs. in Thousands

Particulars	Note No.	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2.01	130,267	130,267
Reserves and Surplus	2.02	(61,347)	(64,198)
		<u>68,920</u>	<u>66,069</u>
Non Current Liabilities			
Other long term liabilities	2.03	37,017	37,017
		<u>37,017</u>	<u>37,017</u>
Current Liabilities			
Short term borrowings	2.04	47,901	47,962
Trade payables	2.05	9,759	13,709
Other current liabilities	2.06	64,593	68,967
		<u>122,253</u>	<u>130,638</u>
TOTAL		<u>228,190</u>	<u>233,724</u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	2.07	3,965	4,001
Non current Investments	2.08	84,755	73,952
Long term loans and advances	2.09	30,278	18,833
Other non-current assets	2.10	297	—
		<u>119,295</u>	<u>96,786</u>
Current Assets			
Inventories	2.11	28	—
Trade receivables	2.12	—	—
Cash and bank balances	2.13	57,415	62,264
Short term loans and advances	2.14	47,851	72,337
Other current assets	2.15	3,601	2,337
		<u>108,895</u>	<u>136,938</u>
TOTAL		<u>228,190</u>	<u>233,724</u>
Significant accounting policies and notes to financial statements	1 & 2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date.

For **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

Sd/-

C. D. Lala

Partner

Membership No.: 35671

Place : Mumbai

Date : May 30, 2012

Sd/-

H. N. S. Rao

Director

For and on behalf of the Board

Sd/-

T. Mohandas Pai

Chairman & Whole-time Director

Sd/-

Bharath K. Nayak

Director

Place : Manipal

Date : May 30, 2012

Statement of Profit and Loss for the year ended March 31, 2012

Rs. in Thousands

Particulars	Note No.	2011-12	2010-11
Revenue from operations	2.16	12,096	60,115
Other income	2.17	8,590	7,054
Excess provision for non performing assets written back		3,021	76,108
Excess provision for gratuity reversed [Refer Note No. 2.26 (c) (ix)]		1,365	–
Total Revenue		25,072	143,277
Expenses			
Employee benefits expense	2.18	8,341	8,552
Other Expenses	2.19	6,972	5,950
Finance Costs	2.20	5,441	2,987
Depreciation and amortization expense	2.21	713	802
Provision for non-performing assets		–	944
Total Expenses		21,467	19,235
Profit before Tax		3,605	124,042
Tax expense			
Current tax		–	9,600
Profit for the year after Tax		3,605	114,442
Earnings per equity share of face value of Rs. 10/- each			
Basic and Diluted (in Rupees)	2.25	0.28	8.79
Significant accounting policies and notes to financial statements	1 & 2		
The notes referred to above form an integral part of the financial statements.			
As per our report of even date.			
For Chaturvedi & Shah Chartered Accountants Firm Registration No.: 101720W		For and on behalf of the Board Sd/- T. Mohandas Pai Chairman & Whole-time Director	
Sd/- C. D. Lala Partner Membership No.: 35671 Place : Mumbai Date : May 30, 2012		Sd/- H. N. S. Rao Director Sd/- Bharath K. Nayak Director Place : Manipal Date : May 30, 2012	

Significant Accounting Policies and Notes to Financial Statements

Company overview

ICDS Limited ("the Company") was incorporated on October 21, 1971 and registered as a Non Banking Financial Company (NBFC). The Company had filed the Scheme of Arrangement during August 2002, and stopped its fund based business and surrendered its certificate of registration as Non Banking Finance Company to RBI. The Company is presently concentrating on the recovery of its dues and repaying its liabilities and is also engaged in marketing of the insurance products of life and general insurance companies. The Company is diversifying into more fee based activities.

1. Significant accounting policies

1.01 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention from the books of accounts maintained on accrual basis, in conformity with accounting principles generally accepted in India, and comply with the accounting standards issued by the council of the Institute of Chartered Accountants of India and Accounting Standard (Companies Rules) 2006 and referred to in Section 211 (3C) of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of service and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1.02 Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets, liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

1.03 System of Accounting and income recognition

- a) The accounts are prepared under historic cost convention and all significant items of Income and Expenditure are accounted on accrual system of accounting.
- b) The company recognises income as prescribed by RBI guidelines on Income Recognition
- c)
 - i) Hire Purchase Income is accounted by sum of digits method to provide a constant periodic rate of return on the net investment outstanding in the contracts.
 - ii) Lease Income is accounted on accrual of lease rentals for the period.
 - iii) Income from bills discounting is accounted on due basis.
 - iv) Brokerage/commission received on insurance agency services has been accounted on accrual basis on certainty of realisation.

1.04 Tangible assets, intangible assets and Capital Work-in-progress

Fixed assets are stated at original cost/revalued cost less depreciation after taking into consideration the Lease adjustment account where necessary.

1.05 Depreciation / Amortisation

Depreciation is provided on straight line method at the rates and in the manner specified in the Schedule XIV to the Companies Act, 1956. Depreciation on revalued assets to the extent of revaluation is transferred from Revaluation Reserve.

Fixed Asset individually costing less than Rs.5,000/- are depreciated @ 100% in the year of acquisition.

1.06 Investments

- a) Non current investments are valued at cost. Provision for diminution in the value of investments is made to recognise decline, other than temporary.
- b) Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.
- c) Current Investments are stated at cost or market value whichever is lower.

1.07 Inventories

- a) Stock on hire is valued at agreement values net of recoveries.
- b) Stock of shares / debentures is valued at lower of cost or net realisable value.

1.08 Employee Benefits

- a) The Company's Defined Contribution Plan to provident fund and pension fund are made at pre-determined rates to the recognised Provident Fund and are charged to statement of profit and loss.
- b) Liability for Defined Benefit Plan for Gratuity is provided on the basis of valuations, as at the Balance Sheet date, carried out by Life Insurance Corporation of India.

1.09 Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of that asset till the date of capitalization of qualifying asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.10 Taxes on Income

- a) Tax expenses comprise both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current Tax represents the amount of Income Tax payable/ recoverable in respect of the Taxable income/loss for the reporting period.
- b) Deferred Tax represents the effect of timing difference between Taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized only if there is virtual certainty of realization.

1.11 Earnings per share

The Basic Earnings per share is computed by dividing the net profit after tax for the period by the weighted average number of equity shares outstanding at the end of the period. Diluted Earnings per share, if any is computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

1.12 Impairment

At each Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognised immediately as income in the statement of profit and loss.

1.13 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. Notes to financial statements

2.01 Share Capital

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Authorised Capital		
35,000,000 [March 31, 2011 : 35,000,000] Equity Shares of Rs. 10 each	350,000	350,000
15,000,000 [March 31, 2011 : 15,000,000] Preference Shares of Rs. 10 each	150,000	150,000
	500,000	500,000
Issued, Subscribed and Paid-Up Capital		
13,026,700 [March 31, 2011 : 13,026,700] Equity Shares Rs. 10 each fully paid up	130,267	130,267
Total	130,267	130,267

Reconciliation of number of shares

Particulars	March 31, 2012		March 31, 2011	
	No. of Shares	Rs. in Thousands	No. of Shares	Rs. in Thousands
<i>Equity shares :</i>				
Balance as at the beginning of the year	13,026,700	130,267	13,026,700	130,267
Add: Shares issued during the year	—	—	—	—
Balance as at the end of the year	13,026,700	130,267	13,026,700	130,267

Rights, preferences and restrictions attached to shares: The Company has two classes of shares referred to as equity shares and preference shares having par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. The Company has not issued any preference shares as on March 31, 2012.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Restrictions on the distribution of dividends: The Board shall, propose to the shareholders the dividend payable out of free reserves and profits of the Company. Upon such recommendation shareholders shall declare dividends i) all such dividends & profits shall be paid to shareholders

in their existing shareholding pattern and ii) any such dividend or other distribution shall be based on profit generated by the Company or on appropriate basis permitted by the applicable laws.

Shares in the Company held by each shareholder holding more than 5% shares specifying the number of shares held:

Name of the Share Holder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Teaching Fraternity & Education Trust	2,104,000	16.15%	2,104,000	16.15%
Music & Fine Arts Education Trust	1,476,600	11.34%	1,476,600	11.34%
Mahendra Girdharilal	1,215,023	9.33%	1,215,023	9.33%
The Academy of General Education	868,488	6.67%	868,488	6.67%
Life Insurance Corporation of India	677,001	5.20%	677,001	5.20%

2.02 Reserves and surplus

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Securities Premium		
Opening Balance	33,334	33,334
Add: Additions during the year	—	—
Closing Balance	33,334	33,334
Revaluation Reserve		
Opening Balance	36,248	37,002
Less: Transfer to Statement of Profit and Loss	(754)	(754)
Closing Balance	35,494	36,248
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(133,780)	(248,222)
Less: Profit for the Current Year	3,605	114,442
Closing Balance	(130,175)	(133,780)
Total	(61,347)	(64,198)

2.03 Other long term liabilities

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Lease/Rent Deposits	37,017	37,017
Total	37,017	37,017

2.04 Short term borrowings
Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Secured Loan		
Working Capital Loans from Banks	47,901	47,962
Total	47,901	47,962

Notes:
Nature of Security

The above working capital loan is secured by deposit with banks amounting to Rs. 55,000 thousands (March 31, 2011: Rs. 58,334 thousands).

Terms of Repayment

The above loan is repayable on demand.

2.05 Trade Payables
Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Due to Micro and Small Enterprises*	–	–
Due to other than Micro and Small Enterprises	9,759	13,709
Total	9,759	13,709

* The Management is in a continuous process of obtaining confirmations from its vendors regarding their registrations under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). There are no balances due to Micro, Small and Medium Enterprises as per the information available with the Company and representation made in this regard.

2.06 Other Current Liabilities
Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Public Liabilities		
Unclaimed		
– matured deposits for more than 7 years ^a	1,248	1,359
– interest on matured deposits for more than 7 years ^a	10,913	11,694
– interest on matured deposits	–	69
– matured debentures	973	989
– interest on matured debentures	16,583	18,682
– matured subordinated debts	214	219
– interest on matured subordinated debts	3,388	3,702
Other Public Liabilities ^b	30,345	31,448
Book Overdraft	731	543
Statutory Dues	198	262
Total	64,593	68,967

Notes:

- a. Liability to Investor Education and Protection fund does not arise in view of entire public deposit is being repaid as per Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. (Annexure D read with 1.1.8 of the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka.)
- b. Other Public Liabilities includes unencashed stale cheques relating to Deposits, Non Convertible debentures and Subordinated debts which are lying unpaid after adjusting deposits/debentures with loans borrowed against it. Out of the above, amount of Rs. 30,302 thousands (March 31, 2011 Rs.31,421 thousands) are lying for more than one year. The Company has continued to followup action for payment of the above said liabilities.

2.08 Non Current Investments
Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Long term Investments (at cost)		
Investment property ^a		
Cost of building given on operating lease	67,847	67,847
Less: Accumulated depreciation	16,558	15,453
Net Block	51,289	52,394
Investments in government securities		
National Savings Certificate ^b	10	10
	10	10
Investments in quoted, fully paid up Equity Shares		
<i>Associate Company</i>		
ICDS Securities Ltd.	23,336	11,428
[1,423,350 (March 31, 2011 : 1,139,425) shares of face value Rs. 10/- each]		
<i>Others</i>		
Lingapur Estates Ltd.	1,734	1,734
[153,392 (March 31, 2011 : 153,392) shares of face value Rs. 10/- each]		
Manipal Finance Corporation Limited	9,181	9,181
[449,163 (March 31, 2011 : 449,163) shares of face value Rs. 10/- each]		
	34,251	22,343
Investments in unquoted, fully paid up Equity Shares		
<i>Wholly owned Subsidiary Companies</i>		
Manipal Hotels Ltd.	500	500
[50,000 (March 31, 2011 : 50,000) shares of face value Rs. 10/- each]		
Manipal Properties Ltd [Refer note 2.14(a).(ii)]	999	999
[9,989 (March 31, 2011 : 9,989) shares of face value Rs. 100/- each]		
	1,499	1,499

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
<i>Others</i>		
Development Co-op.Bank Ltd. [1,200 (March 31, 2011 : 1,200) shares of face value Rs. 10/- each]	18	18
Manipal Housing Finance Syndicate Ltd. [729,000 (March 31, 2011 : 729,000) shares of face value Rs. 10/- each]	9,103	9,103
	9,121	9,121
Less: Provisions for diminution in value of investments ^d	11,415	11,415
Total	84,755	73,952
Aggregate value of quoted investments (net of provision) ^d	23,336	11,428
Market Value of quoted investments ^c	23,336	11,428
Aggregate value of unquoted investments (net of provision) ^d	10,120	10,120

Notes:

- ^a Investment property includes shares of the face value of Rs. 511/- in Cooperative Housing Society.
^b National Savings Certificates of the face value of Rs. 10 thousands (March 31, 2011: Rs. 10 thousands) have been lodged with Government Departments.
^c Market price of the Quoted shares has been taken at face value, in the absence of trading in stock exchanges during the year.
^d Details of Provisions for diminution in value of investments.

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Lingapur Estates Ltd.	1,734	1,734
Manipal Finance Corporation Limited	9,181	9,181
Manipal Hotels Ltd.	500	500
Total	11,415	11,415

2.09 Long term loans and advances

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Advance taxes (net of Provisions)	30,278	18,833
Total	30,278	18,833

Note : Advance taxes is net of provision for Income Tax Rs. 126,00 thousands which was provided on prudent basis in the earlier years. This is without prejudice to the company's stand on non-applicability of Minimum Alternate Tax (MAT) for the earlier years in view of availability of carry forward losses computed in terms of the Expert opinion received from a firm of Chartered Accountants.

Significant accounting policies and notes to Financial Statements

2.07 FIXED ASSETS

(Rs. in Thousands)

Description of Assets	GROSS BLOCK			DEPRECIATION & LEASE EQUALISATION					NET BLOCK	
	April 01, 2011	Additions	Deductions/ Sale	March 31, 2012	April 01, 2011		For the year	Deductions/ Sale	March 31, 2012	
					Deprn.	Eqn.			Deprn.	Eqn.
A. OWNED ASSETS										
Land	530	-	-	530	-	-	-	-	-	530
Buildings	3,131	196	-	3,327	1,027	-	51	-	1,078	2,104
Plant & Machinery	1,897	40	-	1,937	1,212	-	87	-	1,299	685
Electrical Fittings	1,184	7	70	1,121	941	-	46	54	933	243
Furniture & Fittings	7,349	-	9	7,340	7,180	-	111	9	7,282	169
Off. Equipments & Computers	9,629	98	-	9,727	9,359	-	66	-	9,425	270
Vehicles	312	-	36	276	312	-	-	36	276	-
Total of 'A'	24,032	341	115	24,258	20,031	-	361	99	20,293	4,001
B. ASSETS GIVEN ON LEASE										
Plant & Machinery	612,686	-	-	612,686	429,532	183,154	-	-	429,532	183,154
Vehicles	69,500	-	-	69,500	69,157	343	-	-	69,157	343
Total of 'B'	682,186	-	-	682,186	498,689	183,497	-	-	498,689	183,497
Grand Total of A+B	706,218	341	115	706,444	518,720	183,497	361	99	518,982	183,497
Previous Year	707,492	245	1,520	706,217	519,146	183,497	450	877	518,719	183,497
Notes: a) Buildings having carrying value of Rs.51,289 thousands (March 31, 2011 : Rs. 52,394 thousands) that are not intended to be occupied substantially for use by, or in the operations of, the company are considered as Investment Property under Non-Current Investments in financial statements.										

2.10 Other non-current assets

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Deposit with banks maturing after 12 months	297	—
Total	297	—

2.11 Inventories

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Stock on Hire (At agreement value less amount received and unmatured hire charges)		
Under Hire Purchase Agreements		
Considered Good	—	—
Considered Doubtful	160,798	161,688
	160,798	161,688
Less: Provision	(160,798)	(161,688)
	—	—
Other Inventories (Valued and as certified by the Management)		
Shares and Debentures [Refer Annexure No. 1]	28	—
	28	—
Total	28	—

2.12 Trade Receivables

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Unsecured		
Debts outstanding for a period exceeding six months		
Considered Good	—	—
Considered Doubtful	6,403	6,403
Less : Provision for doubtful debts	(6,403)	(6,403)
Debts outstanding for a period not exceeding six months	—	—
Considered Good	—	—
Total	—	—

2.13 Cash and Bank Balances

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Cash and cash equivalents		
Cash on hand	388	358
Cheques, drafts and stamps on hand	22	23
Balances with banks		
in current accounts	1,710	2,079
in deposit accounts	–	900
	2,120	3,360
Other bank balances		
Deposit with banks maturing between 3 to 12 months	295	570
Margin Deposit with banks [pledged as security against working capital loan]	55,000	58,334
	55,295	58,904
Total	57,415	62,264

2.14 Short Term Loans and Advances

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Demerger receivables (secured)		
Considered good		
from related parties [Refer note (a)(i) & Refer note 2.27(f)]	37,690	62,977
from wholly owned subsidiaries [Refer note (a)(ii)]		
Considered doubtful	5,397	5,903
from wholly owned subsidiaries [Refer note (b)]	23,988	25,491
from others	101,006	101,006
	168,081	195,377
Less: Provision	(124,994)	(126,497)
	43,087	68,880
Secured Loans		
Considered good	–	12
Considered doubtful	68,870	68,870
	68,870	68,882
Less: Provision	(68,870)	(68,870)
	–	12

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Unsecured Loans		
Considered good	2,121	2,184
Considered doubtful	34,696	35,324
	36,817	37,508
Less: Provision	(34,696)	(35,324)
	2,121	2,184
Lease Rental Deposits	1,089	1,089
Less : Provision	(154)	(154)
	935	935
LIC Group Gratuity Fund Asset (net)	1,708	326
Total	47,851	72,337

Notes:

a) Demerger receivable:

- i) Demerger receivable represents Rs. 37,690 thousands (March 31, 2011: Rs. 62,977 thousands) from MPL Enterprises Ltd. pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their Orders dated April 09, 1999 and August 25, 2000 respectively. The balance is considered good for recovery in the opinion of the management, as the value of the property vested in MPL Enterprises Ltd. is adequate.
 - ii) Investment of Rs. 999 thousands (March 31, 2011: Rs. 999 thousands) and demerger receivable of Rs. 5,397 thousands (March 31, 2011: Rs. 5,903 thousands) being amount due from Manipal Properties Limited a subsidiary, on account of scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide its Order dated April 09, 1999 and August 25, 2000 respectively is considered good for recovery in the opinion of the management, as the present market value of the property vested in Manipal Properties Limited is adequate and in view of long term involvement with the said Company.
- b) Demerger receivables considered doubtful includes Rs. 7,797 thousands (March 31, 2011: Rs. 7,783 thousands) due from Manipal Hotels Ltd. and Rs. 16,191 thousands (March 31, 2011 : Rs. 17,708 thousands) due from Manipal Properties Ltd., the wholly owned subsidiary companies.

2.15 Other current assets

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Interest accrued on investments	–	5
Interest accrued on term deposits	3,601	2,332
Total	3,601	2,337

2.16 Revenue from operations

Rs. in Thousands

Particulars	2011-12	2010-11
Hire purchase income	6	–
Lease income	–	2,297
Interest on loans and advances	444	39,739
Bad debts recovered	8,770	13,704
Service charges and commission	2,876	4,375
Total	12,096	60,115

2.17 Other Income

Rs. in Thousands

Particulars	2011-12	2010-11
Dividend received from		
Non Current Investments	1,968	975
Others	90	46
Interest on term deposit	5,182	3,625
Other interest	66	578
Profit on sale of owned / leased assets	17	264
Rent	1,221	816
Miscellaneous income	46	750
Total	8,590	7,054

2.18 Employee benefits expense

Rs. in Thousands

Particulars	2011-12	2010-11
Salaries, wages and bonus	7,107	6,817
Contribution to provident and other funds [Refer Note No. 2.26]	855	916
Gratuity	18	138
Staff Welfare expenses	361	681
Total	8,341	8,552

2.19 Other Expenses

Rs. in Thousands

Particulars	2011-12	2010-11
Rent, rates and taxes	1,951	771
Printing and stationery	206	245
Directors sitting fees	30	21
Travelling and conveyance	1,550	1,019
Postage, telegram and telephones	455	590

Rs. in Thousands

Particulars	2011-12	2010-11
Insurance	28	–
<i>Repairs and Maintenance:</i>		
Buildings	425	295
Vehicles	45	33
Others	421	441
Advertisement and Business Promotion	307	268
Legal and Professional Charges	448	776
<i>Auditors Remuneration:</i>		
Audit Fees	138	138
Tax Audit Fees	28	28
Certification	28	28
Service Charges	145	944
Loss on sale of Assets	13	13
Loss on discarded Assets	–	90
Sundry balances written off	562	–
Sundry Expenses	192	250
Total	6,972	5,950

2.20 Finance Costs

Rs. in Thousands

Particulars	2011-12	2010-11
Interest on Bank Loan	4,892	2,551
Interest Others	–	248
Interest on delay in payment of taxes	467	–
Bank charges	82	188
Total	5,441	2,987

2.21 Depreciation and amortization expense

Rs. in Thousands

Particulars	2011-12	2010-11
Depreciation on tangible assets	361	450
Depreciation on investment property	1,106	1,106
Less: Transfer from revaluation reserve	(754)	(754)
Total	713	802

- 2.22 In pursuance to the Scheme of Arrangement (the 'scheme') under sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka ('the Court') vide its order dated October 15, 2004 and filed with the Registrar of Companies, Karnataka on December 30, 2004 (i.e. effective date) the Company has implemented the scheme and accordingly repaid all installments of debentures, deposits and subordinated debts which were claimed in terms of the scheme. The Company has filed an affidavit on August 31, 2010

before the Court stating that the scheme has been successfully implemented and the Court has passed an Order stating that Scheme of Arrangement sanctioned by the Court on October 15, 2004 is fully complied by the company.

The accounts have been prepared on Going concern basis, considering the successful implementation of the Scheme of Arrangement as mentioned above, the Company's foray into fee based activities and its intention to start fresh NBFC business subject to approval from Reserve Bank of India.

2.23 Contingent liabilities and commitments

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Capital Commitments:		
Investment in equity shares of Body corporate	–	12,500
Contingent liabilities:		
Guarantee issued in favour of bankers	320	320
Claims against the company/disputed liabilities not acknowledged as debt/liabilities	1,058	1,058
Income Tax *	130,333	130,333

* Income tax demand represents Rs.102,404 thousands (March 31, 2011: Rs.102,404 thousands) in respect of Block assessment held for the period from 1987-88 to 1997-98 and balance amount Rs. 27,929 thousands (March 31, 2011: Rs. 27,929 thousands) relating to other assessment years following the Order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed an Special Leave Petition (SLP) with Hon'ble Supreme Court of India against the Order of Hon'ble High Court of Karnataka. The Company has deposited Rs.40,222 thousands (March 31, 2011: Rs.27,687 thousands) against the said demanded Tax. The Company has offered one of its immovable property as security which is free of any encumbrances. Based on the decisions of the Appellate authorities/Courts and the interpretations of other relevant provisions, the Company has been legally advised that the demands raised on account of block assessment and disallowance of depreciation would get vacated and accordingly no provision is considered necessary.

2.24 Deferred tax

The Company has not recognized Deferred Tax Asset as per AS 22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, constituting, mainly of carry forward losses, excess depreciation claimed in Income tax and provision for doubtful debts, as a matter of prudence.

2.25 Calculation of Earning per Share:

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
a.	Nominal value per share (in Rs.)	10	10
b.	Net Profit available for equity shareholders (Rupees in thousands)	3,605	114,442
c.	Weighted Average No. of Equity Shares (Nos.)	13,026,700	13,026,700
d.	Basic / Diluted EPS of Rs.10/- each (in Rs.)	0.28	8.79

2.26 Employee Benefits:

The Company has adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India [the 'revised AS 15'].

The disclosures as required under the revised AS 15 are as under:

Brief description of the Plans :

- The Company has two schemes for long-term benefits such as Provident Fund and Gratuity. In case of funded schemes, the funds are recognised by the Income Tax authorities and administered through trustees / appropriate authorities. The Company's defined contribution plan is Employees' Provident Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions. The Company's defined benefit plan is Gratuity.
- Contribution to Provident fund, pension fund and other funds under Employee benefits expenses are as under:

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
i)	Provident and pension fund	573	597
ii)	Employee State Insurance	214	243
	Total	787	840

- Based on statement received from Life Insurance Corporation of India (LIC), the following table sets forth the status of the Gratuity Plan (Funded) of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss.

Rs. in Thousands

Sl. No.	Particulars	2011-12
i.	<i>Change in Defined Benefit Obligation</i>	
	Opening defined benefit obligation	3,064
	Current service cost	137
	Interest cost	245
	Actuarial loss / (gain)	46
	Benefits paid	(503)
	Closing defined benefit obligation	2,989
ii.	<i>Change in fair value of assets</i>	
	Opening fair value of plan assets	4,755
	Expected return on plan assets	410
	Actuarial gain / (loss)	—
	Contributions by employer	34
	Benefits paid	(502)
	Closing fair value of plan assets	4,697

Rs. in Thousands

Sl. No.	Particulars	2011-12
iii.	Actual return on plan assets	410
iv.	The major category of plan assets as a percentage of the fair value of total plan assets are as follows: Investment with Insurer managed funds	100%
v.	<i>Amount recognised in the balance sheet</i> Present value of obligations as at year end	2,989
	Less: Fair value of plan assets as at year end	4,697
	Net (asset) / liability recognised	(1,708)
vi.	<i>Expenses recognised in the Statement of profit and loss</i> Current service cost	137
	Interest on defined benefit obligation	245
	Expected return on plan assets	(410)
	Past service cost	—
	Net actuarial loss / (gain) recognised in the current year	46
	Total expense	18
vii.	<i>Principal actuarial assumptions used</i> Discount rate (p.a.)	8.00%
	Expected rate of return on plan assets (p.a.)	8.62%
	Rate of increase in compensation levels	3.50%
	Mortality table	LIC (1994-96)
	Retirement age	58 Years
viii.	<i>Experience adjustments</i> Defined benefit obligation	2,989
	Plan assets	4,697
	Deficit / (surplus)	(1,708)
	Experience adjustments on plan liabilities	46
	Experience adjustments on plan assets	—
ix.	<i>Excess provision for gratuity reversed as on April 1, 2011</i> Opening defined benefit obligation as per Books	4,429
	Opening present value of defined benefit obligation as per LIC Statement	(3,064)
	Excess provision reversed in the statement of profit and loss	1,365

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
x.	Data for defined gratuity benefit obligation and fair value of planned assets are as under		
	Present value of defined benefit obligations at the end of the year	2,989	3,064
	Fair value of plan assets at the end of the year	4,697	4,755
	Net (assets) / liability at the end of year	(1,708)	(1,691)

Notes:

- The Company's liability towards gratuity to employees is covered by a group policy with LIC of India and contributions are charged to statement of profit and loss.
- Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

2.27 List of Related Parties with whom transactions are taken place during the year:

Name of the Party	Relationship
Wholly Owned Subsidiaries	Manipal Hotels Limited Manipal Properties Limited
Associate Companies/Institutions	ICDS Securities Limited The Canara Land Investments Limited Bluecross Builders and Investors Limited MPL Enterprises Limited
Key Management Personnel and their Relatives	T. Mohandas Pai – Chairman and Whole-time Director T. Ashok Pai – Relative of Director H. N. S. Rao – Director

Details of the transactions :
Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
a.	Reimbursement of expenses during the year		
	– Wholly Owned Subsidiaries		
	Manipal Properties Limited	731	336
	Manipal Hotels Limited	14	–
	– Associate Companies		
	MPL Enterprises Limited	761	1,119
	Bluecross Builders and Investors Limited	–	27

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
b.	Inter corporate deposit received and repaid during the year		
	– Associate Companies		
	MPL Enterprises Limited	–	36,775
c.	Advances recovered during the year		
	– Wholly owned subsidiaries		
	Manipal Properties Limited	2,753	1,859
	– Associate Companies		
	MPL Enterprises Limited	26,048	67,719
d.	Investment in Equity Shares		
	– Associate Companies		
	ICDS Securities Limited	11,908	–
e.	Rent/Interest/Finance Charges received from related parties		
	– Wholly owned subsidiaries		
	Manipal Properties Limited (Net of Income reversal of Rs.3,205 thousands. March 31, 2011: Rs. 1,886 thousands.)	356	210
f.	Outstanding balances as at March 31, 2012		
	Due from / (To)		
	– Wholly owned subsidiaries		
	Manipal Hotels Limited (gross)	7,797	7,783
	Manipal Properties Limited (gross)	21,588	23,611
	– Associate companies		
	MPL Enterprises Limited	37,690	62,977
	Bluecross Builders and Investors Limited	23	(37)
g.	Provisions made on balance receivable including income reversal		
	– Wholly owned subsidiaries		
	Manipal Hotels Limited	7,797	7,783
	Manipal Properties Limited	26,037	24,349
h.	Provision for Diminution in value of Investments		
	– Wholly owned subsidiaries		
	Manipal Hotels Limited	500	500

- 2.28 The Company is engaged in marketing of the insurance products of life and general insurance companies. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (AS-17) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the Company.
- 2.29 The Company has entered into certain cancellable operating lease agreements mainly for office premises and same has been charged to Statement of Profit and Loss amounting to Rs. 253 thousands (March 31, 2011 : Rs.375 thousands).
- 2.30 In the opinion of the management, loans and advances, current and non current assets are good and recoverable and no provision is considered necessary.
- 2.31 The financial statements for the year ended March 31, 2011 had been prepared as per the pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No.: 101720W

Sd/-
C. D. Lala
Partner
Membership No.: 35671

Place: Mumbai
Date : May 30, 2012

For and on behalf of the Board
Sd/-
T. Mohandas Pai
Chairman & Whole-time Director

Sd/-
H. N. S. Rao
Director

Sd/-
Bharath K. Nayak
Director

Place: Manipal
Date : May 30, 2012

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES AS AT 31ST MARCH, 2012**

(Amount in Rupees)

1.	Name of the Subsidiary Company	Manipal Hotels Ltd.	Manipal Properties Ltd.
2.	The Financial year period of the Subsidiary Company ended on	31st March, 2012	31st March, 2012
3.	Date from which they became Subsidiary Company	5-8-1992	23-12-2000
4.	Number of equity shares held by ICDS Ltd. at the end of the financial year of the Subsidiary Company	50,000	9,989
5.	Extent of interest of Holding Company at the end of the financial year of the subsidiary	100%	99.89%
6.	The net aggregate amount of the Subsidiary Company Profit/(Loss) so far as concerns the members of the holding Company		
	1. Not dealt with in the Holding Company's accounts		
	a) For the financial years ended 31st March, 2012	(15,001)	199,883
	b) For the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary	1,237,060	55,795
	2. Dealt with in the Holding Company's accounts		
	a) For the financial years ended 31st March, 2012	N.A.	N.A.
	b) For the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary	N.A.	N.A.
7.	Changes in the interest of Holding Company; between the end of the financial year of the subsidiary and 31st March, 2012	N.A.	N.A.
	a) Nos. of Shares		
	b) Extent of holding		
8.	Material Changes between the end of the financial year of the Subsidiary Company's Financial Statement ended 31st March, 2012	N.A.	N.A.
	a) Fixed Assets	N.A.	N.A.
	b) Investments	N.A.	N.A.
	c) Money Lent	N.A.	N.A.
	d) Money borrowed other than those for meeting Current Liabilities	N.A.	N.A.

Note: In Manipal Properties Limited, 11 Shares held by Manipal Hotels Limited which is 100% Subsidiary of ICDS Limited.

Sd/-
T. Mohandas Pai

Chairman & Whole-time Director

Sd/-
Bharath K. Nayak
Director

Sd/-
H. N. S. Rao
Director

Place : Manipal

Date : 30th May, 2012

Disclosure:

Sl. No.	In the Accounts of	Disclosure of Loans and Advances and Investments in its own shares by their Subsidiaries, Associates (as certified by the Management) as required by Clause 32 of Listing Agreement.	As at 31-03-2012
1.	Parent (ICDS Ltd.)	<p>Loans and advances in the nature of loans to subsidiaries by name and amount</p> <p>Loans and advances in the nature of loans to associates by name and amount</p> <p>Loans and advances in the nature of loans where there is</p> <p>i) no repayment schedule or repayment beyond seven years or</p> <p>ii) no interest or interest below Section 372A of Companies Act by name and amount.</p> <p>Loans and advances in the nature of loans to firms companies in which directors are interested by name and amount</p>	<p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p>
2.	Subsidiary Manipal Hotels Ltd. Manipal Properties Ltd.	<p>Loans and advances in the nature of loans to parent by name and amount</p> <p>Loans and advances in the nature of loans to associates by name and amount</p> <p>Loans and advances in the nature of loans where there is</p> <p>i) no repayment schedule or repayment beyond seven years or</p> <p>ii) no interest or interest below Section 372A of Companies Act by name and amount</p> <p>Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount</p>	<p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p>
3.	Parent (ICDS Ltd.)	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	Nil
Note: The demerger receivables and reimbursement of expenses and advances which are not in the nature of loans have not been considered. The amounts considered, if any, are net of the provisions done as per prudential norms. The details of demerger receivables are disclosed in the related party transactions elsewhere in the Balance Sheet.			

Cash Flow Statement for the year ended March 31, 2012

Rs. in Thousands

Particulars	2011-12	2010-11
A) Cash Flow from Operating Activities		
Profit before tax	3,605	124,042
Adjustments for:		
Depreciation and amortization expense	713	802
Interest expenses	4,892	2,551
Loss on sale/Discard of fixed assets	13	103
Profit on sale of fixed assets	(17)	(264)
Interest on term deposits	(5,182)	(3,625)
Dividends	(2,058)	(1,021)
Excess Provision written back	(3,021)	(76,108)
Excess provision for gratuity reversed	(1,365)	—
Provision/write offs	—	944
<i>Operating profit before working capital changes</i>	(2,420)	47,424
<i>Adjustments for change in working capital</i>		
(Increase)/ decrease in Trade receivables	—	103
(Increase)/ decrease in short term loans & advances	27,981	26,518
(Increase)/ decrease in Inventories	862	4,602
Increase/(decrease) in long term liabilities	—	(5,050)
Increase/(decrease) in Trade Payables	(3,950)	3,657
Increase/(decrease) in Other Current Liabilities	(979)	(8,067)
<i>Cash generated from operations</i>	21,494	69,187
Less: Interest paid	(8,155)	(76,987)
Income Tax (paid)/refunded	(11,445)	(11,185)
Net cash from/(used in) operating activities	1,894	(18,985)
B) Cash Flow from Investing Activities		
Purchase of Fixed and Leased Assets	(341)	(245)
Sale of Fixed & Leased Assets	20	805
Purchase of Investments	(11,908)	—
Decrease/(increase) in restricted deposits/bank balances	3,312	(2,369)
Interest received	3,918	3,751
Dividend received	2,058	1,021
Net cash from/(used in) investing activities	(2,941)	2,963

Rs. in Thousands

Particulars	2011-12	2010-11
C) Cash Flow from Financing Activities:		
Proceeds/(redemption) of debentures	(16)	(59)
Proceeds/(redemption) of Subordinated debts	(5)	(14)
Proceeds/(payment) of Public Deposits	(111)	(67)
Increase/(decrease) of Bank Borrowing	(61)	17,695
Net Cash from/(used in) Financing Activities	(193)	17,555
Net Increase/(Decrease) in Cash equivalents (A+B+C)	(1,240)	1,533
Cash and Cash Equivalents at Beginning of the Year	3,360	1,827
Cash and Cash Equivalents at End of the Year	2,120	3,360

Notes:

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements as referred to in Section 211(3C) of the Companies Act, 1956.
2. As referred in Note No. 2.31 the previous year figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

The notes referred to above form an integral part of the financial statements.

As per our report of even date.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No.: 101720W

Sd/-
C. D. Lala
Partner
Membership No.: 35671

Place: Mumbai
Date : May 30, 2012

For and on behalf of the Board
Sd/-

T. Mohandas Pai
Chairman & Whole-time Director

Sd/-
H. N. S. Rao
Director

Sd/-
Bharath K. Nayak
Director

Place: Manipal
Date : May 30, 2012

SCHEDULE TO THE BALANCE SHEET OF ICDS LIMITED

(As required in terms of Paragraph 9BB of

Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

(Notification No. DNBS 167/CGM(OPA) – 2003 dated March 29, 2003)

(Rs. in Thousands)

	Particulars	Amount Outstanding	Amount Overdue
	Liabilities side:		
1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	a) Debentures : Secured		
	: Unsecured *	17,556	17,556
	(other than falling within the meaning of public deposits)		
	b) Deferred Credits	–	
	c) Term Loans	–	
	d) Inter-corporate loans and borrowing	–	
	e) Commercial Paper	–	
	f) Public Deposits *	12,161	12,161
	g) Other Loans (subordinated debts, working capital loans) *	51,503	3,602
2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
	a) In the form of Unsecured debentures		
	b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security		
	c) Other public deposits *	12,161	12,161
	Assets side:	Amount Outstanding	Amount Overdue
3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
	a) Secured	–	
	b) Unsecured	2,121	
4)	Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
	i) Lease assets including lease rentals under sundry debtors:		
	a) Financial lease	–	
	b) Operating lease	509	
	ii) Stock on hire including hire charges under sundry debtors:		
	a) Assets on hire	–	
	b) Repossessed Assets	–	
	iii) Hypothecation loans counting towards EL/HP activities		
	a) Loans where assets have been repossessed	–	
	b) Loans other than (a) above	–	

* Public deposits/NCD's/Subordinated Debts along with interest accrued upto 15-07-2002 are payable as per the scheme of arrangement under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka vide its Order dated 15th October, 2004 and filed with the Registrar of Companies, Karnataka on 30th December, 2004.

	Particulars	Amount outstanding	Amount Overdue	
5)	Break-up of Investments: Current Investments: (Stock in trade considered) 1. <u>Quoted:</u> i) Shares: a) Equity b) Preference ii) Debentures and Bonds iii) Units of Mutual Bonds iv) Government Securities v) Others	— — — — — —		
	2. <u>Unquoted</u> i) Shares: a) Equity b) Preference ii) Debentures and Bonds iii) Units of Mutual Bonds iv) Government Securities v) Others Long Term Investments: (net of provisions) 1. <u>Quoted:</u> i) Shares: a) Equity b) Preference ii) Debentures and Bonds iii) Units of Mutual Bonds iv) Government Securities v) Others 2. <u>Unquoted:</u> i) Shares: a) Equity b) Preference ii) Debentures and Bonds iii) Units of Mutual Bonds iv) Government Securities (excluding interest accrued) v) Others: Interest accrued but not due on investments/ deposits	— — — — — — 23,336 — — — — — 10,120 — — — 10 3,601		
6)	Borrower group-wise classification of all leased assets, stock on hire and loans and advances including debtors:			
	Category	Amount (net of provisions)		
		Secured	Unsecured	Total
	1. Related Parties			
	a) Subsidiaries	—	5,397	5,397
	b) Companies in the same group	—	—	—
	c) Other related parties	—	37,713	37,713
	2. Other than related parties	—	35,019	35,019
	Total	—	78,129	78,129

7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	Market Value/ Break-up or fair value of NAV	Book Value (Net of Provisions)
	1. Related Parties		
	a) Subsidiaries (lower of fair value or cost)	999	999
	b) Companies in the same group		
	c) Other related parties (lower of fair value or cost)	14,234	23,336
	2. Other than related parties (lower of fair value or cost)	9,121	9,131
	Total	24,354	33,466
8)	Other Information		
	Particulars		Amount
	i) Gross Non-Performing Assets		437,346
	a) Related Parties		39,731
	b) Other than related parties		397,615
	ii) Net Non-Performing Assets		5,397
	a) Related Parties		5,397
	b) Other than related parties		—
	iii) Assets acquired in satisfaction of debt		2,074
Notes: 1) The demerger receivables of Rs.53.97 lakhs from Manipal Properties Pvt. Ltd., Rs.376.90 lakhs from MPL Enterprises Ltd. are shown in the above statement though the same are not in the nature of loans and advances in the opinion of the management in view of prudence. 2) Loans and advances, stock on hire are shown at net of provisions. 3) Matured Debentures are not shown as public deposits in line with the disclosure requirements. 4) Stock in trade of shares are shown at cost or market value whichever is less and are considered as current investments.			

Details of Stock of Shares and Debentures as on March 31, 2012
Rs. in Thousands

Name of the Company	March 31, 2012	March 31, 2011
Quoted Shares:		
EPIC	—	—
HDFC Bank Ltd.	—	—
Kirloskar Electric Ltd.	1	—
Panama Petro	—	—
Reliance Capital Ltd.	1	—
Reliance Capital Venture	—	—
Reliance Communications	1	—
Reliance Industries Limited	1	—
Reliance Industries Limited	2	—
The Sandur Manganese & Iron Ores Ltd.	6	—
Twinstar Industries	—	—
Ultramarine & Pigments Ltd.	1	—
Sesa Goa	12	—
Perfect - Octave Media	—	—
Uniworth Ltd.	1	—
Libord Infotech	—	—
Pirmal Glass	—	—
GTN Industries	—	—
Absolute Aromatics Ltd.	2	—
Sub Total	28	—
Unquoted Shares:		
Adam Comsof	—	—
ICES Software	—	—
Cimmco Birla Limited	—	—
J K Pharmachemicals	—	—
Jalpac India	—	—
Mukesh Steels Limited	—	—
Namtech Elect	—	—
Nova Iron	—	—
Murugappa Holding Ltd. (Parry Agro Inds)	—	—
Peria Karamalai	—	—

Name of the Company	March 31, 2012	March 31, 2011
Precision Elect		
Sanghi Poly	—	—
SM Dyechem Limited	—	—
Summit Securities Ltd.	—	—
CMS Infotech	—	—
Adhunik Synthetics Ltd.	—	—
Anjana Explosives Ltd.	—	—
ATN Ind	—	—
Genelac Ltd.	—	—
Golden Shrimp Hatchery Ltd.	—	—
Jayant Vitamins Ltd.	—	—
Parsurampuriah Synthetics Ltd.	—	—
Patheja Forgings & Auto Parts Mfr. Ltd.	—	—
Praman Capital Market Services Ltd.	—	—
The Peria Karamalai Tea & Prod. Co. Ltd.	—	—
The Vijaykumar Mills Ltd.	—	—
Wartyhully Estates Ltd.	—	—
Datar Switch Gears	—	—
Mega Centre Super Markets Ltd.	—	—
Nagarjuna Granites Ltd.	—	—
Pampasar Distilleries Ltd.	—	—
Universal Print Systems Ltd.	—	—
Sub Total	—	—
Quoted Debentures:		
Jayant Vitamins Ltd.	—	—
Sub Total	—	—
Grand Total	28	—
Note: The stock of shares and debentures are valued at cost or net realisable value whichever is lower. In case of shares / debentures where market value is not available are taken at nominal value.		

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ICDS LIMITED

We have audited the attached Consolidated Balance Sheet of ICDS Limited ("the Company") and its subsidiaries and associates (collectively called 'the Group') as at March 31, 2012 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

- i) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.
- ii) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.4,31,11 thousands as at March 31, 2012, total revenue of Rs. 43,35 thousands and cash flows amounting to Rs. 18,34 thousands for the year then ended and financial statements of an associate in which the share of loss of the

Group for the year is Rs. 14,19 thousands. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

- iii) *In so far as it relates to the operations and financial position of the subsidiaries included in these consolidated Financial Statements, the qualification made by respective statutory auditors are as follows:*

In the case of Manipal Hotels Limited (MHL), the Auditors have expressed their inability to opine on the ultimate recoverability of short term loans and advances of Rs.94,89 thousands (net of provision) as stated in Note 2.14(b) of the financial statements. Auditors have further commented that a provision for the same would have eroded the Networth of the MHL and thereby raising a doubt over the "Going Concern Assumption". The accounts of the MHL, however have been prepared on a "going concern basis" in view of Management perception as stated in Note 2.14(b).

- iv) *If the observation made in (iii) above had been considered, the loss of the group for the year under consideration would have been Rs. 54,16 thousands as against the reported profit of Rs. 40,73 thousands and the accumulated losses would have been Rs.9,88,26 thousands as against reported accumulated loss of Rs.8,93,37 thousands.*
- v) We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

- vi) Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that subject to the matters/ comments stated in Sl. No. (iii) and (iv) above, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
- b) in the case of Consolidated Statement of Profit and Loss, of the profits of the Group for the year on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.
- For **CHATURVEDI & SHAH**
Chartered Accountants
Firm Registration No.: 101720W
- Sd/-
C. D. Lala
Partner
- Place : Mumbai
Date : May 30, 2012 Membership No.: 35671

Consolidated Balance Sheet as at 31st March, 2012

		<i>Rs. in Thousands</i>	
Particulars	Note No.	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.01	130,267	130,267
Reserves and surplus	2.02	(20,509)	(23,828)
		<u>109,758</u>	<u>106,439</u>
Non current liabilities			
Other long term liabilities	2.03	37,017	37,017
		<u>37,017</u>	<u>37,017</u>
Current liabilities			
Short term borrowings	2.04	47,901	47,962
Trade payables	2.05	9,759	13,709
Other current liabilities	2.06	66,497	70,749
		<u>124,157</u>	<u>132,420</u>
TOTAL		<u>270,932</u>	<u>275,876</u>
ASSETS			
Non current assets			
Fixed assets			
Tangible assets	2.07	33,150	33,350
Non current investments	2.08	89,783	80,400
Long term loans and advances	2.09	32,223	21,049
Other non current assets	2.10	297	—
		<u>155,453</u>	<u>134,799</u>
Current assets			
Inventories	2.11	28	—
Trade receivables	2.12	388	284
Cash and bank balances	2.13	59,519	62,534
Short term loans and advances	2.14	51,943	75,922
Other current assets	2.15	3,601	2,337
		<u>115,479</u>	<u>141,077</u>
TOTAL		<u>270,932</u>	<u>275,876</u>
Significant accounting policies and notes to financial statements	1 & 2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date.

For **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

Sd/-

C. D. Lala

Partner

Membership No.: 35671

Place : Mumbai

Date : May 30, 2012

Sd/-

H. N. S. Rao

Director

For and on behalf of the Board

Sd/-

T. Mohandas Pai

Chairman & Whole-time Director

Sd/-

Bharath K. Nayak

Director

Place : Manipal

Date : May 30, 2012

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

Rs. in Thousands

Particulars	Note No.	2011-12	2010-11
Revenue from operations	2.16	11,740	59,905
Other income	2.17	12,925	9,869
Excess provision for NPA written back		1,518	74,973
Excess provision for gratuity reversed [Refer Note No. 2.26 (c) (ix)]		1,365	—
Total Revenue		27,548	144,747
Expenses:			
Employee benefits expense	2.18	8,341	8,552
Other Expenses	2.19	7,350	6,539
Finance costs	2.20	5,441	2,987
Depreciation and amortization expense	2.21	877	966
Provision for non-performing assets		—	944
Total expenses		22,009	19,988
Profit before tax		5,539	124,759
Tax expense:			
Current tax		47	9,590
Profit for the year after Tax		5,492	115,169
Share of profit/(loss) of associate		(1,419)	(272)
Profit for the year		4,073	114,897
Earnings per equity share of par value of Rs. 10/- each			
Basic and Diluted (in Rupees)	2.25	0.31	8.82
Significant accounting policies and notes to financial statements	1 & 2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date.

For **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

Sd/-

C. D. Lala

Partner

Membership No.: 35671

Place : Mumbai

Date : May 30, 2012

Sd/-

H. N. S. Rao

Director

For and on behalf of the Board

Sd/-

T. Mohandas Pai

Chairman & Whole-time Director

Sd/-

Bharath K. Nayak

Director

Place : Manipal

Date : May 30, 2012

Significant Accounting Policies and Notes to Consolidated Financial Statements

Company overview

ICDS Limited ("the Company") was incorporated on October 21, 1971 and registered as a Non Banking Financial Company (NBFC). The Company had filed the Scheme of Arrangement during August 2002, and stopped its fund based business and surrendered its certificate of registration as Non Banking Finance Company to RBI. The Company is presently concentrating on the recovery of its dues and repaying its liabilities and is also engaged in marketing of the insurance products of life and general insurance companies. The Company is diversifying into more fee based activities.

1. Significant accounting policies

1.01 Principles of Consolidation

The consolidated financial statements related to ICDS Limited ('the Company') and all of its subsidiary companies and associates (herein after collectively referred to as 'Group') have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating inter company balances and transactions and unrealised profits or losses in accordance with the Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- ii) Investments in Subsidiaries are eliminated and differences between the cost of investment over the net assets on the date of investment, or on the date of the financial statements immediately preceding the date of investment in subsidiaries are recognised as goodwill or capital reserve, as the case may be.
- iii) The difference between the proceeds from disposal of investment in a subsidiary, and the proportionate carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated Statement of Profit and Loss as the profit or loss on disposal of investment in subsidiaries.
- iv) In case of Associates, where the Company directly or indirectly through its Subsidiaries holds 20% or more of equity investments in associates are accounted for using 'Equity Method' in accordance with Accounting Standard - 23 "Accounting for investments in associates in consolidated financial statements" issued by The Institute of Chartered Accountants of India. The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the Associates' Statement of Profit and Loss, based on the available information. The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- v) As per equity method, if the Company's share of losses of an associate equals or exceeds the carrying amount of the investment, the Company ordinarily discontinues recognising its share of further losses and the investment is reported at nil value. Additional losses are provided for to the extent that the investor has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the investor has guaranteed or to which the investor is otherwise committed. If the associate subsequently

reports profits, the investor resumes including its share of those profits only after its share of the profits equals the share of net losses that have not been recognised.

- vi) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's stand alone financial statements.

1.02 Investments other than in subsidiaries and associates are accounted as per Accounting Standard - 13 "Accounting for Investments".

1.03 **Basis of preparation of Consolidated financial statements**

- a. The subsidiary companies considered in consolidation are:

Name of the Company	Country of Incorporation	Extent of holding & Voting Power	
		As on 31-03-12	As on 31-03-11
a) Manipal Hotels Ltd.	India	100.00%	100.00%
b) Manipal Properties Ltd.	India	99.89%	99.89%

- b. The financial statements of the Company and its subsidiaries and associates used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e. Year ended 31st March, 2012.

1.04 **Other significant accounting policies**

These policies are set out under "Significant Accounting Policies" as given in the Company's separate financial statements.

2. **Notes to financial statements**

2.01 **Share Capital**

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Authorised Capital		
3,50,00,000 [March 31, 2011 : 3,50,00,000] Equity Shares of Rs. 10 each	350,000	350,000
15,00,00,000 [March 31, 2011 : 1,50,00,000] Preference Shares of Rs. 10 each	150,000	150,000
	500,000	500,000
Issued, Subscribed and Paid-Up Capital		
13,026,700 [March 31, 2011 : 13,026,700] Equity Shares of Rs. 10 each fully paid up	130,267	130,267
Total	130,267	130,267

Reconciliation of number of shares

Particulars	March 31, 2012		March 31, 2011	
	No. of Shares	Rs. in Thousands	No. of Shares	Rs. in Thousands
<i>Equity shares :</i>				
Balance as at the beginning of the year	13,026,700	130,267	13,026,700	130,267
Add: Shares issued during the year	—	—	—	—
Balance as at the end of the year	13,026,700	130,267	13,026,700	130,267

Rights, preferences and restrictions attached to shares:

The Company has two classes of shares referred to as equity shares and preference shares having par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. The Company has not issued any preference shares as on March 31, 2012.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Restrictions on the distribution of dividends:

The Board shall, propose to the shareholders the dividend payable out of free reserves and profits of the Company. Upon such recommendation shareholders shall declare dividends i) all such dividends & profits shall be paid to shareholders in their existing shareholding pattern and ii) any such dividend or other distribution shall be based on profit generated by the Company or on appropriate basis permitted by the applicable laws.

Shares in the Company held by each shareholder holding more than 5% shares specifying the number of shares held:

Name of the Share Holder	March 31, 2012		March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Teaching Fraternity & Education Trust	2,104,000	16.15%	2,104,000	16.15%
Music & Fine Arts Education Trust	1,476,600	11.34%	1,476,600	11.34%
Mahendra Girdharilal	1,215,023	9.33%	1,215,023	9.33%
The Academy of General Education	868,488	6.67%	868,488	6.67%
Life Insurance Corporation of India	677,001	5.20%	677,001	5.20%

2.02 Reserves and Surplus

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Securities Premium		
Opening Balance	33,334	33,334
Add: Additions during the year	—	—
Closing Balance	33,334	33,334
Revaluation Reserve		
Opening Balance	36,248	37,002
Less: Transfer to Statement of Profit and Loss	(754)	(754)
Closing Balance	35,494	36,248
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(93,410)	(208,307)
Less: Profit for the current year	4,073	114,897
Closing Balance	(89,337)	(93,410)
Total	(20,509)	(23,828)

2.03 Other long term liabilities
Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Lease/Rent Deposits	37,017	37,017
Total	37,017	37,017

2.04 Short term borrowings
Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Secured Loans		
Working Capital Loans from Banks	47,901	47,962
Total	47,901	47,962

Notes:
Nature of security

The above working capital loan is secured by deposit with banks amounting to Rs. 55,000 thousands (March 31, 2011: Rs. 58,334 thousands).

Terms of repayment

The above loan is repayable on demand.

2.05 Trade Payables
Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Due to Micro and Small Enterprises*	–	–
Due to other than Micro and Small Enterprises	9,759	13,709
Total	9,759	13,709

* The Management is in a continuous process of obtaining confirmations from its vendors regarding their registrations under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). There are no balances due to Micro, Small and Medium Enterprises as per the information available with the Company and representation made in this regard.

2.06 Other Current Liabilities
Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Public Liabilities		
Unclaimed		
– matured deposits for more than 7 years ^a	1,248	1,359
– interest on matured deposits for more than 7 years ^a	10,913	11,694
– interest on matured deposits	–	69
– matured debentures	973	989
– interest on matured debentures	16,583	18,682
– matured subordinated debts	214	219
– interest on matured subordinated debts	3,388	3,702

Particulars	March 31, 2012	March 31, 2011
Other Public Liabilities ^b	30,345	31,448
Book Overdraft	731	543
Other current liabilities	1,904	1,782
Statutory Dues	198	262
Total	66,497	70,749

Notes:

- Liability to Investor Education and Protection fund does not arise in view of entire public deposit is being repaid as per Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. (Annexure D read with 1.1.8 of the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka.)
- Other Public Liabilities includes unencashed stale cheques relating to Deposits, Non Convertible debentures and Subordinated debts which are lying unpaid after adjusting deposits/debentures with loans borrowed against it. Out of the above, amount of Rs. 30,302 thousands (March 31, 2011 Rs.31,421 thousands) are lying for more than one year. The Company has continued to followup action for payment of the above said liabilities.

2.08 Non Current Investments

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Long term Investments (at cost)		
Investment property ^a		
Cost of building given on operating lease	67,847	67,847
Less: Accumulated depreciation	16,558	15,453
Net Block	51,289	52,394
Investments in government securities		
National Savings Certificate ^b	10	10
	10	10
Investments in quoted, fully paid up Equity Shares		
<i>Associate Company</i>		
ICDS Securities Ltd.	29,363	18,875
[1,423,350 (March 31, 2011 : 1,139,425) shares of face value Rs. 10/- each]		
<i>Others</i>		
Lingapur Estates Ltd.	1,734	1,734
[153,392 (March 31, 2011 : 153,392) shares of face value Rs. 10/- each]		
Manipal Finance Corporation Limited	9,181	9,181
[449,163 (March 31, 2011 : 449,163) shares of face value Rs. 10/- each]		
	40,278	29,790

Investments in unquoted, fully paid up Equity Shares		
<i>Associate Company</i>		
Blue Cross Builders and Investors Ltd.	–	–
[99,970 (March 31, 2011 : 99,970) shares of face value of Rs. 10 each]	–	–
<i>Others</i>		
Development Co-op. Bank Ltd.	18	18
[1,200 (March 31, 2011 : 1,200) shares of face value Rs. 10/- each]		
Manipal Housing Finance Syndicate Ltd.	9,103	9,103
[729,000 (March 31, 2011 : 729,000) shares of face value Rs. 10/- each]		
	9,121	9,121
Less: Provisions for diminution in value of investments ^d	10,915	10,915
Total	89,783	80,400

Aggregate value of quoted investments (net of provision) ^d	29,363	18,875
Market Value of quoted investments ^c	29,363	18,875
Aggregate value of unquoted investments (net of provision) ^d	9,121	9,121

Notes:

- ^a Investment property includes shares of the face value of Rs. 511/- in Cooperative Housing Society.
^b National Savings Certificates of the face value of Rs. 10 thousands (March 31, 2011: Rs. 10 thousands) have been lodged with Government Departments.
^c Market price of the Quoted shares has been taken at face value, in the absence of trading in stock exchanges during the year.
^d Details of Provisions for diminution in value of investments.

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Lingapur Estates Ltd.	1,734	1,734
Manipal Finance Corporation Limited	9,181	9,181
Total	10,915	10,915

2.09 Long term loans and advances

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Advance taxes (net of Provisions)	32,223	21,049
Total	32,223	21,049

Note : Advance taxes is net of provision for Income Tax Rs. 1,26,00 thousands which was provided on prudent basis in the earlier years. This is without prejudice to the company's stand on nonapplicability of Minimum Alternate Tax (MAT) for the earlier years in view of availability of carry forward losses computed in terms of the Expert opinion received from a firm of Chartered Accountants.

Significant accounting policies and notes to financial statements

2.07 FIXED ASSETS

(Rs. in Thousands)

Description of Assets	GROSS BLOCK			DEPRECIATION & LEASE EQUALISATION				NET BLOCK	
	April 01, 2011	Additions	Deductions/ Sale	March 31, 2012		For the year	Deductions/ Sale	March 31, 2012	
				April 01, 2011	March 31, 2012			Deprn.	EqIn.
A. OWNED ASSETS									
Land	21,996	-	-	-	-	-	-	-	-
Buildings	13,185	196	-	3,198	13,381	215	-	3,413	9,968
Plant & Machinery	1,897	40	-	1,212	1,937	87	-	1,299	638
Electrical Fittings	1,184	7	70	941	1,121	46	54	933	188
Furniture & Fittings	7,349	-	9	7,180	7,340	111	9	7,282	58
Off. Equipments & Computers	9,629	98	-	9,359	9,727	66	-	9,425	302
Vehicles	312	-	36	312	276	-	36	276	-
Total of 'A'	55,552	341	115	22,202	55,778	525	99	22,628	33,150
B. ASSETS GIVEN ON LEASE									
Plant & Machinery	612,686	-	-	429,532	612,686	-	-	429,532	183,154
Vehicles	69,500	-	-	69,157	69,500	-	-	69,157	343
Total of 'B'	682,186	-	-	498,689	682,186	-	-	498,689	183,497
Grand Total of A+B	737,738	341	115	520,891	737,964	525	99	521,317	33,150
Previous Year	739,012	245	1,520	521,153	737,737	614	877	520,890	183,497

Notes:

- a) Buildings having carrying value of Rs.5,12,89 thousands (March 31, 2011 : Rs. 52,394 thousands) that are not intended to be occupied substantially for use by, or in the operations of, the company are considered as Investment Property under Non-Current Investments in financial statements.
- b) Fixed Assets includes Land & Building of Manipal Properties Private Limited, which are in the process of getting it transferred in their name as per the Scheme of Arrangement (as sanctioned by the Hon'ble High Court of Karnataka vide order dated August 25, 2000).

2.10 ## Other non-current assets

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Deposit with banks maturing after 12 months	297	—
Total	297	—

2.11 ## Inventories

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Stock on Hire (At agreement value less amount received and unmatured hire charges)		
Under Hire Purchase Agreements		
Considered Good	—	—
Considered Doubtful	160,798	161,688
	160,798	161,688
Less: Provision	(160,798)	(161,688)
	—	—
Other Inventories (Valued and as certified by the Management)		
Shares and Debentures	28	—
	28	—
Total	28	—

2.12 Trade Receivables

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Unsecured		
Debts outstanding for a period exceeding six months		
Considered Good	388	284
Considered Doubtful	6,403	6,403
Less : Provision for doubtful debts	(6,403)	(6,403)
Debts outstanding for a period not exceeding six months	388	284
Considered Good	—	—
Total	388	284

2.13 Cash and Bank Balances

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Cash and cash equivalents		
Cash on hand	388	358
Cheques, drafts and stamps on hand	22	23
Balances with banks		
in current accounts	3,814	2,349
in deposit accounts	–	900
	4,224	3,630
Other bank balances		
Deposit with banks maturing between 3 to 12 months	295	570
Margin Deposit with banks [pledged as security against working capital loan]	55,000	58,334
	55,295	58,904
Total	59,519	62,534

2.14 Short Term Loans and Advances

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Demerger receivables (secured)		
Considered good		
from related parties [Refer note (a)(i) & Refer note 2.27(e)]	37,690	62,976
Considered doubtful		
from others	101,006	101,006
	138,696	163,982
Less: Provision	(101,006)	(101,006)
	37,690	62,976
Secured Loans		
Considered good	–	12
Considered doubtful	68,870	68,870
	68,870	68,882
Less: Provision	(68,870)	(68,870)
	–	12

Particulars	March 31, 2012	March 31, 2011
Unsecured Loans		
Considered good [Refer not (b)]	11,610	11,673
Considered doubtful	39,396	40,024
	51,006	51,697
Less: Provision	(39,396)	(40,024)
	11,610	11,673
Lease Rental Deposits	1,089	1,089
Less : Provision	(154)	(154)
	935	935
LIC Group Gratuity Fund Asset (net)	1,708	326
Total	51,943	75,922

Notes:

a) Demerger receivable:

- i) Demerger receivable represents Rs. 3,76,90 thousands (March 31, 2011: Rs. 6,29,77 thousands) from MPL Enterprises Ltd. pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their orders dated 9th April 1999 and 25th August, 2000 respectively. The balance is considered good for recovery in the opinion of the management, as the value of the property vested in MPL Enterprises Ltd. is adequate.
 - ii) The Company has provided Rs. 77,97 thousands (March 31, 2011 Rs. 77,83 thousands) on the amount due from Manipal Hotels Limited and Rs. 1,61,91 thousands (March 31, 2011 1,77,08 thousands) on the amount due from Manipal Properties Ltd. of its subsidiaries. The amount provided in the company books have been written back in the consolidated statement of accounts in the absence of any write back in subsidiary.
- b) Unsecured Short term Loans includes Rs. 94,89 thousands (March 31, 2011 Rs. 94,89 thousands) which represents advances given on Capital account by Manipal Hotels Ltd. (MHL, a subsidiary company) to a venture in hotel industry, the balance of which is subject to confirmation. The capital advance as stated in the balance sheet (net of provisions) is considered good and recoverable. MHL's ability to continue as a "Going Concern" largely depends upon the recovery of amount as aforesaid. The accounts have been prepared on a "Going Concern" basis on the assumption that the company will be able to recover the advance.

2.15 Other current assets

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Interest accrued on investments	–	5
Interest accrued on term deposits	3,601	2,332
Total	3,601	2,337

2.16 Revenue from operations

Rs. in Thousands

Particulars	2011-12	2010-11
Hire purchase income	6	–
Lease income	–	2,297
Interest on loans and advances	88	39,529
Bad debts recovered	8,770	13,704
Service charges and commission	2,876	4,375
Total	11,740	59,905

2.17 Other Income

Rs. in Thousands

Particulars	2011-12	2010-11
Dividend received from		
Non Current Investments	1,968	975
Others	90	46
Interest on term deposit	5,182	3,625
Other interest	80	578
Profit on sale of owned / leased assets	17	264
Rent	5,542	3,627
Miscellaneous income	46	754
Total	12,925	9,869

2.18 Employee benefits expense

Rs. in Thousands

Particulars	2011-12	2010-11
Salaries, wages and bonus	7,107	6,817
Contribution to provident and other funds [Refer Note No. 2.26]	855	916
Gratuity	18	138
Staff Welfare expenses	361	681
Total	8,341	8,552

2.19 Other Expenses

Rs. in Thousands

Particulars	2011-12	2010-11
Rent, rates and taxes	2,262	1,080
Printing and stationery	206	245
Directors sitting fees	30	21
Travelling and conveyance	1,550	1,019
Postage, telegram and telephones	455	590
Insurance	28	–
<i>Repairs and Maintenance:</i>		
Buildings	433	536
Vehicles	45	33
Others	421	441
Advertisement and Business Promotion	307	268
Legal and Professional Charges	475	791
<i>Auditors Remuneration:</i>		
Audit Fees	161	155
Tax Audit Fees	28	28
Certification	28	28
Service Charges	145	944
Loss on sale of Assets	13	13
Loss on discarded Assets	–	90
Sundry balances written off	562	–
Sundry Expenses	201	257
Total	7,350	6,539

2.20 Finance Costs

Rs. in Thousands

Particulars	2011-12	2010-11
Interest on Bank Loan	4,892	2,551
Interest Others	–	248
Interest on delay in payment of taxes	467	–
Bank charges	82	188
Total	5,441	2,987

2.21 Depreciation and amortization expense

Rs. in Thousands

Particulars	2011-12	2010-11
Depreciation on tangible assets	525	614
Depreciation on investment property	1,106	1,106
Less: Transfer from revaluation reserve	(754)	(754)
Total	877	966

- 2.22 In pursuance to the Scheme of Arrangement (the 'scheme') under sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka ('the Court') vide its order dated October 15, 2004 and filed with the Registrar of Companies, Karnataka on 30th December 2004 (i.e., effective date) the Company has implemented the scheme and accordingly repaid all instalments of debentures, deposits and subordinated debts which were claimed in terms of the scheme. The Company has filed an affidavit on August 31, 2010 before the Court stating that the scheme has been successfully implemented and the Court has passed an Order stating that Scheme of Arrangement sanctioned by the Court on October 15, 2004 is fully complied by the company.

The accounts have been prepared on Going concern basis, considering the successful implementation of the Scheme of Arrangement as mentioned above, the Company's foray into fee based activities and its intention to start fresh NBFC business subject to approval from Reserve Bank of India.

2.23 **Contingent liabilities and commitments**

Rs. in Thousands

Particulars	March 31, 2012	March 31, 2011
Capital Commitments:		
Investment in equity shares of Body corporate	–	12,500
Contingent liabilities:		
Guarantee issued in favour of bankers	320	320
Share in outstanding bank guarantees furnished by banks by Associate	8,720	11,720
Claims against the company/disputed liabilities not acknowledged as debt/liabilities	1,334	1,334
Income Tax *	130,333	130,333

* Income tax demand represents Rs.10,24,04 thousands (March 31, 2011: Rs.10,24,04 thousands) in respect of Block assessment held for the period from 1987-88 to 1997-98 and balance amount Rs. 2,79,29 thousand (March 31, 2011: Rs. 2,79,29 thousands) relating to other assessment years following the order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed an Special Leave Petition (SLP) with Hon'ble Supreme Court of India against the order of Hon'ble High Court of Karnataka. The Company has deposited Rs.4,02,22 thousands (March 31, 2011: Rs.2,76,87 thousands) against the said demanded Tax. The Company has offered one of its immovable property as security which is free of any encumbrances. Based on the decisions of the Appellate authorities/Courts and the interpretations of other relevant provisions, the Company has been legally advised that the demands raised on Account of block Assessment and disallowance of Depreciation would get vacated and accordingly no provision is considered necessary.

2.24 **Deferred tax**

The Company has not recognized Deferred Tax Asset as per AS 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, constituting, mainly of carry forward losses, excess depreciation claimed in Income tax and provision for doubtful debts, as a matter of prudence. There are no Deferred Tax Liabilities or assets in Subsidiary Companies.

2.25 Calculation of Earning per Share:

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
a.	Nominal value per share (in Rs.)	10	10
b.	Net Profit available for equity shareholders (Rupees in thousands)	4,073	114,897
c.	Weighted Average No. of Equity Shares (Nos.)	13,026,700	13,026,700
d.	Basic / Diluted EPS of Rs.10/- each (in Rs.)	0.31	8.82

2.26 Employee Benefits:

The Company has adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India [the 'revised AS 15'].

The disclosures as required under the revised AS 15 are as under:

Brief description of the Plans :

- a) The Company has two schemes for long-term benefits such as Provident Fund and Gratuity. In case of funded schemes, the funds are recognised by the Income Tax authorities and administered through trustees / appropriate authorities. The Company's defined contribution plan is Employees' Provident Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions. The Company's defined benefit plan is Gratuity.

- b) Contribution to Provident fund, pension fund and other funds under Employee benefits expenses are as under:

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
i)	Provident and pension fund	573	597
ii)	Employee State Insurance	214	243
	Total	787	840

- c) Based on statement received from Life Insurance Corporation of India (LIC), the following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss.

Rs. in Thousands

Sl. No.	Particulars	2011-12
i.	<i>Change in Defined Benefit Obligation</i>	
	Opening defined benefit obligation	3,064
	Current service cost	137
	Interest cost	245
	Actuarial loss / (gain)	46
	Benefits paid	(503)
	Closing defined benefit obligation	2,989

Rs. in Thousands

Sl. No.	Particulars	2011-12
ii.	<i>Change in fair value of assets</i>	
	Opening fair value of plan assets	4,755
	Expected return on plan assets	410
	Actuarial gain / (loss)	—
	Contributions by employer	34
	Benefits paid	(502)
	Closing fair value of plan assets	4,697
iii.	Actual return on plan assets	410
iv.	The major category of plan assets as a percentage of the fair value of total plan assets are as follows:	
	Investment with Insurer managed funds	100%
v.	<i>Amount recognised in the balance sheet</i>	
	Present value of obligations as at year end	2,989
	Less: Fair value of plan assets as at year end	4,697
	Net (asset) / liability recognised	(1,708)
vi.	<i>Expenses recognised in the Statement of profit and loss</i>	
	Current service cost	137
	Interest on defined benefit obligation	245
	Expected return on plan assets	(410)
	Net actuarial loss / (gain) recognised in the current year	46
	Total expense charged to statement of profit and loss	18
vii.	<i>Principal actuarial assumptions used</i>	
	Discount rate (p.a.)	8.00%
	Expected rate of return on plan assets (p.a.)	8.62%
	Rate of increase in compensation levels	3.50%
	Mortality table	LIC (1994-96)
	Retirement age	58 Years
viii.	<i>Experience adjustments</i>	
	Defined benefit obligation	2,989
	Plan assets	4,697
	Deficit / (surplus)	(1,708)
	Experience adjustments on plan liabilities	46
	Experience adjustments on plan assets	—
ix.	<i>Excess provision for gratuity reversed as on April 1, 2011</i>	
	Opening defined benefit obligation as per Books	4,429
	Opening present value of defined benefit obligation as per LIC Statement	(3,064)
	Excess provision reversed in the statement of profit and loss	1,365

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
x.	Data for defined gratuity benefit obligation and fair value of planned assets are as under:		
	Present value of defined benefit obligations at the end of the year	2,989	3,064
	Fair value of plan assets at the end of the year	4,697	4,755
	Net (assets) / liability at the end of year	(1,708)	(1,691)

Notes:

- i) The Company's liability towards gratuity to employees is covered by a group policy with LIC of India and contributions are charged to statement of profit and loss.
- ii) Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.

2.27 List of Related Parties with whom transactions are taken place during the year:

Name of the Party	Relationship
Associate Companies/Institutions	ICDS Securities Limited The Canara Land Investments Limited Bluecross Builders and Investors Limited MPL Enterprises Limited
Key Management Personnel and their Relatives	T. Mohandas Pai-Chairman and Whole-time Director T. Ashok Pai - Relative of Director H. N. S. Rao - Director

Details of the transactions :

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
a.	Reimbursement of expenses during the year		
	– Associate Companies		
	MPL Enterprises Limited	761	1,119
	Bluecross Builders and Investors Limited	–	27
b.	Inter corporate deposit received and repaid during the year		
	– Associate Companies		
	MPL Enterprises Limited	–	36,775
c.	Advances recovered during the year		
	– Associate Companies		
	MPL Enterprises Limited	26,048	67,719

Rs. in Thousands

Sl. No.	Particulars	2011-12	2010-11
d.	Investment in Equity Shares		
	– Associate Companies		
	ICDS Securities Limited	11,908	
e.	Outstanding balances as at March 31, 2012		
	Due from / (To)		
	– Associate companies		
	MPL Enterprises Limited	37,690	62,977
	Bluecross Builders and Investors Limited	23	(37)

- 2.28 Details of valuation of investments in Associate Companies as required by AS-23 “Accounting for Investments in Associates in Consolidated Financial Statement” are as follows:

Rs. in Thousands

Particulars	2011-12	2010-11
Name of the Associate : ICDS Securities Limited		
Ownership interest (%)	40.00%	40.00%
Original cost of investments	23,336	11,428
Amount of Goodwill	1,138	346
Share of post acquisition profits	6,027	7,447
Carrying cost of investments	29,363	18,875

Rs. in Thousands

Particulars	2011-12	2010-11
Name of the Associate : Bluecross Builders and Investors Limited		
Ownership interest (through Manipal Properties Limited) (%)	47.60%	47.60%
Original cost of investments	1,001	1,001
Amount of Goodwill *	–	–
Share of post acquisition loss *	(1,001)	(1,001)
Carrying cost of investments **	–	–

* The Company has not provided for goodwill in view of share of loss of an associate exceeds the carrying amount of the investment. Since the Company's share of losses of an associate exceeds the carrying amount of the investment, the Company has not recognised its share of further losses and the investment is reported at nil value. Additional losses are provided for to the extent that the Company has made payments during the year.

** Valuation of investments in Bluecross Builders and Investors Limited on the basis of provisional Financial Statements for the year ended March 31, 2012 in the absence of Audited financial statements of the Associate Companies.

2.29 Consolidated Segment Information

The Company has identified two reportable segments viz. Financial Services and Others

Rs. in Thousands

REVENUE	Financial Services	Others	Eliminations	Consolidated
External Sales	23,213	4,335		27,548
	141,932	2,815		144,747
Inter segment Sales	1,859	—	(1,859)	—
	1,345	—	(1,345)	—
Total Revenue	25,072	4,335	(1,859)	27,548
	143,277	2,815	(1,345)	144,747
RESULT				
Segment result	3,605	232	1,702	5,539
	124,042	(34)	751	124,759
Income Taxes and FBT (net credit)		(47)		(47)
	(9,600)	10		(9,590)
Profit Share of Associates	—	—	—	(1,419)
	—	—	—	(272)
Net Profit				4,073
	—	—	—	114,897

Other Information	Financial Services	Others	Eliminations	Consolidated
Segment Assets *	192,515	41,166	—	233,681
	208,988	41,564	—	250,552
Segment Liabilities*	228,190	1,904	—	230,094
	367,504	1,782	—	369,286
Capital Expenditure	—	—	—	—
	—	—	—	—
Depreciation & Lease Equalisation (net)	713	164	—	877
	802	164	—	966
Other Non Cash expenses	—	—	—	—
	—	—	—	—
Excess provision written back	4,386	—	(1,503)	2,883
	76,108	—	(1,135)	74,973
Provisions/Write offs	—	—	—	—
	944	—	—	944

* Net of inter-company balances

- Interest expenditure and interest income of company are not shown separately for financial services since the same are integral part of financial business.
- Geographical segment is not relevant for the company since it is not involved in exports.
- Previous year figures given in italics.

- 2.30 The Company has entered into certain cancellable operating lease agreements mainly for office premises and same has been charged to Statement of Profit and Loss amounting to Rs. 2,53 thousands (March 31, 2011: Rs.3,75 thousands).
- 2.31 In the opinion of the management, loans and advances, current and non current assets are good and recoverable and no provision is considered necessary.
- 2.32 The financial statements for the year ended March 31, 2011 had been prepared as per the pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No.: 101720W

Sd/-
C. D. Lala
Partner
Membership No.: 35671

Place: Mumbai
Date : May 30, 2012

For and on behalf of the Board
Sd/-
T. Mohandas Pai
Chairman & Whole-time Director

Sd/-
H. N. S. Rao
Director

Sd/-
Bharath K. Nayak
Director

Place: Manipal
Date : May 30, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

		Rs. in Thousands	
	Description	2011-12	2010-11
A)	Cash Flow from Operating Activities		
	Profit before tax	5,539	124,759
	Adjustments for:		
	Depreciation and amortization expense	877	966
	Interest expenses	4,892	4,647
	Loss on sale/Discard of fixed assets	13	103
	Profit on sale of fixed assets	(17)	(264)
	Interest on term deposits	(5,182)	(3,625)
	Other Interests	(14)	
	Dividends	(2,058)	(1,021)
	Excess Provision written back	(1,518)	(74,973)
	Excess Provision for gratuity reversed	(1,365)	—
	Provision/write offs	—	944
	Operating profit before working capital changes	1,167	51,536
	Adjustments for change in working capital		
	(Increase)/ decrease in Trade receivables	(105)	(1,888)
	(Increase)/ decrease in short term loans & advances	27,981	26,518
	(Increase)/ decrease in Inventories	862	4,602
	Increase/(decrease) in long term liabilities	—	(5,050)
	Increase/(decrease) in Trade Payables	(5,851)	3,887
	Increase/(decrease) in Other Current Liabilities	(964)	(8,067)
	Cash generated from operations	23,090	71,538
	Less: Interest paid	(8,155)	(79,083)
	Income Tax (paid)/refunded	(11,221)	(11,472)
	Net cash from/(used in) operating activities	3,714	(19,017)
B)	Cash Flow from Investing Activities		
	Purchase of Fixed and Leased Assets	(341)	(245)
	Sale of Fixed & Leased Assets	20	805
	Purchase of Investments	(11,908)	—
	Decrease/(increase) in restricted deposits/bank balances	3,312	(2,369)
	Interest received	3,932	3,751
	Dividend received	2,058	1,021
	Net cash from/(used in) investing activities	(2,927)	2,963
C)	Cash Flow from Financing Activities:		
	Proceeds/(redemption) of debentures	(16)	(59)
	Proceeds/(redemption) of Subordinated debts	(5)	(14)
	Proceeds/(payment) of Public Deposits	(111)	(67)
	Increase/(decrease) of Bank Borrowing	(61)	17,695
	Net Cash from/(used in) Financing Activities	(193)	17,555
	Net Increase/(Decrease) in Cash equivalents (A+B+C)	594	1,501
	Cash and Cash Equivalents at beginning of the Year	3,630	2,129
	Cash and Cash Equivalents at End of the Year	4,224	3,630

Notes: 1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements as referred to in Section 211(3C) of the Companies Act, 1956.

2. As referred in Note No. 2.32 the previous year figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

The notes referred to above form an integral part of the financial statements.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration No.: 101720W

Sd/-
C. D. Lala
Partner
Membership No.: 35671

Place : Mumbai
Date : May 30, 2012

For and on behalf of the Board

Sd/-
T. Mohandas Pai
Chairman & Whole-time Director

Sd/-
H. N. S. Rao
Director

Sd/-
Bharath K. Nayak
Director

Place : Manipal
Date : May 30, 2012

MANIPAL HOTELS LIMITED

Twenty forth Annual Report and Accounts for the year ended 31st March, 2012

BOARD OF DIRECTORS

Sri T. Mohandas Pai
Sri T. Satish U. Pai
Dr. Ramdas M. Pai

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty forth Annual Report and Audited Balance Sheet of the Company as at 31st March, 2012.

REVIEW OF OPERATIONS

During the year under report company did not do any worthwhile business and incurred a net loss of Rs.15,001/-.

DIRECTORS

During the year Dr. Ramadas M. Pai retires by rotation and being eligible offers himself for reappointment.

Particulars regarding conservation of energy and technology absorption : Nil

During the year Company's foreign exchange earnings and foreign exchange outgo: Nil

DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that

- applicable accounting standards had been followed in preparation of accounts under report.
- reasonable and prudent accounting policies have been selected and applied which gives a true and fair view of the state of affairs of the Company and of the Profit and Loss account of the company for the year under report.
- proper and sufficient care had been taken for maintaining of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company.
- accounts are prepared on a going concern basis.

AUDITORS

M/s Pai Nayak and Associates, Chartered Accountants, Udupi, the auditors of the Company will retire at the ensuing Annual General Meeting and eligible for reappointment.

For and on behalf of the Board

Sd/-

Sd/-

Place : Manipal
Date : 05-05-2012

T. MOHANDAS PAI
Director

T. SATISH U. PAI
Director

AUDITORS REPORT TO THE SHAREHOLDERS

To the Members,
MANIPAL HOTELS LIMITED

We have audited the attached Balance Sheet of Manipal Hotels Limited (the Company) as at 31st March, 2012, the annexed Statement of Profit & Loss and Cash Flow Statement of the Company for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that, we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A. Further to the comments in Paragraph B below, we report that

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books.
- The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by the report are in agreement with books of accounts.
- In our opinion the Statement of Profit & Loss, the Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we

report that none of the directors are disqualified as on 31st March, 2012 from being appointed as Director in terms of Clause (g) of Sub-Section 1 of Section 274 of the Companies Act, 1956.

- We are unable to comment on the ultimate recoverability of the amounts stated in Note 6 to the Balance Sheet under the head "Short term loans and advances" amounting in total Rs.94,88,931 (net of provisions). (P.Y. Rs.94,88,931 net of provisions.) The net worth of the Company would have been fully eroded, had the Company made full provision for these amounts and thereby raising a doubt about the Company to continue as a going concern. The account, however has been prepared on a "going concern basis" in view of management perception as detailed in Note No. 9.03 of Note 9.*
- In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the schedules and notes there on, subject to qualifications given in para f above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.

 - In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2012.
 - In the case of the Statement of Profit & Loss of the LOSS for the year ended on that date and
 - In the Case of the Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.
- As required by the Companies (Auditor's Report) Order 2003, issued by the Company Law Board under Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we further report that:

 - The Company does not own any fixed assets and therefore the question of commenting on the fixed assets, as required under clause 4(i) of the Order does not arise.
 - The Company does not hold any inventory at any time during the year under audit. Therefore the provisions of clause 4(ii) of the Order not applicable to the Company.
 - According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(iii) of the Order are not applicable to the Company.
 - In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, in respect of the expenses incurred and there are no continuing failures to correct major weakness in internal control system.
 - In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that needed to be entered into the register.
 - For the reasons given in subclause (a) above, the provisions of subclause (b) of clause (v) of Para 4 of the Order is not applicable.
 - The Company has not accepted any amount as deposits from the public. Therefore para 4 (vi) of the order not applicable.
 - The Company is not a listed company. The paid up capital and reserves of the company does not exceed Rs.50 lakhs at any time during the year. The average annual turnover of the Company for the immediately preceding 3 consecutive financial years, does not exceed Rs. 5 Crores. Therefore the provisions of clause 4(vii) of the order relating to internal audit not applicable to the Company.
 - The maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company, since no such records prescribed by the Central Government.
 - According to the information and explanations given to us, in respect of Statutory and other dues, the Company has been regular in depositing undisputed statutory dues as detailed in Clause 4(ix)(a) of the order, with the appropriate authorities. According to information and explanations given to us, there are no disputed liabilities remaining unpaid, on account of Income Tax/ Sales Tax/ Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess and therefore giving information as required under Clause 4(ix)(b) of the order does not arise.
 - The Company does not have accumulated losses as at the end of the year and the Company has incurred cash losses during the financial year under audit & in the immediate preceding financial year.
 - On the basis of audit conducted by us and according to the information & explanations given to us, the Company has not availed loans from Banks & Financial Institutions. Therefore the question of reporting therein as required by para 4(xi) of the order does not arise.
 - According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the question of reporting therein as required by para 4(xii) of the order does not arise.

MANIPAL HOTELS LIMITED

- xiii. In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xiv. The Company is not dealing in shares, securities, debentures and other investments. Therefore the question of giving comments as required under para 4(xiv) of the order does not arise. However the Company has maintained proper records for shares held as investments and the same have held in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. On the basis of verification of books of accounts and according to the information and explanations given to us, the Company has not availed any term loans. Therefore the question of commenting on utilization therein does not arise.
- xvii. According to the information and explanation given to us and on the basis of overall examination of the balance sheet of the Company, we report that funds raised on short-term basis prima facie have not been used for long-term investment.
- xviii. The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. The Company has not issued any debentures. Therefore the question of commenting on creation of security thereon does not arise.
- xx. The Company has not raised monies by public issues during the year and hence the question of disclosure and verification of end use of such monies does not arise.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Pai Nayak & Associates**
Chartered Accountants
Registration No.: 009090S

Place : MANIPAL
Date : 05-05-2012

Sd/-
CA Ananthanarayana Pai K.
Partner
M.No.: 24541

BALANCE SHEET AS ON 31-03-2012

Particulars	Note No.	31-03-2012	31-03-2011
		Rs.	Rs.
I. EQUITY AND LIABILITIES :			
1. Shareholders' Funds			
a) Share Capital	1	5,00,000	5,00,000
b) Reserves & Surplus	2	12,22,059	12,37,060
2. Share Application Money pending allotment		-	-
3. Non-current liabilities		-	-
4. Current liabilities			
Other Current Liabilities	3	78,02,565	77,87,792
TOTAL		<u>95,24,624</u>	<u>95,24,852</u>
II. ASSETS :			
1. Non-current assets			
Non-current investments	4	1,100	1,100
2. Current assets			
a) Cash and Cash Equivalents	5	34,593	34,821
b) Short term loans and advances	6	94,88,931	94,88,931
TOTAL		<u>95,24,624</u>	<u>95,24,852</u>
OTHER DISCLOSURES TO ACCOUNTS	9		

The notes are an integral part of these financial statements.

Sd/-
T. MOHANDAS PAI
Director

Sd/-
T. SATISH U. PAI
Director

As per our report of even date
For **Pai Nayak & Associates**
Chartered Accountants
Firm Registration No.: 009090S

Sd/-
CA ANANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place : Manipal
Date : 05-05-2012

Place : Manipal
Date : 05-05-2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-03-2012

Particulars	Note No.	2011-12	2010-11
		Rs.	Rs.
I. Revenue:			
Revenue from Operations		-	-
Other Income		-	-
TOTAL REVENUE		<u>-</u>	<u>-</u>
II. EXPENSES			
Other Expenses	7	15,001	7,853
TOTAL EXPENSES		<u>15,001</u>	<u>7,853</u>
Profit (Loss) Before Exceptional, Extraordinary items and Tax		<u>(15,001)</u>	<u>(7,853)</u>
Exceptional items		-	-
Profit (Loss) before Extraordinary items and Tax		<u>(15,001)</u>	<u>(7,853)</u>
Extraordinary Items		-	-
Profit (Loss) before tax		<u>(15,001)</u>	<u>(7,853)</u>
Tax expense		-	-
Profit (Loss) for the year		<u>(15,001)</u>	<u>(7,853)</u>
Earning per Equity Share (Equity share of Rs. 10/- each)	8		
Basic in Rs.Ps. (Negative)		(0.30)	(0.16)
Diluted in Rs.Ps. (Negative)		(0.30)	(0.16)
OTHER DISCLOSURES TO ACCOUNTS	9		

The notes are an integral part of these financial statements.

Sd/-
T. MOHANDAS PAI
Director

Sd/-
T. SATISH U. PAI
Director

As per our report of even date
For **Pai Nayak & Associates**
Chartered Accountants
Firm Registration No.: 009090S

Sd/-
CA ANANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place : Manipal
Date : 05-05-2012

Place : Manipal
Date : 05-05-2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	2011-2012	2010-2011
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before tax	(15,001)	(7,853)
Adjustment required	-	-
Operating profit before working capital changes	<u>(15,001)</u>	<u>(7,853)</u>
Adjustment for changes in Working Capital		
Decrease/(Increase) in Advances and Receivables	-	-
Decrease/(Increase) in Sundry Debtors	-	-
Increase/(Decrease) in other Current Liabilities	14,773	7,625
Cash generated from operations	<u>(228)</u>	<u>(228)</u>
Taxes Refund/(Paid)	-	-
Net Cash used in operating activities	<u>(228)</u>	<u>(228)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :	-	-
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Net Increase / (Decrease) in Cash and Cash Equivalents	(228)	(228)
Cash and Cash Equivalents (Opening Balance)	<u>34,821</u>	<u>35,049</u>
Cash and Cash Equivalents (Closing Balance)	<u>34,593</u>	<u>34,821</u>

Previous Year's figures are regrouped, rearranged and reclassified wherever necessary.

Cash Flow statement is being prepared under "Indirect Method" as laid down under Accounting Standard 3 of Companies (Accounting Standards) Rules, 2006.

Sd/-
T. MOHANDAS PAI
Director

Sd/-
T. SATISH U. PAI
Director

As per our report of even date
For **Pai Nayak & Associates**
Chartered Accountants
Firm Registration No.: 009090S

Sd/-
CA ANANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place : Manipal
Date : 05-05-2012

Place : Manipal
Date : 05-05-2012

MANIPAL HOTELS LIMITED

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2012

	31-03-2012 Rs.	31-03-2011 Rs.
NOTE 1:		
SHARE CAPITAL		
Authorised Capital:		
25,00,000 Equity Shares of Rs.10/- each	25,00,000	25,00,000
4,00,000 Redeemable Cumulative Preference Shares of Rs. 100 each	40,00,000	40,00,000
	<u>65,00,000</u>	<u>65,00,000</u>
Issued, Subscribed & Paid - up Capital:		
50,000 (P.Y. 50,000) Equity Shares of Rs. 10/- each fully paid up	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>

Note 1.01: Reconciliation of number of shares

	As at March 31, 2012		As at March 31, 2011	
	Number of Shares	Amount (Rs.)	Number of Shares	Amount (Rs.)
Equity Shares at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Adjustments during the year (Additions/ Deductions)	-	-	-	-
Equity Shares at the close of the year	50,000	5,00,000	50,000	5,00,000

Note 1.02: Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per each share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company (after distribution of all preferential amounts) in proportion to their shareholding. The Company has not issued any Preference Shares till the date of the Balance Sheet. Therefore the question of disclosing the relevant information in respect of preference shares does not arise.

	As at March 31, 2012 Amount (Rs.)	As at March 31, 2011 Amount (Rs.)
Note 1.03: Shares held by holding Company		
Equity Shares		
50000 (PY 50000) Equity Shares of Rs. 10/- each held by holding co.	5,00,000	5,00,000
ICDS Ltd. and its nominees		

Note 1.04: Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

	As at March 31, 2012		As at March 31, 2011	
Equity shares	Number of Shares	Percentage	Number of Shares	Percentage
ICDS Ltd. being holding company and its nominees	50000	100.00	50000	100.00

	31-03-2012 Rs.	Rs.	31-03-2011 Rs.
NOTE 2:			
RESERVES & SURPLUS			
Surplus in Statement of Profit & Loss			
Balance at the beginning of the year	12,37,060		12,44,913
Profit / (loss) for the Year	<u>12,22,059</u>		<u>12,37,060</u>
Less: Appropriations	-	12,22,059	-
		<u>12,22,059</u>	<u>12,37,060</u>

	Rs.	Rs.
NOTE 3:		
OTHER CURRENT LIABILITIES		
Amount due to Related Party:		
to Holding Company (ICDS Limited)	77,96,947	77,83,380
Liabilities for expenses	<u>5,618</u>	<u>4,412</u>
	<u>78,02,565</u>	<u>77,87,792</u>

	Rs.	Rs.
NOTE 4:		
NON CURRENT INVESTMENTS		
Investment in equity instruments		
Unquoted Shares (Non trade) (at cost)		
11 Shares of Rs.100/- each held in Manipal Properties Ltd.	1,100	1,100
(P.Y.: 11 shares of Rs.100 each)	<u>1,100</u>	<u>1,100</u>
Aggregate amount of unquoted investments	<u>1,100</u>	<u>1,100</u>

	Rs.	Rs.
NOTE 5:		
CASH AND CASH EQUIVALENTS		
a) Cash in hand	-	-
b) Balance with banks in Current Accounts	34,593	34,821
	<u>34,593</u>	<u>34,821</u>

	Rs.	Rs.
NOTE 6:		
Short term Loans and Advances (Unsecured)		
(balance after provisions considered good)		
Advances on Capital Account	1,35,18,333	1,35,18,333
	<u>1,35,18,333</u>	<u>1,35,18,333</u>
Less: Provision made for Doubtful assets	88,18,333	88,18,333
Other Advances	<u>6,70,598</u>	<u>6,70,598</u>
	<u>94,88,931</u>	<u>94,88,931</u>

	Rs.	Rs.
NOTE 7:		
OTHER EXPENSES		
Legal and Professional Charges	9,071	3,071
Remuneration to Auditors	5,618	4,412
For Statutory Audit	312	370
Miscellaneous Expenses	<u>15,001</u>	<u>7,853</u>

	Rs.	Rs.
NOTE 8:		
EARNING PER SHARE		
Loss as per Profit and Loss Account - A	(15,001)	(7,853)
Number of Equity Shares of Rs.10 each - B	50,000	50,000
Earning per Share (A/B) in Rs. Ps. : Basic (Negative)	(0.30)	(0.16)
Diluted (Negative)	(0.30)	(0.16)

NOTE: 9

OTHER DISCLOSURES TO ACCOUNTS (YEAR ENDING 31ST MARCH 2012)

9.01 Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the Balance Sheet and Statement of Profit and Loss for the year ended 31st March 2012 are prepared as per revised Schedule VI. The Company has prepared the aforesaid statements under pre-revised Schedule VI for the year ended 31st March 2011. Accordingly the previous year figures have been reclassified to conform to this year's classification.

9.02 Significant Accounting Policies :

Basis of Accounting: The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, mandatory Accounting Standards notified by the Companies (Accounting Standard) rule 2006 and the relevant provisions of Companies Act, 1956. The accounts are prepared under historic cost convention and all significant items of income & expenditure are accounted on accrual system of accounting.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon managements best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and estimates are being recognised in the period in which the results are known/materialised.

Investments: Long Term Investments are stated at cost. The Company has the policy of making provisions for diminution in the value of investments to recognise decline, other than temporary.

Taxes on Income: The Company has charged off the Current Income Tax (if any) to the Profit and Loss Account. Deferred Tax Assets/Liabilities (if any) recognised/provided in accordance with the Accounting Standard 22. Deferred tax (if any) is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date, on the timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax (if any) is recognised, subject to the considerations of prudence.

Segment Reporting: The Company is operating under one segment. Therefore Disclosure as to segment reporting not applicable.

Contingent Liabilities / Assets: Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Provisions not made in the account (which otherwise should have been made) are disclosed by way of appropriate note. Contingent liabilities (if any) are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Earning per share: Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. Diluted earning per share, if any is computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

Cash Flow Statement: Cash Flow Statement prepared under indirect method, in the manner prescribed in Accounting Standard 3.

9.03 Advances on capital account represent advance to a venture in hotel industry, the balance of which is subject to confirmation. The advance on capital account & other advances as stated in the Balance Sheet (net of provisions) is considered good and recoverable at the value as stated in the Balance Sheet. The Company's ability to continue as a "going concern," largely depends upon the recovery of amounts as aforesaid. The accounts have been prepared on a "going concern" basis. This is based on the assumption that the company will be able to recover the advance on capital account & other advances.

9.04 List of Related Parties with whom transactions are taken place during the year.

Holding Company: M/s ICDS Limited Manipal.

Associate Company: Manipal Properties Ltd. (Subsidiary of ICDS Ltd.)

Details of transactions are as follows:

	Rs. Current Year	Rs. Previous Year
Amount received company towards meeting expenses		
M/s ICDS Limited	13,567	7625
Amount due to Holding Company		
M/s ICDS Limited	77,96,947	77,83,380
Investment held in Associate Companies		
Manipal Properties Ltd. - 11 equity shares of Rs. 100/ each	1100	1100

Investment by Holding Company: The whole of the Equity Capital of the Company (i.e. 50000 equity shares P.Y.: 50000 equity shares) held by the Holding Company M/s ICDS Limited and its nominees).

No amount pertaining to the related parties has been provided for as doubtful debts/advances or written off/ written back during the year.

9.05 There are no dues to Micro, Small & Medium Enterprises at any time during the year, in the absence of notified registered dealer with the Company as per the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. Hence the further disclosure requirements as required under Micro, Small & Medium Enterprises Development Act, 2006 and also as per Schedule VI to the Companies Act, 1956 does not arise.

9.06 Provision for Current Tax not made, since there are no such liability under Income Tax Act, 1961. There are no deferred tax liabilities and deferred tax assets as on 31st March 2012.

9.07 In the opinion of the Board of Directors, the assets listed under the head Current Assets in the Balance Sheet, have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

Sd/- T. MOHANDAS PAI Director As per our report of even date For T. SATISH U. PAI Director

Firm Registration No.: 009090S

Sd/- CA ANANTHANARAYANA PAI K. Partner (M.No. 024541)

Place : Manipal Date : 05-05-2012 Place : Manipal Date : 05-05-2012

MANIPAL PROPERTIES LIMITED

Thirteenth Annual Report and Accounts for the year ended 31st March, 2012

BOARD OF DIRECTORS

1. Sri T. Satish U. Pai
2. Sri H. N. S. Rao
3. Sri S. P. Kini

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirteenth Annual Report and Audited Balance Sheet of the Company as at 31st March, 2012.

REVIEW OF OPERATIONS

During the year under report Company earned a total income of Rs.43,35,498/- incurred an expenditure of Rs.40,88,290/- and incurred a net loss of Rs.2,47,208/-.

DIRECTORS

During the year Mr. S. Panduranga Kini retires by rotation and being eligible offers himself for reappointment.

Particulars regarding conservation of energy and technology absorption: Nil

During the year Company's foreign exchange earnings and foreign exchange outgo: Nil

SECRETARIAL COMPLIANCE CERTIFICATE

The Company appointed Mr. S. Ramachandra Bhat, Practicing Company Secretary for the certificate of compliance under Section 383A (1) of the Companies Act, 1956 for the financial year 2011-12. The Certificate is attached with the Directors' Report.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that –

- a) Applicable accounting standards had been followed in preparation of accounts under report.
- b) Reasonable and prudent accounting policies have been selected and applied which gives a true and fair view of the state of affairs of the Company and of the Profit and Loss Account of the company for the year under report.
- c) Proper and sufficient care had been taken for maintaining of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company.
- d) Accounts are prepared on a going concern basis.

AUDITORS

M/s Pai Nayak and Associates, Chartered Accountants, Udipi, the auditors of the Company will retire at the ensuing Annual General Meeting and eligible for reappointment.

For and on behalf of the Board

Place : Manipal	Sd/-	Sd/-
Date : 05-05-2012	H. N. S. RAO	T. SATISH U. PAI
	Director	Director

COMPLIANCE CERTIFICATE

To

The Members
Manipal Properties Ltd.
Regd. Office: 1st Floor
Auras Corporate Centre
No. 98A, Dr. Radhakrishnan Salai
Mylapore Chennai – 600 004

Dear Sir,

I have examined the registers, records, books and papers of Manipal Properties Ltd. as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Companies Act, 1956 and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a public limited Company has the minimum prescribed paid up capital.
4. The Board of directors met 4 times on 28th May, 2011, 29th August, 2011, 28th November, 2011 and 30th March, 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The 13th Annual General Meeting for the financial year ended on 31.3.2011 was held on Saturday, the 19th day of September, 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

11. As there has not been any instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate Share certificates during the financial year.
13. The Company has:
 - i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer in accordance with the provisions of the Act.
 - ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) not declared any dividend during the financial year - therefore no warrants were posted to any members.
 - iv) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has neither appointed a managing director/whole-time director nor a manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any Equity shares, debentures or other Securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the preview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not given any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny and complied with provisions of the Act.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company does not have any employees at present; therefore, Provisions of PF Act are not applicable.

Place : Manipal,
Date : 25-05-2012

ANNEXURE – A

Name of the Company : Manipal Properties Limited
Company CIN : U45201TN1999PLC043271
Nominal Capital : Rs.10,00,000/-
Paid Up Capital : Rs.10,00,000/-

Registers as maintained by the Company:

1. Register of Members u/s 150
2. Copies of Annual Returns u/s 159
3. Minutes of Board Meetings/Annual General Meetings/Extra Ordinary General Meetings u/s 193
4. Register of Contracts under Section 301
5. Register of Directors u/s 303
6. Books of Accounts under Section 209
7. Register of Directors Shareholdings Pursuant to Section 307 of Companies Act

ANNEXURE – B

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March 2012 within the stipulated time period without any delay in filing:

1. Form 66 in respect of Compliance Certificate u/s 383 A vide SRN P70995956 dated 26/09/2011.
2. Form 23AC XBRL and 23ACA XBRL in respect of Annual Report containing Directors Report, Auditors Report, Balance Sheet and Profit and Loss Account for the financial year ended 31st March 2011 vide SRN P83422790 dtd. 20-12-2011.
3. Form 20B in respect of Annual Return u/s 159 vide SRN P78817285 dtd.11/11/2011.

Place : Manipal
Date : 25-05-2012

Sd/-
S. Ramachandra Bhat
Company Secretary
FCS No. 4441
CP No.: 5421

MANIPAL PROPERTIES LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS

To the Members,

MANIPAL PROPERTIES LIMITED

We have audited the attached Balance Sheet of Manipal Properties Limited (the Company) as at 31st March 2012, the annexed Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date. 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

A. Further to the comments in Paragraph B below, we report that

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books.
- The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by the report are in agreement with books of accounts.
- In our opinion the Statement of Profit & Loss, the Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as Director in terms of Clause (g) of Sub-Section 1 of Section 274 of the Companies Act, 1956.
- The Company has not made any provision for the diminution in value of Investments in Blue Cross Builders & Investors Limited Rs.10,00,950/- (P.Y. Rs.10,00,950) for the reasons as given in Note No. 15.07 of Note 15. However we are unable to express our opinion on the ultimate realizable value of the aforesaid Investments considering the fact that the net worth of the investee company is fully eroded. We further report that the Company would have incurred loss, if due provision for the diminution in value of aforesaid investment made in the accounts.
- In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the schedules and notes there on, subject to qualifications given in para f above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.
 - In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2012.
 - In the case of the Statement of Profit and Loss the PROFIT for the year ended on that date and
 - In the Case of the Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.

B. As required by the Companies (Auditor's Report) Order 2003, issued by the Company Law Board under Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we further report that:

- In respect of its fixed assets,
 - The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no discrepancies were noticed on such verification.
 - The Company has not disposed off the Fixed Assets during the year under audit. Therefore the question of commenting on going concern (in consequence of disposal of fixed assets) does not arise.
- The Company does not hold any inventory at any time during the year under audit. Therefore the provisions of clause 4(ii) of the Order not applicable to the Company.
- According to the information and explanations given to us, the Company has not granted/ taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(iii) of the Order are not applicable to the Company.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase & sale of fixed assets and in respect of the income earned and there are no continuing failures to correct major weakness in internal control system.
- In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956,
 - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that needed to be entered into the register.
 - For the reasons given in subclause (a) above, the provisions of subclause (b) of clause (v) of Para 4 of the Order is not applicable.
- The Company has not accepted any amount as deposits from the public. Therefore para 4 (vi) of the order not applicable.
- The Company is not a listed company. The paid up capital and reserves of the company does not exceed Rs.50 lakhs at any time during the year. The average annual turnover of the Company for the immediately preceding 3 consecutive financial years, does not exceed Rs. 5 Crores. Therefore the provisions of clause 4(vii) of the order relating to internal audit not applicable to the Company.
- The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company, since no such records prescribed by the Central Government.
- According to the information and explanations given to us, in respect of Statutory and other dues, the Company has been regular in depositing undisputed statutory dues as detailed in

Clause 4(ix)(a) of the order, with the appropriate authorities. According to information and explanations given to us, there are no disputed liabilities remaining unpaid, on account of Income Tax/ Sales Tax/ Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess and therefore giving information as required under Clause 4(ix)(b) of the order does not arise.

- The Company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year under audit & in the immediate preceding financial year.
- On the basis of audit conducted by us and according to the information & explanations given to us, the Company has not availed loans from Banks & Financial Institutions. Therefore the question of reporting therein as required by para 4(xi) of the order does not arise.
- According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- The Company is not dealing in shares, securities, debentures and other investments. Therefore the question of giving comments as required under para 4(xiv) of the order does not arise. However the Company has maintained proper records for shares held as investments and the same have held in its own name.
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- On the basis of verification of books of accounts and according to the information and explanations given to us, the Company has not availed any term loans. Therefore the question of commenting on utilization therein does not arise.
- According to the information and explanation given to us and on the basis of overall examination of the balance sheet of the Company, we report that short term funds (of the nature "Current Liabilities") have been used for Long Term Investment in Fixed Assets & Investments to the extent of Rs.2,89,30,236 (P.Y. Rs. 2,92,94,225).
- The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- The Company has not issued any debentures. Therefore the question of commenting on creation of security thereon does not arise.
- The Company has not raised monies by public issues during the year and hence the question of disclosure and verification of end use of such monies does not arise.
- To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Pai Nayak & Associates**
Chartered Accountants
Registration Number: 009090S

Sd/-
CA Ananthanarayana Pai K.
Partner
M. No.: 24541

Place: Manipal
Date: 05-05-2012

BALANCE SHEET AS ON 31-03-2012

Particulars	Note No.	31-03-2012 Rs.	31-03-2011 Rs.	Rs.
I. EQUITY AND LIABILITIES :				
1. Shareholders' Funds				
a) Share Capital	1	10,00,000	10,00,000	
b) Reserves & Surplus	2	2,55,898	55,795	10,55,795
2. Share Application money pending allotment				-
3. Non-current liabilities				-
4. Current liabilities				
Other current liabilities	3	3,33,32,031	3,20,28,763	
TOTAL		3,45,87,929	3,30,84,558	
II. ASSETS :				
1. Non-current assets				
a) Fixed Assets	4	2,91,85,184	2,93,49,070	
b) Non-current investments	5	10,00,950	10,00,950	3,03,50,020
2. Current assets				
a) Trade Receivable	6	3,88,224	2,83,635	
b) Cash and Cash Equivalents	7	20,68,995	2,35,231	
c) Short term loans and advances	8	19,44,576	44,01,795	22,15,672
TOTAL		3,45,87,929	3,30,84,558	
OTHER DISCLOSURES TO ACCOUNTS	15			

The Notes are an integral part of these financial statements.

Sd/-
T. SATISH U. PAI
Director

Sd/-
H. N. S. RAO
Director

As per our report of even date
For **Pai Nayak & Associates**
Chartered Accountants
Firm Registration No.: 009090S

Sd/-
CA NANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place: Manipal
Date: 05-05-2012

Place: Manipal
Date: 05-05-2012

MANIPAL PROPERTIES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-03-2012

Particulars	Note No.	2011-12		2010-11		As at March 31, 2012 Amount (Rs.)	As at March 31, 2011 Amount (Rs.)
		Rs.	Rs.	Rs.	Rs.		
I. REVENUE							
Revenue from Operations	9	43,21,348		28,11,427			
Other Income	10	14,150		3,206			
TOTAL REVENUE		43,35,498		28,14,633			
II. EXPENSES							
Depreciation and amortization expense	11	1,63,886		1,63,886			
Finance costs	12	35,61,135		20,96,105			
Other Expenses	13	3,63,269		5,80,822			
TOTAL EXPENSES		40,88,290		28,40,813			
Profit (Loss) Before		2,47,208		- 26,180			
Exceptional and Extraordinary items and Tax							
Exceptional items		-		-			
Profit (Loss) Before		2,47,208		- 26,180			
Extraordinary items and Tax							
Extraordinary items		-		-			
Profit before tax		2,47,208		- 26,180			
Tax expense							
a) Current Income Tax		47,105		-			
b) Income Tax Prior Period reversed		-		- 10,197			
c) Deferred Tax Adjustments		-	47,105	-	- 10,197		
Profit (Loss) for the year		2,00,103		- 15,983			
Earning per Equity Share (Equity Share of Rs. 10/- each)	14						
Basic (P. Y.: Negative)		20.01		(1.60)			
Diluted (P. Y.: Negative)		20.01		(1.60)			
OTHER DISCLOSURES TO ACCOUNTS	15						

The Notes are an integral part of these financial statements. As per our report of even date
Sd/-
T. SATISH U. PAI **H. N. S. RAO** For **Pai Nayak & Associates**
Director Director Chartered Accountants
Firm Registration No.: 009090S
Sd/-
CA NANTHANARAYANA PAI K.
Partner (M.No. 024541)
Place : Manipal
Date : 05-05-2012

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2012

	31-03-2012	31-03-2011
	Rs.	Rs.
NOTE 1:		
SHARE CAPITAL		
Authorised Capital :		
10,000 Equity Shares of Rs.100/-each	10,00,000	10,00,000
Issued,Subscribed & Paid - up :		
10,000 (P. Y. 10,000) Equity Shares of Rs. 100/- each fully paid-up	10,00,000	10,00,000
	10,00,000	10,00,000
Note 1.01: Reconciliation of number of shares		
	As at March 31, 2012	As at March 31, 2011
EQUITY SHARES	Number of shares	Amount (Rs.)
Balance as at the beginning of the year	10,000	10,000
Additions/deletions during the year	-	-
Balance as at the end of the year	10,000	10,000
Note 1.02: Rights, preferences and restrictions attached to shares		
Equity Shares: The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per each share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company (after distribution of all preferential amounts) in proportion to their shareholding.		
NOTE: 4		

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31st March, 2011	Additions	Sale/Tfr	As at 31st March, 2012	As at 31st March, 2011	Additions	Sale/Tfr	As at 31st March, 2012	As at 31st March, 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	2,14,65,645	-	-	2,14,65,645	-	-	-	2,14,65,645	2,14,65,645
Office Premises	1,00,54,350	-	-	1,00,54,350	21,70,925	1,63,886	-	23,34,811	77,19,539
Total	3,15,19,995	-	-	3,15,19,995	21,70,925	1,63,886	-	23,34,811	2,91,85,184
Previous year	3,15,19,995	-	-	3,15,19,995	20,07,039	1,63,886	-	21,70,925	2,95,12,956

Note: 4.01: Land Represent proportionate undivided share of land for the office premises owned.
4.02: The company is in the process of getting the property (the whole of fixed assets as detailed in the above note), acquired under the Scheme of Arrangement (as sanctioned by Hon'ble High Court of Karnataka vide order dated 25th August 2000) transferred in its own name.

MANIPAL PROPERTIES LIMITED

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

	Rs.	Rs.
NOTE 9:		
OPERATING INCOME		
Rent on Premises	43,21,348	28,11,427
NOTE 10:		
OTHER INCOME		
Interest on Income Tax refund	14,150	-
Miscellaneous Income	-	3,206
	<u>14,150</u>	<u>3,206</u>
NOTE 11:		
DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation on Tangible Assets (Refer Note: 4)	1,63,886	1,63,886
	<u>1,63,886</u>	<u>1,63,886</u>
NOTE 12:		
FINANCE COST		
Interest Paid (To Holding Company)	35,61,135	20,96,105
	<u>35,61,135</u>	<u>20,96,105</u>
NOTE 13:		
OTHER EXPENSES		
Legal and Consultation Charges	17,668	10,918
Rates and Taxes	3,10,924	3,08,524
Repairs and Maintenance - Building	8,263	2,40,511
Remuneration to Auditors		
For Statutory Audit	16,584	13,236
For Consultation	928	928
Miscellaneous Expenses	9,002	6,805
	<u>3,63,269</u>	<u>5,80,822</u>
NOTE 14:		
EARNING PER SHARE		
Profit (Loss) for the year as per statement of profit and loss account	200,103	(15,983)
Number of Equity Shares of Rs. 10 each	10,000	10,000
Earning per share (A/B) in Rs. Ps. : Basic (P. Y.: Negative)	20.01	(1.60)
Diluted (P. Y.: Negative)	20.01	(1.60)
NOTE: 15		

OTHER DISCLOSURES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

15.01 Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the Balance Sheet & Statement of Profit and Loss for the year ended 31st March 2012 are prepared as per revised Schedule VI. The Company has prepared the aforesaid statements under pre-revised Schedule VI for the year ended 31st March 2011. Accordingly the previous year figures have been reclassified to conform to this year's classification.

15.02 Significant Accounting Policies :

Basis of Accounting: The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, mandatory Accounting Standards notified by the Companies (Accounting Standard) rule 2006 and the relevant provisions of Companies Act, 1956. The accounts are prepared under historic cost convention and all significant items of income & expenditure are accounted on accrual system of accounting.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon managements best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and estimates are being recognised in the period in which the results are known/materialised.

Fixed Assets & Depreciation: Fixed Assets are stated at Original Cost less Depreciation.

Depreciation is provided on straight line method at the rates and in the manner specified in the Schedule XIV to the Companies Act, 1956.

Investments: Long Term Investments are stated at cost. The Company has the policy of making provisions for diminution in the value of investments to recognise decline, other than temporary.

Borrowing costs: Borrowing costs are recognised as an expense in the year in which they are incurred except which are directly attributable to acquisition/construction of qualifying fixed assets, till the time such assets are ready for use, in which case the borrowing costs are capitalised as part of the cost of the asset.

Tax on Income: The Company has charged off the Current Income Tax to the Profit and Loss Account. Deferred Tax Assets/Liabilities recognised/provided in accordance with the Accounting Standard 22. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date, on the timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax is recognised, subject to the considerations of prudence.

Cash Flow Statement: Cash Flow Statement prepared under indirect method, in the manner prescribed in Accounting Standard 3.

Segment Reporting: The Company is operating under one segment. Therefore Disclosure as to segment reporting not applicable.

Contingent Liabilities/Assets: Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Provisions not made in the account (which otherwise should have been made) are disclosed by way of appropriate note. Contingent liabilities (if any) are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Earning per share: Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. Diluted earning per share, if any is computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

Accounting for Leases: Income by rent on premises given on operating cancelable lease, recognised over the period of lease on month to month basis.

Impairment of Assets: The Company has framed the policy of impairing the asset, when carrying value of the assets exceeds its recoverable amount, under the circumstances when the Company is having the sources of information (whether internal or external) that an impairment loss may have occurred. Accordingly, impairment losses will be charged to profit and loss account in the year in which an asset is identified as impaired. The impairment losses recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

15.03 Provision for Current Tax is arrived at on the basis of Computation made u/s 115JB of Income Tax Act, 1961. There are no Deferred Tax Liabilities. The Company has not recognised the deferred tax credit (pertaining to losses to be carry forward under the head House Property & Business) as a matter of prudence. The MAT Credit entitlement is not recognised as the asset, as a matter of prudence.

15.04 List of Related Parties with whom transactions are taken place during the year.

Holding Company : M/s ICDS Limited, Manipal		
Associate Concern: M/s Blue Cross Builders and Investors Limited, Manipal		
M/s Manipal Hotels Ltd., Chennai		
Details of transactions are as follows:		
	Rs.	Rs.
	Current Year	Previous Year
A. Interest to Holding Company		
M/s ICDS Limited	35,61,135	20,96,105
B. Amount due to Holding Company		
M/s ICDS Limited	3,14,34,333	3,02,51,722
C. Amount repaid to Holding Company (net) (after considering the interest charged and net off, amount received for meeting expenses)	20,22,410	15,23,016
D. Investment held in Equity Shares of Associate Concern: M/s Blue Cross Builders and Investors Limited (No. of Shares held: 99970 of Rs. 10 each (P. Y. 99970 shares of Rs.10 each))	10,00,950	10,00,950
(All the shares were Purchased from third party)		
E. Investment by Holding Company & Associate Concerns		
Number of Equity shares of Rs.100 each of the company Held by : i. Holding Company viz.: ICDS Ltd.	9989	(P. Y. 9989)
ii. Associate Company viz.: Manipal Hotels Ltd.	11	(P. Y. 11)
No amount pertaining to the related parties has been provided for as doubtful debts/advances or written off/ written back during the year.		

15.05 The Company is operating under one segment. Therefore Disclosure as to segment reporting not applicable.

15.06 There are no dues to Micro, Small & Medium Enterprises at any time during the year, in the absence of notified registered dealer with the Company as per the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. Hence the further disclosure requirements as required under Micro, Small & Medium Enterprises Development Act, 2006 and also as per Schedule VI to the Companies Act, 1956 does not arise.

15.07 No provision for the diminution in the value of the investments is being made, since the management of the Company is of the opinion that such decline in the value is temporary.

15.08 Rental Income as per Note: 9 represent, rent received on premises given on cancelable operating lease.

15.09 The management is of the opinion that the carrying cost of the assets does not exceed its recoverable amount. Further the Company does not have any information whether internal or external, that indicates that "impairment loss may have occurred". Accordingly the question of impairment of assets does not arise.

15.10 In the opinion of the Board of Directors, the assets listed under the head Current Assets in the Balance Sheet (viz. assets covered under Note No. 6, 7 & 8), have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

Sd/-	Sd/-	As per our report of even date
T. SATISH U. PAI	H. N. S. RAO	For Pai Nayak & Associates
Director	Director	Chartered Accountants
		Firm Registration No.: 0090905
		Sd/-
		CA NANTHANARAYANA PAI K.
		Partner (M.No. 024541)
		Place: Manipal
		Date: 05-05-2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

A. CASH FLOW FROM OPERATING ACTIVITIES :	2011-2012	2010-2011
Net Profit/ (Loss) before tax	2,47,208	(26,180)
Adjustment for :		
Interest Income	(14,150)	-
Depreciation	1,63,886	1,63,886
Interest Paid	35,61,135	20,96,105
	<u>37,10,871</u>	<u>22,59,991</u>
Operating profit before working capital changes	39,58,079	22,33,811
Adjustment for changes in Working Capital		
Decrease/(Increase) in Advances and Receivables	(1,04,589)	(1,13,166)
Increase/(Decrease) in Trade and Other Payables	13,03,268	2,30,242
	<u>11,98,679</u>	<u>1,17,076</u>
Cash generated from operations	51,56,758	23,50,887
Taxes Refund/(Paid)	2,23,991	(2,86,503)
Net Cash flow from/(used in) operating activities	53,80,749	20,64,384
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Interest Received	14,150	-
Net cash flow from investing activities	14,150	-
	<u>53,94,899</u>	<u>20,64,384</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Interest paid	(35,61,135)	(20,96,105)
Net cash flow from investing activities	(35,61,135)	(20,96,105)
Net Increase / (Decrease) in Cash and Cash Equivalents	1,833,764	(31,721)
Cash and Cash equivalents(Opening Balance)	2,35,231	2,66,952
Cash and Cash equivalents(Closing Balance)	<u>20,68,995</u>	<u>2,35,231</u>

Previous Year's figures are regrouped, rearranged and reclassified wherever necessary. Cash Flow statement is being prepared under "Indirect Method" as laid down under Accounting Standard 3 of Companies (Accounting Standards) Rules 2006.

Sd/-	Sd/-	As per our report of even date
T. SATISH U. PAI	H. N. S. RAO	For Pai Nayak & Associates
Director	Director	Chartered Accountants
		Firm Registration No.: 0090905
		Sd/-
		CA NANTHANARAYANA PAI K.
		Partner (M.No. 024541)
		Place: Manipal
		Date: 05-05-2012



Regd. Office: Syndicate House, Manipal – 576 104

PROXY FORM

FORTYFIRST ANNUAL GENERAL MEETING

I/We of in the District of being a member/members of the above named Company, hereby appoint of in the District of or failing him of in the District of as my/our proxy to attend and vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held at 4.00 p.m. on Monday, the 27th August, 2012 and at any adjournment thereof.

Signed this day of 2012.

Folio No. :

No. of Shares :

Strike out whichever is not desired.

Affix
Re. 1/-
Revenue
Stamp

(Signature)

Note: The Proxy Form duly signed across the revenue stamp of Re. 1/- should reach the Company's Registered Office at least 48 hours before the time of meeting.

CUT HERE



Regd. Office: Syndicate House, Manipal – 576 104

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Full Name of the Member attending (IN BLOCK LETTERS)

Full Name of the First Holder

(To be filled in if first named Holder does not attend Meeting)

Name of the Proxy

(To be filled in if the Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Fortyfirst Annual General Meeting of the Members of the Company to be held on Monday, the 27th August, 2012 at 4.00 p.m. at the Rotary Hall, Anant Nagar, Manipal – 576 104.

Regd. Folio No.:

No. of Shares held:

Member's/Proxy's Signature

(To be signed at the time of handing over the slip)

If undelivered please return to :



Syndicate House
MANIPAL – 576 104