

29th  
*Annual Report*

---

**2011-2012**



**Manipal Finance Corporation Ltd.**

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Regd. Office : Manipal House, Manipal - 576 104, Karnataka

**Managing Director**

Sri T. NARAYAN M. PAI

**Registered Office**

MANIPAL HOUSE  
MANIPAL – 576 104, KARNATAKA

**Directors**

Sri RAGHAVENDRA NAYAK  
Sri CHANDAPPA R. SHERIGAR

**Bankers**

SYNDICATE BANK  
CORPORATION BANK  
ICICI BANK LTD.

**General Manager**

Sri T. SANJAY PAI

**Auditors**

M/s Pai Nayak & Associates  
Chartered Accountants  
Raaj Towers  
Udupi – 576 101

**Registrar and Share Transfer Agents  
(For Physical and Demat Shares)**

Cameo Corporate Services Ltd.  
V Floor, Subramanian Building  
No. 1, Club House Road  
Chennai – 600 002

## NOTICE

**NOTICE** is hereby given that the TWENTY-NINTH ANNUAL GENERAL MEETING of the members of MANIPAL FINANCE CORPORATION LTD., will be held on Friday, the 17<sup>th</sup> August, 2012 at 3.30 p.m. at the Company's Regd. Office: "Manipal House", Manipal - 576 104, Udupi District, Karnataka, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri Raghavendra Nayak, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

4. To consider and, if thought fit to pass, with or without modification, the following resolution as an *Special Resolution*:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 and in terms of Articles of Association of the Company the reappointment of Sri T. Narayan M. Pai, as Managing Director of the Company for a further period of 5 years with effect from 01.01.2013 without any remuneration and perquisites be and is hereby approved.

RESOLVED FURTHER THAT Sri T. Narayan M. Pai, Managing Director shall not be liable to retire by rotation during the period he holds the position as Managing Director."

By order of the Board

Registered Office:  
"Manipal House"  
Manipal – 576 104  
30<sup>th</sup> May, 2012

Sd/-  
**T. NARAYAN M. PAI**  
Managing Director

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of proxy in order to be effective must be deposited with the Company at its registered office not less than 48 hours before the time of holding the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 13<sup>th</sup> August, 2012 to 17<sup>th</sup> August, 2012 (both days inclusive).
4. Members are requested to address all their future correspondence including change of address, Transfer of Shares, consolidation of multiple ledger folios and Dematerialisation etc., to the Company's Registrar & Share Transfer Agent, Cameo Corporate Services Ltd., Subramanian Building, No.1, Club House Road, Chennai – 600 002, Tel. No. 044 28460390 Fax: 044 28460129.
5. The Company transferred unclaimed dividend declared upto the financial year ended 31<sup>st</sup> March, 1995 to the General Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from Registrar of Companies, Karnataka, Bangalore.

The Company has transferred the unclaimed dividend for the financial year ended 31.03.1996 and 31.03.1997 to Investor Education and Protection Fund set up by the Central Govt. and no claims shall be lie against the Fund or the Company in respect of the amounts so transferred.

6. As prescribed under the Listing Agreement, additional information on Directors retiring by rotation and seeking reappointment at the Annual General Meeting is furnished below:

Name	:	Raghavendra Nayak
Date of Birth	:	06.04.1973
Date of appointment	:	26.02.2007
Expertise in specific functional areas	:	Associated with NBFCs for over 10 years.
List of other Directorships	:	NIL
Chairman/Member of the committees of the Board	:	Member : Shareholders Grievance Committee Member : Audit Committee Member : Remuneration Committee Member : Working Committee
Chairman/Member of the committees of the Board of other Companies in which he is member	:	Nil

## **Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956.**

### **Item No.4**

Sri T. Narayan M. Pai, holds the position of Managing Director of the Company since 1<sup>st</sup> January, 1988. The term of his reappointment as Managing Director approved in the General Meeting held on 01.04.2008 will expire on 31<sup>st</sup> December, 2012. The Board in its Meeting held on 30.05.2012, reappointed Sri T. Narayan M. Pai as Managing Director for a further period of 5 years with effect from 01.01.2013 without remuneration as set out in Resolution No.4, subject to obtaining necessary approval from the shareholders in this behalf in the Annual General Meeting. His reappointment as Managing Director for a further period is beneficial in the interest of the Company.

Hence, the resolution in item No.4 of the Notice is being proposed for the consideration of the members.

The Board recommends that this resolution may be passed.

Except Sri T. Narayan M. Pai, Managing Director, none of the Directors is concerned/interested in the Resolution.

Registered Office:  
"Manipal House"  
Manipal – 576 104  
30<sup>th</sup> May, 2012

By order of the Board

*Sd/-*  
**T. NARAYAN M. PAI**  
*Managing Director*

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the 29<sup>th</sup> Annual Report of your company together with Audited Balance Sheet and Profit & Loss Account for the financial year ended 31<sup>st</sup> March 2012.

### FINANCIAL RESULTS :

	<i>(Rs. In '000)</i>	
	<b>31<sup>st</sup> March, 2012</b>	31 <sup>st</sup> March, 2011
Gross Income	<b>10124</b>	2067
Interest	-	-
Administrative and other Expenses	<b>2186</b>	2339
Net Profit /(Loss) before Depreciation, Lease Equalisation, provision for doubtful debts and bad debts written off	<b>7938</b>	(272)
Less: Depreciation	<b>6829</b>	6893
Add: Lease Adjustment (Credit)	<b>(5857)</b>	(5857)
Less: Provisions & write offs of debts (net)	<b>(9059)</b>	5120
Loss before Tax and extra-ordinary items	<b>16025</b>	(6428)
Extra-ordinary Items	<b>4125</b>	3691
Profit (Loss) before provision for taxation	<b>20150</b>	(2737)
Provision for Taxation including Fringe Benefit Tax	-	1169
Profit/(Loss) after provision for taxation	<b>20150</b>	(3906)
Add: Balance of Loss b/f from previous year	<b>(671964)</b>	(668058)
Net Loss carried forward	<b>(651814)</b>	(671964)

### OPERATING RESULTS:

The Company has earned a gross income of Rs.10124 thousands as compared to the income of Rs.2067 thousands earned during previous year ended 31.03.2011. The Increase in income is due to settlement of the dues to the Company, which has resulted in operating income of Rs.3402 thousands and Bad debts recovered Rs.5134 thousands.

The Company has earned net profit of Rs.20150 thousands for the year under report as against net loss of Rs.3906 thousands earned in the previous year. The results of the Company has turned positive due to the recovery of dues which resulted in reversal of provisions, recovery of bad debts written off, earning of operative income etc. and also on account of settlement of debts of the Company at the discounted rates

### RECOVERY:

The Company has been making serious efforts to recover from NPA Accounts. The trend of recovery from such accounts is encouraging. The Company has recovered a sum of Rs.9604 thousands from NPA Accounts during the financial year ended 31<sup>st</sup> March, 2012.

### COST REDUCTION AND ECONOMY MEASURES:

Steps have been initiated for drastic reduction of costs in various fronts. Overheads under various expenditure heads such as telephone, postage, rent, wages and salary have been minimised to a great extent. Cost reduction measures are being initiated from time to time for implementation on a time bound programme.

### SCHEME OF COMPROMISE/ARRANGEMENT WITH THE CREDITORS:

During the year ending 31<sup>st</sup> March, 2005 the Scheme of Compromise and Arrangement under Section 391 of the Companies Act, 1956 to effect the restructure of Company's debts particularly Debentures and subordinated debts of the Company was framed and presented before the Honorable High Court of Karnataka. Accordingly, the meeting of the Shareholders, Debenture Holders and Subordinated Debt holders were held on 20<sup>th</sup> April, 2005. The scheme as proposed had provided for payment of principal in a phased manner over 60 months from effective

date and payment of interest accrued till 30<sup>th</sup> June, 2002 within 72 months from the effective date. The Scheme as proposed do not provide for accrual of interest after 30<sup>th</sup> June, 2002. (For the above purpose the effective date means the date on which the Order of High Court of Karnataka sanctioning the Scheme of Arrangement is filed with the Registrar of Companies in Karnataka.)

On 10<sup>th</sup> July 2009, Honorable High Court of Karnataka has directed the Company to submit the details of payments made to Non-Convertible Debenture holders and subordinated debt holders from 1<sup>st</sup> April, 2005. Accordingly the details were furnished to Honorable Court. It was submitted before the Honorable Court that the Company has settled substantial portion of Non-Convertible Debentures and Subordinated Debts and it was therefore felt that the scheme requires to be changed having regard to the settlements already made and quantum of non-convertible debentures and subordinated debts remaining to be settled. Therefore the Company had proposed to withdraw the scheme of arrangement from the Honorable High Court of Karnataka, with an option to present a new scheme of arrangement. The Honorable High Court of Karnataka has permitted the Company to withdraw the petition, with liberty to file a fresh petition, vide its order dated 28<sup>th</sup> October, 2009. Accordingly, the Company is exploring the possibility of proposing a fresh petition to be filed before the Honorable High Court of Karnataka.

#### **PUBLIC DEPOSITS:**

Fixed Deposits from public outstanding as at 31<sup>st</sup> March, 2012 were Rs. 2641 thousands consisting of 123 deposits. They are due for repayment on or before 31<sup>st</sup> March, 2012. 5 deposits matured on or before 31<sup>st</sup> March, 2012 amounting to Rs.87 thousands have been claimed and paid after 31<sup>st</sup> March, 2012.

#### **AUDIT OBSERVATIONS:**

In respect of the comments made by the Auditors vide Para Nos. 2, 3, 4 in Auditors Report and Para No. 1, 6, 7, 9, 10, 11 & 17 of Annexure to the Auditors Report, the Board has clarifications vide Note Nos. 2.01, 3.01, 4.01, 5.01, 5.02, 5.03, 6.01, 6.02, 19.01, 21.01, 24.02, 24.05 to 24.10.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors' report that :

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies 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 at the end of the financial year and of the loss of the Company for that period;
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors had prepared the annual accounts on a going concern basis.

#### **DIRECTORS:**

Sri Raghavendra Nayak, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

In view of the fact that the Company is exploring the possibility of presenting a new Scheme of Arrangement before the Hon'ble High Court of Karnataka for rescheduling of payment to creditors and other matters, management feels that Sri T. Narayan M. Pai, Managing Director and other Directors will not be disqualified for being a Director of a public company.

#### **AUDITORS:**

M/s Pai Nayak & Associates, the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment and have furnished a certificate to the effect that the proposed reappointment if made, will be in accordance with Section 224(1-B) of the Companies Act, 1956.

**LISTING OF SHARES:**

The Equity Shares of the Company are listed on The Stock Exchange, Mumbai. The annual listing fees up to the year 2012-2013 has been paid to this Exchange.

**CORPORATE GOVERNANCE:**

The Company had followed sound Corporate Governance practices right from its inception and have taken efforts to implement the same wherever possible in the present circumstances. However, during the year compliance with the code of Corporate Governance prescribed by Clause 49 of the Listing Agreement could not be met by the company in view of Board having two non-executive Directors and a Managing Director.

**Particulars of Employees as prescribed under Section 217 (2A) of the Companies Act,1956 : NIL**

**Particulars regarding conservation of energy and technology absorption : NIL**

**ACKNOWLEDGEMENT:**

The Directors take this opportunity to express their gratitude for the continued patronage and support extended by the Company's customers and Bankers.

Your Directors gratefully acknowledge the continued faith and confidence reposed by the shareholders, investors and agents.

Your Directors wish to place on record their deep sense of appreciation of the valuable contribution made by the team of Employees at all levels in the organisation.

For and on behalf of the Board

Place : Manipal  
Date : 30.05.2012

Sd/-  
**T. Narayan M. Pai**  
*Managing Director*

Sd/-  
**Chandappa R. Sherigar**  
*Director*

## CORPORATE GOVERNANCE

### 1. INTRODUCTION:

#### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has been following sound Corporate Governance practices right from its inception. The Company has all along believed in fair business and corporate practices with all its stakeholders. The Board of Directors has always had adequate competent independent Directors. For effective discharge of its functions and proper deliberations, the Board has constituted committees from time to time. Adequate disclosure and information are provided to the Board as well as its Committees. Active participation of the independent Directors at the Board and Committee Meetings has always been the norm.

The Securities and Exchange Board of India has introduced a code of Corporate Governance for implementation by all the listed companies vide an amendment to the Listing Agreement. As per this requirement, the compliance of this code is required to be disclosed in the Directors' Report.

Given below is the report of Directors on the practices prevalent on Corporate Governance in the Company.

### 2. BOARD OF DIRECTORS:

#### 2.1 Composition:

The Board of Directors comprised of following Directors :

Name of the Director	Category	Committee Membership
Sri T. Narayan M. Pai	Managing Director	3 as Chairman
Sri Raghavendra Nayak	Non-Executive Director	3 as Member
Sri Chandappa R. Sherigar	Non-Executive Director	3 as Member

#### 2.2 Meetings and attendance record of each Director:

(i) During the year ended 31<sup>st</sup> March, 2012, the Board of Directors had 5 meetings. These were held on:-

1. 30<sup>th</sup> May, 2011 (2)
2. 10<sup>th</sup> August, 2011 (2)
3. 11<sup>th</sup> November, 2011 (2)
4. 10<sup>th</sup> February, 2012 (2)

Figures in brackets denote the number of Directors present in the meeting.

(ii) The attendance record of the Directors at the Board Meetings during the year ended 31<sup>st</sup> March, 2012 and the last Annual General Meeting (AGM) is as under: -

Name of the Director	No. of Board Meetings Attended	Attendance at the Last AGM	No. of other Directorship
Sri T. Narayan M. Pai	4	Yes	1
Sri Raghavendra Nayak	0	No	-
Sri Chandappa R. Sherigar	4	Yes	1

#### 2.3 Remuneration of Directors:

##### a) Remuneration to non-executive Directors: -

The Company has not paid any remuneration to non-executive Directors.

The Company has not paid sitting fees to the Directors for attending Board/Committee meetings during the year.

##### b) Remuneration to Managing Director: -

The Managing Director has not drawn any remuneration during the financial year 2011-2012. The Company has also not provided him any perks during the year.

### 3. AUDIT COMMITTEE:

- (i) The Audit Committee comprised Sri T. Narayan M. Pai, Managing Director, Sri Raghavendra Nayak, Sri Chandappa R. Sherigar non-executive members of the Board.



The role and terms of reference of the 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.

(ii) **Total No. of Audit Committee Meetings held during the year:**

During the year four meetings of Audit Committee were held on 30.05.2011, 10.08.2011, 11.11.2011 and 10.02.2012. The Company has not appointed Company Secretary during the year.

#### **4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:**

The Committee comprising the three members of the Board attends to redressal of Shareholders grievance/complaint on matters relating to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend warrants etc. During the year there were no complaints pending for redressal by the Company.

#### **5. OTHER COMMITTEES OF DIRECTORS:**

In addition to the above referred mandatory Committees of Directors under the Corporate Governance code, the Board of Directors have constituted the following more Committees of Directors to look into various business matters:-

<b>Sr. No.</b>	<b>Name of the Committee</b>	<b>Business</b>
1.	Working Committee	Allotment of Shares, Debentures, Debts etc. Transfer and Transmission of Shares, Debentures, Debts etc. and issue of Duplicate Share/Debentures/Debt certificates and sub-division of shares and allied matters. Sanctioning of hire purchase and loan proposals, if any.
2.	Remuneration Committee	To fix the remuneration of the Managing Director*

\* Managing Director is the only whole-time Director of the Company and he does not draw any remuneration and none of the other Directors draw any remuneration. Therefore this Committee though constituted is not in active operation.

The Member of Working Committee meeting as on date are Sri T. Narayan M. Pai, Sri Raghavendra Nayak and Sri Chandappa R. Sherigar. Managing Director is the compliance officer.

#### **6. GENERAL BODY MEETINGS:**

The last three Annual General Meetings were held as under:-

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2010-2011	29.09.2011	3.30 p.m.	Manipal House, Manipal
2009-2010	20.09.2010	4.00 p.m.	Manipal House, Manipal
2008-2009	17.09.2009	4.00 p.m.	Manipal House, Manipal

All the resolutions as set out in the respective notices were passed by the shareholders. No special resolution was put through postal ballot at the last Annual General Meeting.

#### **7. DISCLOSURES:**

There were no transactions of material nature with the Directors or the Management or their relatives during the year.

There were no instances of non-compliance on any matter related to the capital markets during the last three years.

#### **8. MEANS OF COMMUNICATION:**

Quarterly / Half Yearly financial results are sent to the Stock Exchange, Mumbai where the shares of the Company are listed. The Company is not having its own web-site.

## **9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Company is engaged in the business of Hire Purchase and Lease finance and has completed 28 years of operation in this field. During the year 2011-2012, the Company has earned net profit of Rs.201.50 Lakhs as against the loss of Rs.39.06 Lakhs in the previous year 2010-11. The results of the Company has turned positive due to the recovery of dues which resulted in reversal of provisions, recovery of bad debts written off, earning of operative income etc. and also on account of settlement of debts of the Company at the discounted rates.

Hire Purchase and Lease finance business is facing severe competition and margins are under great pressure. In the aftermath of stringent Prudential Norms promulgated by the RBI, the NBFCs all across the country suffered a severe set back. Their borrowing capacity is drastically curtailed. With no avenues for further growth, together with ever increasing defaulters in the list of corporate clients, triggered the downfall in the performance of the NBFCs. The situation that has arisen in your Company is in no way different. In spite of these hurdles, the Company has tried its best to salvage the situation by reducing its operational cost on all fronts.

The Company is putting in serious efforts to recover NPA accounts. Criminal complaints under Section 138 of Negotiable Instrument Act are also lodged simultaneously against such defaulters whose cheques were dishonoured. The Company is making good progress on the Recovery Front.

The Company has not carried on any non banking business other than repayment of liability out of recoveries. All the payments have been centralized in head office. Power are not given to the branches to incur any expenditure. In the prevailing circumstances there is no need for internal audit either at the H O level or at the branch level. Therefore, internal audit is not found necessary.

The discussion on financial performance of the Company is covered in the Director's Report. There has been no material development on the human resource front during the year. The number of employees employed as on 31<sup>st</sup> March 2012 was 6.

During the year ending 31<sup>st</sup> March, 2005 the Scheme of Compromise and Arrangement under Section 391 of the Companies Act, 1956 to effect the restructure of Company's debts particularly Debentures and subordinated debts of the Company was framed and presented before the Honorable High Court of Karnataka. Accordingly, the meeting of the Shareholders, Debenture Holders and Subordinated Debt holders were held on 20<sup>th</sup> April, 2005. The scheme as proposed had provided for payment of principal in a phased manner over 60 months from effective date and payment of interest accrued till 30<sup>th</sup> June, 2002 within 72 months from the effective date. The Scheme as proposed do not provide for accrual of interest after 30<sup>th</sup> June, 2002. (For the above purpose the effective date means the date on which the Order of High Court of Karnataka sanctioning the Scheme of Arrangement is filed with the Registrar of Companies in Karnataka.)

On 10<sup>th</sup> July, 2009, Honorable High Court of Karnataka has directed the Company to submit the details of payments made to Non-Convertible Debenture holders and subordinated debt holders from 1<sup>st</sup> April, 2005. Accordingly the details were furnished to Honorable Court. It was submitted before the Honorable Court that the Company has settled substantial portion of Non-Convertible Debentures and Subordinated Debts and it was therefore felt that the scheme requires to be changed having regard to the settlements already made and quantum of non-convertible debentures and subordinated debts remaining to be settled. Therefore the Company had proposed to withdraw the scheme of arrangement from the Honorable High Court of Karnataka, with an option to present a new scheme of arrangement. The Honorable High Court of Karnataka has permitted the Company to withdraw the petition, with liberty to file a fresh petition, vide its order dated 28<sup>th</sup> October, 2009. Accordingly, the Company is exploring the possibility of proposing a fresh petition to be filed before the Honorable High Court of Karnataka.

## **10. GENERAL SHAREHOLDERS INFORMATION:**

### **10.1 Annual General Meeting:**

**Date and Time** : Friday 17<sup>th</sup> August, 2012 at 3.30 p.m. at Manipal.

**Venue** : Regd. Office: "Manipal House", Manipal – 576 104

**10.2 Dematerialisation of shares:** ISIN No. INE798E01013 (CDSL)  
Security Code: 7938 (BSE)

As on date 71445 Equity Shares forming 0.85% of share capital of the Company stands dematerialised.

**10.3 Financial Calendar:**

The Company follows April-March as its financial year. The un-audited financial results for the first three quarters beginning from June (April to June) is declared in the subsequent months with some delay. The Audited results for the fourth quarter has been declared in time, as permitted under the listing agreement.

The Company's financial year is divided into 4 quarters, viz.

FIRST quarter	1 <sup>st</sup> April to 30 <sup>th</sup> June
SECOND quarter	1 <sup>st</sup> July to 30 <sup>th</sup> September
THIRD quarter	1 <sup>st</sup> October to 31 <sup>st</sup> December
FOURTH quarter	1 <sup>st</sup> January to 31 <sup>st</sup> March

**10.4 Registered Office:**

"Manipal House", Manipal  
(Udupi) Karnataka – 576 104.

**10.5 Registrar and Share Transfer Agents for Physical and Demat Shares:**

Cameo Corporate Services Ltd.  
5<sup>th</sup> Floor, Subramanyan Building  
No.1, Club House Road,  
Chennai – 600 002.  
Phone No. (044) 2846039

**10.6 Date of Book Closure:**

The share transfer books would remain closed during the period from 13<sup>th</sup> August, 2012 to 17<sup>th</sup> August, 2012 (both days inclusive).

**10.7 Listing of Shares & Other Securities:**

At present, the Company's shares are listed at The Stock Exchange, Mumbai. The listing fees for the year 2012-2013 has been paid. The Company has not declared dividend during the year.

**10.8 Stock Market Price Data for the Year 2011-2012:**

There were no trading in the Companies shares during the financial year 2011-2012.

**10.9 Address for Shareholders' Correspondence**

The Share Department  
Manipal Finance Corporation Ltd.  
Regd. Office : "Manipal House"  
MANIPAL – 576 104

**10.10 Distribution of Shareholding:**

The shareholding distribution of equity shares as on 31.03.2012 is given below:-

Sr. No.	Shareholding of nominal value (Rs.)	No. of Shareholders	Share amount (Rs.)	Percentage of Shareholding
1.	Up to 5,000	8423	22779060.00	27.180
2.	5,001 to 10,000	1587	13482960.00	16.088
3.	10,001 to 20,000	570	8308450.00	9.913
4.	20,001 to 30,000	166	4161880.00	4.966
5.	30,001 to 40,000	52	1893740.00	2.260
6.	40,001 to 50,000	32	1548680.00	1.848
7.	50,001 to 1,00,000	37	2528370.00	3.017
8.	1,00,000 & above	20	29106470.00	34.729
<b>TOTAL</b>		<b>10887</b>	<b>83809610.00</b>	<b>100.000</b>

**10.11 Shareholding Pattern:**

<b>Category</b>	<b>No. of Shareholders</b>	<b>No. of shares held</b>	<b>% to paid-up capital</b>
Nationalised Banks	1	300	0.004
Bodies Corporate – Domestic	54	1685187	20.110
Promoters / Relatives	44	2873831	34.289
Individuals – Domestic	10781	3815343	45.523
Non-resident Indians	7	6300	0.074
<b>TOTAL</b>	<b>10887</b>	<b>8380961</b>	<b>100.000</b>

**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, all Board Members and Senior Management Personnel affirmed compliance with Manipal Finance Corporation Ltd., Code of Conduct and Ethics for the year ended March 31, 2012.

For and on behalf of the Board

Place : MANIPAL  
Date : 30.05.2012

*Sd/-*  
**T. Narayan M. Pai**  
*Managing Director*

## CERTIFICATE

**To**  
**The Members of**  
**Manipal Finance Corporation Limited**  
**Manipal – 576 104**

We have examined the compliance of conditions of Corporate Governance by Manipal Finance Corporation Ltd. for the year ended 31.03.2012, as stipulated in Clause 49 of the listing agreement of the said Company with the stock Exchanges.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the company for ensuring compliance with 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, and the representations made by the management we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, except that,

- Qualifications in the audit report are not addressed to in the result sent to stock exchanges.
- Results are not put in the website of the company as we are informed that the company does not have any website.
- The Company has not published the quarterly/half yearly results in the news paper.
- The Board of the Company consists of 3 Directors inclusive of Managing Director. Accordingly the Audit Committee constitutes three directors inclusive of Managing Director. All the members of audit committee are not non-executive director as the audit committee consists of one whole-time director.
- The Company does not have the internal audit system.
- The Company has not appointed Company Secretary and the Chief Financial Officer.

We state that:

- In respect of shareholder grievances for the year ended March 31, 2012, we are informed no grievances from shareholders have been received by the Company during the year.
- *In respect of Investor grievances as regards repayment of debentures / debts, we are informed that the same was initially addressed by the way of reconstructing liabilities through scheme of arrangements approved by the Shareholders, Debenture holders and subordinates Debt holders at their meetings held on 20<sup>th</sup> April, 2005, but the Company has since withdrawn the scheme and the management of the Company is exploring the possibility of presenting a new scheme of arrangement. The public deposits are matured for repayment, but remained unpaid by the company. However the Company has settled some of the deposits/debts/debentures at discounted rates without interest. The Company has not provided / paid interest on deposits/debts/debentures after 30<sup>th</sup> June, 2002.*

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

**For PAI NAYAK & ASSOCIATES**  
*Chartered Accountants*  
Registration Number: 009090S

*Sd/-*

**Ammunje Venkatesh Nayak**  
*Partner*  
(M. No.: 204685)

Place : Udupi  
Date : 30.05.2012

## AUDITORS' REPORT

### To The Members of Manipal Finance Corporation Limited

We have audited the attached Balance Sheet of MANIPAL FINANCE CORPORATION LIMITED, MANIPAL as at 31<sup>st</sup> March, 2012, the annexed Statement of Profit and Loss and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the management of the Company. 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 the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the annexure statement on the matters specified in Paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in Paragraph (1) 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 purpose 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 & Cash Flow Statement referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss & Cash Flow Statement, dealt with by this report, have been prepared in compliance 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 on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors and *subject to note no.24.06* we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2012 from being appointed as Director in terms of Clause (g) of Sub-Section 1 of Section 274 of the Companies Act, 1956.
  - f) In terms of press release issued by Reserve Bank of India dated 27.06.2001, we state that:
    - i) The Certificate of Registration as issued by the Reserve Bank of India is not in force, since same was cancelled during December, 2004.
    - ii) The Company has not obtained credit rating.
    - iii) The capital adequacy ratio is negative and accordingly the Companies; Loans, advances and investments are above the credit exposure limits.
    - iv) The Company has not filed the prudential returns and annual returns as per revised directives. However the Company has filed such returns as per the directives as prevailed till 31<sup>st</sup> March, 2011 i.e prudential returns on half yearly basis and annual return once a year.
    - v) The public deposits are matured for repayment, but remained unpaid by the Company. However the company has settled some of the deposits at discounted rates without interest. The Company has not provided/paid interest on deposits after 30<sup>th</sup> June, 2002.
    - vi) The Company has not created floating charge in favour of the depositors, on the statutory liquid assets invested.
    - vii) The Company has not strictly adhered RBI guidelines on closure of branches.

3. a) *We draw attention to Note No.24.02 of the financial statements. The Company has incurred losses and its majority of funds are blocked in Non Performing Assets, raising a doubt about the Company to continue as a going concern. The Company has presented a scheme of arrangement for restructure of liabilities as detailed in Note No.5.01 of the financial statements and subsequently withdrawn the same, for reasons given therein. The Company is exploring the possibility of presenting the new scheme of arrangement, as detailed in the aforesaid Notes. The account, however have been prepared on a "going concern basis" in view of management perception as detailed in Note No.24.02 as aforesaid. However we are unable to comment on the ultimate reliability of Company's assets including the Fixed Assets under lease.*
- b) *The Company has stopped (i) repayment of matured debentures & matured subordinated debts and (ii) payment of interest on debentures and subordinated debts from 1<sup>st</sup> day of July 2002, in view of the scheme of arrangement proposed before the Hon'ble High Court of Karnataka, as referred to in Note No 5.01 of the financial statement (which is since withdrawn and we are informed that the Company is exploring the possibility presenting a new scheme of arrangement). Accordingly Interest on debentures/debts are provided up to 30<sup>th</sup> June, 2002 only and not thereafter. The Company has also not provided for the interest on public deposits from 1<sup>st</sup> July 2002. However all the public deposits are matured for repayment and remained unpaid as on the date of the Balance Sheet. No provision for interest on such debentures/debts/deposits is being made during the year under audit. The effect on the loss is not ascertainable, since the Company has not quantified such interest. There are also instances of settlement of debentures, debts and public deposits as stated in note no.2.01 of the financial statements. As per the information given to us various consumer courts (including the Appellate Authorities/Courts acting under the Consumer Protection Act) have passed the orders, for the repayment of certain deposits/debentures/debts with interest and other costs. The detailed information on these orders not made available to us and therefore we are unable to ascertain the ultimate effect on the profit/loss, on account of the aforesaid orders.*
- c) *We draw the attention to note no. 24.10 of financial statement, wherein the management has explained the reason for earning the profit during the year under audit. The Company would have incurred loss, if the income as stated in the aforesaid note (i.e exceptional/extra ordinary incomes and revenue earned on settlement with the borrowers) were not earned.*
4. Subject to the comments made in *paragraph 2(e), 2(f) and paragraph 3* above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and *in particular note no 2.01 on write back of deposits/debenture/subordinated debts & treatment of principal write back as capital receipt, note no 5.02, on balances of deposits/interest lying in sundry creditors pending reconciliation, note no 5.03 & 3.01, on adequacy of security of debenture considering the provisions made & agreement to sell the property as detailed therein, note no.6.01 regarding adjustment of revalued portion of lease hold land to revaluation reserve on termination of lease, note no. 21.01 on treating the provision reversal, bad debts written off & bad debts recovered as exceptional item, note No 24.07, on impairment of assets, Note No 4.01 on provision for leave encashment on estimated basis, rather than opting for actuarial valuation Note 19.01 disclosing lease equalization credit as reduction from depreciation,*. give the information required under 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 so far as it relates to Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March, 2012.
- (ii) In so far as it relates to the Statement of Profit and Loss, of the profit for the year ended on that date.
- (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For PAI NAYAK & ASSOCIATES**  
Chartered Accountants  
Registration Number: 009090S

Sd/-

**Ammunje Venkatesh Nayak**  
Partner

Membership No.: 204685

Place : Udupi  
Date : 30.05.2012

## **ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT OF EVEN DATE**

1.
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) According to the information and explanations given to us the fixed assets other than those under lease, have been physically verified by the management during the period and no material discrepancies were noticed on such verification as compared to available records. *In respect of leased assets physical verification has not been done during the year. However the value of depreciated leased assets is insignificant. We are also informed that the Company is in the process of verifying those assets.*
  - c) The Company during the year has not disposed substantial part of its fixed assets. Hence making further comments as per Clause (i) (c) of para 4 of the said order does not arise.
2.
  - a) According to the information and explanation given to us, inventory which consist of the shares and securities, have been physically verified by the management at regular intervals.
  - b) In our opinion the procedure of physical verification adopted by the management is reasonable and adequate having regard to the nature and size of the company and nature of its business.
  - c) On the basis of our examination of the records of stock of shares and debentures, we are of the opinion that the company is maintaining proper records of stock. During the year no material discrepancies have been noticed on physical verification of stock.
3. As per the information and explanation given to us, the company during the year has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence further commenting on Clause (iii) of para 4 of the said order does not arise.
4. In our opinion, according to the information and explanation given to us, the company has an adequate internal control procedure in commensurate with its size and nature of business, for the purchase of inventory and fixed assets and for the sale of assets. There is no major continuing failure to correct major weakness in internal control system.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
  - a) 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, during the year.
  - b) For the reasons given in sub Clause (a) above, the provisions of sub Clause (b) of Clause (v) of Para 4 of the Order is not applicable.
6. In our opinion and according to the information and explanation given to us the Company has complied with the directives issued by the Reserve Bank of India, the provision of Section 58A of the Companies Act, 1956, Companies (Acceptance of Deposit) Rules, 1975 and Non Banking Financial Companies (Reserve Bank Directions) with regard to acceptance of deposit from public subject to the exception of renewal of deposits up to 18.01.2000 with maturity dates falling beyond 31<sup>st</sup> December, 2003, non payment principal/ interest as and when it became due. Our other observations are being made in Para 2 (f) of main audit report, however no fresh deposits accepted/renewed during the year under audit. *We are informed by the management that the company has not received any order by Company Law Board or Reserve Bank of India or any Court or any other Tribunal in respect of deposits, except the orders from various Consumer Courts (including the Appellate Authorities/Courts acting upon under Consumer Protection Act) regarding repayment of proceeds of debentures/debts/deposits with interest and other costs. The detailed information on these are not made available to us. Therefore we are not in a position to comment on the compliance of aforesaid orders. The Company has also received the order from Reserve Bank of India during December 2004, canceling the certificate of registration.*
7. *As per the information received and explanations given to us, there is no internal audit system. Therefore the question of commenting as required under para 4(vii) of the Order does not arise. The management has given the reason for the same vide Note No. 24.08 of the financial statements.*
8. The Central Government has not prescribed maintenance of cost records under Clause (d) of Sub-section (1) of Section 209 of the Companies Act, 1956. Therefore the question of making further comments therein does not arise.
9.
  - a) According to the information and explanation given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues as detailed in Para 4(ix) (a) of the Order (i.e. provident



fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues), by remitting them within 6 months from the date they became payable. *The Company has disclosed the matured debentures /subordinated debts as current liabilities, which are not due to be transferred to Investor Education and Protection Fund, for the reasons given in Note. 5.01 of the Accounts. We are informed by the management that, there are no unclaimed matured deposits and interest thereon and therefore the same are not required to be remitted to the credit of Investor Education and Protection Fund. Accordingly we are not expressing our opinion on the contribution to the aforesaid fund.*

- b) According to the records of the company there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess which have not been deposited due to any dispute.
10. *The net worth of the company has been fully eroded. The company has not incurred cash losses during the current year and also in the immediately preceding financial year. We have considered the exceptional items, extra ordinary items and lease equalization credit as the cash item, to arrive at the aforesaid conclusion.*
  11. *Based on our audit and according to the information and the explanations given to us, we are of the opinion that the company has during the year defaulted in payment of dues to the debenture holders amounting Rs.70093 thousands (P Y Rs.79963 thousands). Interest on debentures not paid since 1<sup>st</sup> day of July 2002. However a scheme of arrangement was submitted before the Hon'ble High Court of Karnataka to repay the debenture with interest thereon in the manner mentioned in the Note No. 5.01 to the financial statements. But the scheme is since withdrawn and the Company is exploring the possibility of presenting a new scheme of arrangement, as detailed in Note No.5.01 as aforesaid.*
  12. In our opinion and according to the information and the explanations given to us, adequate documents and records have been maintained by the Company in respect of Loans and Advances granted on the basis of security by way of pledge of shares, debentures and other securities if any.
  13. The company is not a chit fund or a Nidhi or a mutual benefit fund /society. Therefore clause (xiii) of Para 4 the Companies Auditor's Report Order 2003 is not applicable to the Company.
  14. The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other investments and timely entries have been made therein. On the basis of records produced before us, we also report that the shares, securities, debentures and other securities are held by the Company in its own name, except for the cases if any, covered u/s 49(5) of the Companies Act, 1956.
  15. According to the information and explanation given to us the company has not given any guarantee for loans taken by others from bank or financial institution, hence further commenting on this aspect does not arise.
  16. The company has not taken any term loans from banks or financial institutions during the year. Therefore the question of making comments as required under Para 4(xvi) does not arise.
  17. In our opinion and according to the information and explanation given to us and on an overall view of the Balance Sheet of the Company, we report that as the accumulated losses are much more than the own funds and as majority of the long term funds are overdue and as a result there are no long term funds, except for Share Capital, Share Premium, advance received towards sale of property and lease deposits. *Therefore, we are of the opinion that short-term funds amounting to Rs.2,88,127 thousands (P Y Rs.3,37,255 thousands) have been utilized for long term investments, acquisition of Fixed assets, Investments, Bank Deposits and accumulated losses.*
  18. During the year the 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. As per our verification and according to the information and explanation given to us the company has created securities or charge in respect of debentures issued.
  20. The Company has not raised any money by public issue during the year and therefore the question of making any comments therein does not arise.
  21. Based on our audit, which we have conducted in accordance with the Generally Accepted Auditing Practices in India and according to the information and explanation given to us we report that no fraud on or by the company has been noticed or reported during the year.

**For PAI NAYAK & ASSOCIATES**  
Chartered Accountants  
Registration Number: 009090S

Sd/-  
**Ammunje Venkatesh Nayak**  
Partner  
Membership No.: 204685

Place : Udupi  
Date : 30<sup>th</sup> May 2012

## BALANCE SHEET AS ON 31.03.2012

(Rs in '000)

Particulars	Note No.	31.03.2012		31.03.2011	
<b>A. EQUITY AND LIABILITIES :</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	1	1,13,310		1,13,310	
b) Reserves & Surplus	2	<u>(395,233)</u>	<u>(281,923)</u>	<u>(431,914)</u>	<u>(318,604)</u>
<b>2. Share Application money pending allotment</b>					
		-	-	-	-
<b>3. Non-current liabilities</b>					
Other Long Term Liability	3	50,450		43,100	
Long term provisions	4	<u>462</u>	<u>50,912</u>	<u>462</u>	<u>43,562</u>
<b>4. Current liabilities</b>					
Other current liabilities	5	<u>3,00,725</u>	<u>3,00,725</u>	<u>3,50,534</u>	<u>3,50,534</u>
<b>TOTAL</b>			<u><u>69,714</u></u>		<u><u>75,492</u></u>
<b>B. ASSETS :</b>					
<b>1. Non-current assets</b>					
a) Fixed Assets:					
Tangible assets	6	52,508		53,662	
b) Non-current investments	7	1,608		1,608	
c) Other Non-current Assets	8	<u>3,000</u>	<u>57,116</u>	<u>6,943</u>	<u>62,213</u>
<b>2. Current assets</b>					
a) Inventories	9	9,216		9,220	
b) Trade Receivable	10	-		-	
c) Cash and Cash Equivalents	11	1,491		1,361	
d) Short term loans and advances	12	1,731		1,497	
e) Other Current Assets	13	<u>160</u>	<u>12,598</u>	<u>1,201</u>	<u>13,279</u>
<b>TOTAL</b>			<u><u>69,714</u></u>		<u><u>75,492</u></u>
<b>OTHER DISCLOSURES TO ACCOUNTS:</b>	<b>24</b>				

The notes are an integral part of these financial statements.

Place : Manipal  
Date : 30<sup>th</sup> May, 2012

As per our report of even date  
For **PAI NAYAK & ASSOCIATES**  
*Chartered Accountants*  
Firm Registration No.: 009090S

Sd/-  
**T. Narayan M. Pai**  
*Managing Director*

Sd/-  
**Chandappa R. Sherigar**  
*Director*

Sd/-  
**T. Sanjay Pai**  
*General Manager*

Sd/-  
**CA Ammunje Venkatesh Nayak**  
*Partner*  
Membership No.: 204685

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2012

(Rs in '000)

Particulars	Note No.	2011-12	2010-11
<b>I. Revenue</b>			
Revenue from Operations	14	3,402	257
Other Income	15	1,576	1,664
<b>TOTAL REVENUE</b>		<b>4,978</b>	<b>1,921</b>
<b>II. EXPENSES</b>			
Changes in inventories of stock in trade	16	-	(1)
Employee Benefit expenses	17	834	959
Finance costs	18	24	18
Depreciation and amortization expense (net of lease adjustment)	19	972	1,036
Other Expenses	20	1,328	1,221
<b>TOTAL EXPENSES</b>		<b>3,158</b>	<b>3,233</b>
<b>Profit(Loss) Before Exceptional and Extraordinary items and Tax</b>		<b>1,820</b>	<b>(1,312)</b>
Exceptional items (net Income. P Y: expenses)	21	14,205	(5,116)
<b>Profit (Loss) Before Extraordinary items and Tax</b>		<b>16,025</b>	<b>(6,428)</b>
Extraordinary Items (Income)	22	4,125	3,691
<b>Profit(Loss) before tax</b>		<b>20,150</b>	<b>(2,737)</b>
<b>Tax expense</b>			
a) Current Income Tax		-	-
b) Income Tax Prior Period		-	1,169
<b>Profit(Loss) for the year</b>		<b>20,150</b>	<b>(3,906)</b>
<b>Earning Per Equity Share (Equity share of Rs. 10/- each)</b>	<b>23</b>		
Basic/Diluted Earning per share (after extraordinary items)		<b>1.91</b>	(0.91)
Basic/Diluted Earning per share (before extraordinary items)		<b>2.40</b>	(0.47)
<b>OTHER DISCLOSURES TO ACCOUNTS:</b>	<b>24</b>		

The notes are an integral part of these financial statements.

Place : Manipal

Date : 30<sup>th</sup> May, 2012

As per our report of even date  
For **PAI NAYAK & ASSOCIATES**  
*Chartered Accountants*  
Firm Registration No.: 009090S

Sd/-  
**T. Narayan M. Pai**  
*Managing Director*

Sd/-  
**Chandappa R. Sherigar**  
*Director*

Sd/-  
**T. Sanjay Pai**  
*General Manager*

Sd/-  
**CA Ammunje Venkatesh Nayak**  
*Partner*  
Membership No.: 204685

## Notes to Accounts Forming Part of Balance Sheet as on 31<sup>st</sup> March 2012

(Rs. In '000)

**31.03.2012**

**31.03.2011**

**Note 1:**

**SHARE CAPITAL**

(also refer Note 1.01 to 1.03 below)

Authorised Capital :

1,00,00,000 Equity Shares of Rs.10 each	<b>100,000</b>	100,000
20,00,000 Cumulative Redeemable Preference Shares of Rs.10 each	<b>20,000</b>	20,000
30,00,000 Non-Cumulative Redeemable Preference Shares of Rs.10 each	<b>30,000</b>	30,000
	<b>150,000</b>	150,000

Issued, Subscribed & Paid-up :

83,80,961 Equity Shares of Rs.10/- each fully paid up (Previous year 83,80,961 Equity Shares of Rs.10 each fully paid)	<b>83,810</b>	83,810
---------------------------------------------------------------------------------------------------------------------------	---------------	--------

29,50,000 11% Non-Cumulative Redeemable Preference Shares of Rs.10 each fully paid	<b>29,500</b>	29,500
------------------------------------------------------------------------------------	---------------	--------

(20,50,000 Non-Cumulative Redeemable Preference Shares are issued to Preference Share Holders of 17% Redeemable Cumulative Preference Share Holders in consideration of their redemption on the following dates:

20,00,000 Shares on 16<sup>th</sup> January 2001 & 9,50,000 Shares on 6<sup>th</sup> September 2001)

<b>TOTAL</b>	<b>1,13,310</b>	1,13,310
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**Note 1.01: Reconciliation of number of shares**

**A. EQUITY SHARES**

	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	<b>83,80,961</b>	<b>83,810</b>	83,80,961	83,810
Adjustments during the period	-	-	-	-
Balance as at the end of the year	<b>83,80,961</b>	<b>83,810</b>	83,80,961	83,810

**B. PREFERENCE SHARES**

11% Non-Cumulative Preference Shares				
	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	<b>29,50,000</b>	<b>29,500</b>	29,50,000	29,500
Adjustments during the period	-	-	-	-
Balance as at the end of the year	<b>29,50,000</b>	<b>29,500</b>	29,50,000	29,500

**Note 1.02: Rights, preferences and restrictions attached to shares**

**Equity Shares:**

The 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 including payment to the preference shareholders) in proportion to their shareholding.

**Preference Shares:**

Non-Cumulative Redeemable Preference Shares shall be redeemable at par after the expiry of 12 months but not later than 20 years from the respective dates of allotment at the option of the holders of such Shares by giving 3 months notice or at the discretion of the Board of Directors. The shares are entitled for preferential right over dividend (before the equity shareholders) at the rate of 11%, which is to be proposed by the Board of Directors, which is subject to the approval of the shareholders, in the ensuing Annual General Meeting, except in the case of payment of dividend as "interim dividend". However the shares are Non-Cumulative and therefore the shareholders are not entitled to carry forward the dividend of a year to the forth coming year/s, in case the same is not declared in a year. In the event of liquidation, the such shareholders are eligible to receive the face value (after distribution of all preferential amounts) before the distribution of assets to the equity shareholders. In case the assets available are not sufficient to cover up the face value, then the same will be distributed in proportion to their shareholding, if the surplus available, after distribution of all preferential amounts.

**Note 1.03: Details of shares held by shareholders holding more than 5% of the aggregate shares in the company**

	Number of shares	Percentage	Number of shares	Percentage
<b>Equity Shares</b>				
M/s. TVP Consultants Limited, Chennai	7,01,073	8.37	7,01,073	8.37
Mr. Narayan M. Pai, T. Manipal	5,56,250	6.64	5,56,250	6.64
M/s. ICDS Ltd., Manipal	4,49,163	5.36	4,49,163	5.36
<b>Preference Shares:</b>				
Sumukha Trust, Manipal	29,50,000	100.00	29,50,000	100.00

(Rs. In '000)

31.03.2012

31.03.2011

**Note 2:**
**RESERVES & SURPLUS**

Capital Reserve 1				
Same as last Balance Sheet		1,503		1,503
Capital Reserve 2 (refer note 2.01 below)				
Opening Balance	1,69,664		1,55,033	
Add: Transferred during the year	16,711	1,86,375	14,631	1,69,664
Share Premium Account (same as last Balance Sheet)		28,995		28,995
Revaluation Reserves				
Opening Balance	34,246		34,426	
Less: Transferred during the year	(180)	34,066	(180)	34,246
Special Reserve (same as last Balance Sheet) (refer note 2.02 below)		4,000		4,000
General Reserve (same as last balance sheet)		1,642		1,642
Surplus in Statement of Profit & Loss				
Balance at the beginning of the year	(671,964)		(668,058)	
Profit (Loss) for the Year	20,150	(651,814)	(3,906)	(671,964)
		(395,233)		(431,914)

**Note 2.01:** The Company during the year with a view towards restructuring its liabilities has settled deposits/debentures/subordinated debts at discounted rates without interest. The same has been done with due consent of the parties to deposits, debentures and debts. The interest write back pertaining to deposits/debentures/subordinated debts Rs.41,25 thousands (P Y Rs.36,91 thousands) is treated as Extra-Ordinary Income in the Profit and Loss Account. Principal write back arising out of such settlement Rs.1,67,11 thousands (P Y Rs. 1,46,31 thousands) is considered as capital receipt and taken directly to Capital Reserve (viz: Capital Reserve 2) as above. This has been done as per the accounting policy followed by the Company, as stated in Note No. 24.01 (J).

**Note 2.02** Special reserve was created during earlier year/s, pursuant to Reserve Bank of India (Amendment) Act 1997.

	(Rs. in '000)	
	31.03.2012	31.03.2011
<b>Note 3:</b>		
<b>OTHER LONG TERM LIABILITY</b>		
Advance for sale of property (refer note 3.01 below)	39,950	32,600
Lease security deposit - Premises (refer note 3.02 below)	10,500	10,500
	<u>50,450</u>	<u>43,100</u>

**Note 3.01:** Advance for Sale of Property as disclosed above represents amount received in advance in respect of the immovable property agreed to be sold. This immovable property is being charged to debentures as detailed in note no.5.03 and therefore will be transferred at a future date, after obtaining the necessary approvals from the appropriate authorities.

**3.02:** The break-up lease security deposit (premises) is as follows: due to related parties Rs.75,00 thousands, (P Y Rs.75,00 thousands), due to others Rs.30,00 thousands (P Y Rs.30,00 thousands).

**Note 4:**

**LONG TERM PROVISIONS**

Provision for employee benefits

Provision for Leave Salary (refer note 4.01 below)	109	109
Provision for Gratuity (refer note 4.02 below)	353	353
	<u>462</u>	<u>462</u>

**Note 4.01:** The liability in respect of leave encashment, provision made on an estimated basis., considering the fact the amount involved therein is not material.

**4.02:** The Company has made the provision of Rs.353 thousands towards gratuity in respect of deficit of Present value of obligations over the fair value of Plan Assets, during the year ending 31<sup>st</sup> March 2009.

	(Rs. in '000)	
	31.03.2012	31.03.2011
<b>Note 5:</b>		
<b>OTHER CURRENT LIABILITIES</b>		
(also refer note no. 5.01 to 5.06 below)		
a. Unpaid matured unsecured Public Deposits	2,641	3,236
Interest accrued on above	591	932
b. Unpaid matured Secured Non-Convertible debentures	53,941	61,777
Interest accrued on above	16,152	18,186
c. Unpaid unsecured Subordinated Debts	2,06,351	2,43,838
Interest accrued on above	13,817	15,987
d. Other Payables: Liabilities for expenses	198	191
Lease security Deposit - Leasing	1,340	1,340
Other Payables	5,694	5,047
	<u>3,00,725</u>	<u>3,50,534</u>

**Note 5.01:** During the year ending 31<sup>st</sup> March 2005 the Scheme of Compromise and Arrangement under Section 391 of the Companies Act 1956 to effect the restructure of Company's debts particularly Debentures and subordinated debts of the Company was framed and presented before the Honorable High Court of Karnataka. Accordingly the meeting of the Shareholders, Debenture Holders and Subordinated Debt holders were held on 20<sup>th</sup> April, 2005. The scheme as proposed had provided for payment of principal in a phased manner over 60 months from the effective date and payment of interest accrued till 30<sup>th</sup> June 2002, within 72 months from the effective date. The scheme as proposed, do not provide for accrual of interest after 30<sup>th</sup> June 2002. (For the above purpose the effective date means the date on which the Order of the High Court of Karnataka sanctioning the Scheme of Arrangement is filed with the Registrar of Companies in Karnataka.)

On 10<sup>th</sup> July 2009, Honorable High Court of Karnataka has directed the Company to submit the details of payments made to Non Convertible Debenture holders and subordinated debt holders from 1<sup>st</sup> April 2005. Accordingly the details were furnished to Honorable Court. It was submitted before the Honorable Court that the Company has settled substantial portion of Non Convertible Debentures and Subordinated Debts and it was therefore felt that the scheme requires to be changed having regard to the settlements already made and quantum of non convertible debentures and subordinated debts remaining to be settled. Therefore the Company had proposed to withdraw the scheme of arrangement from the Honorable High Court of Karnataka, with an option to present a new scheme of arrangement. The Honorable High Court of Karnataka has permitted the Company to withdraw the petition, with liberty to file a fresh petition, vide its order dated 28<sup>th</sup> October 2009. Accordingly the Company is exploring the possibility of proposing a fresh petition to be filed before the Honorable High Court of Karnataka.

"Considering the above, the Company has not provided/recognised for interest after 30<sup>th</sup> June 2002, on debentures/subordinated debts and interest on advances taken on such instruments. Pending presentation of fresh proposal as aforesaid and final outcome of the new Scheme (to be prepared and presented), the contingent Liability on account of Interest on Deposits/Debentures etc. accruing after 30<sup>th</sup> June 2002, is not quantifiable.

The public deposits accepted by the Company are fully matured. The Company has not provided for interest on these deposits after 30<sup>th</sup> June 2002. The interest not so provided for is not accurately quantifiable.

In view of the above and also considering the fact that there are no unclaimed liabilities, the matured debentures, matured deposits, matured subordinated debts and interest payable including unencashed interest cheques on such deposits/debentures/debts has been considered as "not due to be transferred to Investor Education and Protection Fund".

The Company has stopped accepting/renewing deposits, debentures and subordinated debts with effect from 1<sup>st</sup> day of July 2002. Therefore and also considering the fact that the public deposits accepted by the Company are fully matured, the Company has not created the floating charge in favour of the depositors, on the statutory liquid assets invested in terms of directives issued by Reserve Bank of India.

- 5.02** Other Payables include balance lying unpaid after adjusting deposits with loans borrowed against it and unencashed stale interest cheques. Pending reconciliation of the same for which the Company has initiated a process and also for reasons as given in note 5.01 above, the same has not been considered as amount due to Investor Education and Protection Fund.
- 5.03** Unpaid Secured Non-convertible Debentures are secured by mortgage on Land – Freehold & Buildings – Freehold, as disclosed in Note No.6 and floating charge on receivables and book debts. The debentures were redeemable at par. The whole of the debentures are matured for repayment. Further the Company has not provided any interest on such debentures after 1<sup>st</sup> day of July 2002, as detailed in Note 5.01 above. Therefore the question of disclosure as to rate of interest etc. does not arise. In the opinion of the Management, the Market Value of the security after considering provisions made in the books and also the property agreed to be sold as detailed in note 3.01, offered to the holders of the aforesaid Debenture is sufficient to cover the liability.
- 5.04** The balances held under "unpaid matured unsecured public deposits", "unpaid matured secured non-convertible debentures", "unpaid unsecured subordinated debts", interest accrued on the aforesaid deposit/debenture/subordinated debts and "Other Payables" are subject to confirmation.
- 5.05** The Company has not received information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under the aforesaid Act has not been given.
- 5.06** Other Payable represents balance lying unpaid after adjusting deposits with loans borrowed against it, tax deducted at source remitted subsequently, other amounts received in the ordinary course of business, which are not material in nature etc.

(Rs. in '000)

**Note 6 : FIXED ASSETS** (also refer note 6.01 & 6.02 below)

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 31.03.2011	Addi- tions	Sale/ Deduc- tion	As at 31.03.2012	Up to 31.03.2011	For the year	Sale/ Deduc- tion	As at 31.03.2012	As at 31.03.2011
Land – Freehold	6,089	-	-	6,089	-	-	-	6,089	6,089
Land – Leasehold	22,620	-	-	22,620	-	-	-	22,620	22,620
Buildings – Freehold	22,194	-	-	22,194	6,305	362	-	6,667	15,889
Buildings – Leasehold	11,648	-	-	11,648	7,198	369	-	7,567	4,450
Office Furniture & Fixtures	7,883	-	-	7,883	5,194	290	-	5,484	2,689
Computers	1,371	-	307	1,064	1,311	16	305	1,022	60
Motor Vehicle	81	-	-	81	81	-	-	81	-
Office Equipments	3,120	-	70	3,050	2,595	123	70	2,648	525
Leased Machineries & Equip.	175,895	-	-	175,895	143,607	5,811	-	149,418	32,288
Leased Vehicles & Furnitures	1,137	-	-	1,137	853	38	-	891	284
<b>TOTAL</b>	<b>252,038</b>	<b>-</b>	<b>377</b>	<b>251,661</b>	<b>167,144</b>	<b>7,009</b>	<b>375</b>	<b>173,778</b>	<b>84,894</b>
PREVIOUS YEAR	252,497	-	459	252,038	160,404	7,073	333	167,144	92,093
Lease Adjustment					31,232	(5,857)	-	25,375	
PREVIOUS YEAR					37,089	(5,857)		31,232	
<b>NET BLOCK AS ABOVE</b>									
<b>LESS: LEASE ADJUSTMENT</b>									
<b>AMOUNT CARRIED TO BALANCE SHEET</b>									
								<b>77,883</b>	<b>84,894</b>
								<b>25,375</b>	<b>31,232</b>
								<b>52,508</b>	<b>53,662</b>

**Note 6.01:** The Company had revalued its Land and Buildings as at 01.10.1998 by approved valuer and the resultant increase of Rs.3,93,71 thousand was credited to Revaluation Reserve. Incremental depreciation on revaluation is transferred to Profit and Loss Account. Accordingly the whole value of leasehold land Rs.22620 thousands represents revalued portion, which has not been amortised till the date of Balance Sheet. Accordingly the revalued portion of leasehold land still stands to the credit of "Revaluation Reserve", which would be adjusted on termination of the lease.

**Note 6.02:** Land and Building (freehold) also includes the property agreed to be sold, as detailed in note no. 3.01.



	31.03.2012	31.03.2011
(Rs. in '000)		
<b>Note 7:</b>		
<b>NON CURRENT INVESTMENTS</b>		
Other than trade investments: Unquoted (valued at cost)		
In Government and Trustee Securities:		
6.35% Karnataka State Development Loan 2012 (Face Value Rs. 17,00/- thousands) (SLR as per RBI Directives)	1,608	1,608
Aggregate value of Unquoted Investments	<u>1,608</u>	<u>1,608</u>

<b>Note 8:</b>		
<b>OTHER NON CURRENT ASSETS</b>		
Term Deposit with Nationalised Banks, with maturity period beyond 12 months (kept as SLR with Reserve Bank of India)	3,000	6,943
	<u>3,000</u>	<u>6,943</u>

<b>Note 9:</b>		
<b>INVENTORIES</b>		
Stock in Trade (Shares) (refer note 9.01 below)	9,148	9,148
Stock of Stationery	68	72
	<u>9,216</u>	<u>9,220</u>

**Note 9.01:** The Inventories are valued at lower of cost and net realisable value except in the case of unquoted shares. Unquoted Shares held as inventories valued at lower of cost and breakup value. The list of Shares held as stock in trade is as below:

	Fully paid Equity Shares each of Rs.	31.03.2012		31.03.2011	
		No. of Shares	Total Value	No. of Shares	Total Value
<b>Equity Instruments (Quoted)</b>					
ICDS Limited	10	53,531	*	53,531	*
Praman Capital Market Services Limited	10	10,000	*	10,000	*
Arvind Products Limited	10	100	*	100	*
Modern Threads (I) Limited	10	150	*	150	*
Rajinder Steel Limited	10	100	*	100	*
Lloyds Steel Industries Ltd.	10	100	3	100	3
Sangeetha Granites Limited	10	500	*	500	*
<b>Sub Total (A)</b>		64,481	3	64,481	3
* Market value of these shares taken as "Nil", since these shares are not actively traded.					
<b>Preference Shares (Unquoted)</b>					
Triveni Engineering & Industries Ltd. (12% redeemable cumulative)	10	30	3	30	3
<b>Sub Total (B)</b>		30	3	30	3
<b>Equity Instruments (Unquoted)</b>					
Manipal Housing Finance Syndicate Limited	10	6,99,100	9,037	6,99,100	9,037
Karnataka Rubbers Limited	100	50	-	50	-
Shamrao Vithal Co-operative Bank Limited	25	1,000	25	1,000	25
Manipal Sowbhagya Nidhi Limited	1	2	-	2	-
MPL Enterprises Limited	10	13,382	80	13,382	80
<b>Sub Total (C)</b>		7,13,534	9,142	7,13,534	9,142
<b>Grand Total (A+B+C)</b>		7,78,045	9,148	7,78,045	9,148

Aggregate Value of 1. Unquoted Shares Rs.9145 thousands (P Y Rs.9145 thousands),

2. Quoted Shares Rs.3 thousands (P Y Rs.3 thousands).

Market value of quoted Shares Rs.3 thousands (P Y Rs.3 thousands)

(Rs. in '000)

	31.03.2012	31.03.2011
<b>Note 10:</b>		
<b>TRADE RECEIVABLE</b> (also refer note 10.01 below)		
Unsecured		
Stock on Hire (outstanding for a period exceeding 6 months from the date they are due for payment) (At agreement value less amount realised and unexpired hire charges)		
Considered Doubtful	1,28,539	1,50,367
Less: Provision made	<u>1,28,539</u>	<u>- 1,50,367</u>
Lease rent receivable:		
(Outstanding for a period exceeding 6 months from the date they are due for payment)		
Unsecured Considered Doubtful	17,726	30,067
Less: Provision made	<u>17,726</u>	<u>- 30,067</u>
	<u>-</u>	<u>-</u>

**Note 10.01:** The balances in Stock hire and Lease rent receivable are subject to confirmation.

	31.03.2012	31.03.2011
<b>Note 11:</b>		
<b>CASH AND BANK BALANCES</b>		
(Also refer note 11.01 and 11.02 below)		
Cash and Cash equivalents		
A) Cash in hand	11	13
B) Balance with banks in Current Accounts	<u>1,480</u>	<u>1,348</u>
	<u>1,491</u>	<u>1,361</u>

**Note 11.01:** Cash and Cash equivalents does not include Term Deposits kept with a maturity period of beyond 3 months, earmarked balances with banks and bank deposits held as margin money or security against borrowings etc. The same are being disclosed in Note No.8 or 13 as the case may be, as detailed in note no. 11.02 below.

**11.02:** The details of total cash and bank balances is as below (including earmarked bank balances, bank deposits held as security etc.)

Cash and Cash equivalents (as per Note 11 above)	1491	1361
Bank balances (Non current) (as per Note No.8 above)	3000	6943
Bank balances (Current) (as per Note No. 13 below)	<u>66</u>	<u>66</u>
	<u>4557</u>	<u>8370</u>

	31.03.2012	31.03.2011
<b>Note 12:</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
(also refer note 12.01 to 12.03 below)		
Secured loans:		
Considered Doubtful	1932	1932
Less: Provision made	<u>1932</u>	<u>1932</u>
Unsecured loans (refer note 12.01 below):		
Considered Doubtful	234161	236533
Less: Provision made	<u>234161</u>	<u>236533</u>
Unsecured Time Bills Discounted:		
Considered Doubtful	6312	7812
Less: Provision made	<u>6312</u>	<u>7812</u>
Advance Income Tax and T D S( Net of Provisions)	850	908
Other loans and advances (unsecured)		
Considered Good	881	589
Considered Doubtful	<u>6</u>	<u>6</u>
	887	595
Less: Provision made	<u>6</u>	<u>6</u>
	<u>1,731</u>	<u>1,497</u>

**Note 12.01:** The Company had assigned under an assignment deed certain debts & recoverable consisting inter alia stock on hire along with equal liabilities of the Company to the extent of Rs. 26,62,92 thousand on 30.09.1998 to Vedachala Electronics & Financial Services Private Limited (VEFSPL). The company had discharged the assigned liabilities of VEFSPL on its failure to service the same in terms of the Assignment deed, which has resulted in Rs. 21,13,03 thousand (P Y Rs. 21,36,74 thousands) receivable from VEFSPL. The company based on the estimated recovery has made a provision of Rs.21,13,03 thousand (P Y Rs.21,36,74 thousands) against the receivables of VEFSPL. The unsecured Loans as disclosed in the above schedule includes this amount.

**12.02** The balances in Secured Loans, Unsecured Loans and Other Loans & Advances as above are subject to confirmation.

**12.03** Other Loans and advances represents departmental deposit, tour advances, and other petty advances made in the ordinary course of business.

	31.03.2012	31.03.2011
<b>Note 13:</b>		
<b>OTHER CURRENT ASSETS</b>		
(also Refer Note 13.01 below)		
Interest accrued on Investments	84	204
Other Receivables (Unsecured)		
Outstanding for a period exceeding 6 months from the date they are due for payment		
Considered Good	10	931
Considered Doubtful	<u>10,577</u>	<u>10,144</u>
	10,587	11,075
Less: Provision made	<u>(10,577)</u>	<u>(10,144)</u>
Balance with banks		
In Fixed Deposit Account	66	66
Pledged with sales tax authorities Rs. 66 thousands (P.Y. Rs.66 thousand)		
	<u>160</u>	<u>1,201</u>

**Note 13.01:** Other receivables represents sundry amounts due from borrowers, hirers etc., which are not material in nature.

## Notes to Accounts Forming Part of Statement of Profit and Loss for the year ending 31<sup>st</sup> March 2012

	2011-12	2010-11
(Rs.'000s)		
<b>Note 14:</b>		
<b>REVENUE FROM OPERATIONS</b>		
Interest	3,402	257
<b>NET REVENUE FROM OPERATIONS</b>	<u>3,402</u>	<u>257</u>

	2011-12	2010-11
<b>Note 15:</b>		
<b>OTHER INCOME</b> (also refer note 15.01 below)		
Interest on Bank Deposit	361	584
Interest on Investments held as Long Term and Non Trade	108	108
Interest on Term Deposits held as current asset & Income tax refund	10	47
Miscellaneous Income	25	47
Rent received	765	595
Dividend on Shares held as stock in trade	307	283
	<u>1,576</u>	<u>1,664</u>

**Note 15.01:** Rent received represents amount of income accrued on cancellable operating lease.

**Note 16:**

**CHANGES IN INVENTORIES OF STOCK IN TRADE** (refer note 16.01 below)

	Current Year		Previous Year	
	Quantity Nos.	Value	Quantity Nos.	Value
<b>Opening Stock</b>				
Equity Shares (Quoted)	64,481	3	64,481	2
Equity Shares (Unquoted)	7,13,534	9,142	7,13,534	9,142
Preference Shares (Unquoted)	30	3	30	3
<b>Total</b>	<u>7,78,045</u>	<u>9,148</u>	<u>7,78,045</u>	<u>9,147</u>
<b>Closing Stock</b>				
Equity Shares (Quoted)	64,481	3	64,481	3
Equity Shares (Unquoted)	7,13,534	9,142	7,13,534	9,142
Preference Shares (Unquoted)	30	3	30	3
<b>Total</b>	<u>7,78,045</u>	<u>9,148</u>	<u>7,78,045</u>	<u>9,148</u>
<b>Changes</b>		<u>-</u>		<u>(1)</u>

**Note 16.01:** There are no purchases/sales of stock in trade during the year and also during the immediate previous year.

	2011-12	2010-11
<b>Note 17:</b>		
<b>EMPLOYEES' BENEFITS EXPENSE</b> (refer note 17.01 below)		
Salary & Allowances	579	675
Staff Welfare Expenses	0	11
Bonus & Incentives	12	14
Contribution to Provident and other Funds	58	67
Contribution to Gratuity Premium	167	172
Contribution to ESI	18	20
	<u>834</u>	<u>959</u>

**Note 17.01:** Disclosure as required under Accounting Standard 15 i.e. Employee benefits, given under note no. 24.09

<b>Note 18:</b>		
<b>FINANCE COSTS</b> (refer note 18.01 below)		
Bank Charges	24	18
	<u>24</u>	<u>18</u>

**Note 18.01:** Note no. 5.01 forms part of this note, which may also be referred to.

<b>Note 19:</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSE</b> (refer note 19.01 below)		
Depreciation on Tangible Assets (Refer Note 6)	7,009	7,073
Less: Transferred from Revaluation Reserve (Refer Note 2)	(180)	(180)
	<u>6,829</u>	<u>6,893</u>
Less: Lease Adjustment (Credit) (Refer Note 6)	(5,857)	(5,857)
	<u>972</u>	<u>1,036</u>

**Note 19.01:** Balance in lease equalisation charge is being reduced from the Block of Fixed Assets. Therefore the Lease Adjustment (credit) has been disclosed as reduction from Depreciation in the above note.

	2011-12	2010-11
	Rs.	Rs.
<b>Note 20:</b>		
<b>OTHER EXPENSES</b>		
Consultancy and Professional Charges	394	415
Travelling and Conveyance Expenses	51	84
Electricity Charges	2	68
Sales Promotion Expenses	3	1
Repairs & Maintenance		
– Others	282	363
Printing & Stationery	44	35
Postage & Telephone	36	47
Payment to Auditors :		
– Statutory Audit	40	40
– Other Services (certification work and tax audit)	10	10
– Service Tax	6	5
Registration & Filing fees	269	99
Miscellaneous Expenses	191	54
	<u>1,328</u>	<u>1,221</u>

	(Rs.'000s)	
	2011-12	2010-11
<b>Note 21:</b>		
<b>EXCEPTIONAL ITEMS</b>		
(Also refer note 21.01 below):		
<b>1. EXCEPTIONAL EXPENSES:</b>		
Loss on Sale of Fixed Assets	-	99
Loss on Sale of Long Term Investments	-	42
Bad debts written off	<u>28,548</u>	<u>17,044</u>
	<u>28,548</u>	<u>17,185</u>
<b>2. EXCEPTIONAL INCOME</b>		
Profit on sale of Fixed Assets	(12)	-
Bad debts recovered	(5,134)	(145)
Provision for NPA written back	<u>(37,607)</u>	<u>(11,924)</u>
	<u>(42,753)</u>	<u>(12,069)</u>
<b>EXCEPTIONAL ITEMS (NET) (INCOME) (P Y: EXPENSES)</b>	<u>(14,205)</u>	<u>5,116</u>

**Note 21.01:** The present activity of the Company is being restricted to recovery of dues and repayment of the debts. Accordingly the income of the Company depends upon the recoveries made during the period, which varies substantially on year to year basis. Therefore the Company has disclosed the amount of Bad debts recovered, reversal of provisions for NPA and Bad debts written off under the head "Exceptional Item".

<b>Note 22:</b>		
<b>EXTRA ORDINARY ITEMS:</b>		
(Also refer note 22.01 below)		
<b>Income</b>		
Settlement credit (interest portion)	<u>4,125</u>	<u>3,691</u>
	<u>4,125</u>	<u>3,691</u>

**Note 22.01:** Note No.2.01 also forms part of this note, which may be referred to.

	(Rs.'000s)	
	2011-12	2010-11
<b>Note 23:</b>		
<b>EARNING PER EQUITY SHARE</b>		
a) Net profit (loss) available for equity shareholder (used as numerator)	<b>20,150</b>	(3,906)
b) Extraordinary Income (as per note no.: 22)	<b>4,125</b>	3,691
c) Net profit (loss) before considering extraordinary item (used as numerator)	<b>16,025</b>	(7,597)
d) Weighted Average No. of equity shares (used as Denominator)	<b>83,80,961</b>	83,80,961
Basic/Diluted Earnings per share before Extraordinary Income (c / d)	<b>1.91</b>	(0.91)
Basic/Diluted Earnings per share after Extraordinary Items (a / d)	<b>2.40</b>	(0.47)

## **Notes to Balance Sheet and Statement of Profit & Loss year ending 31st March 2012**

### **NOTE 24: OTHER DISCLOSURE TO ACCOUNTS:**

#### **24.01 Accounting Policies:**

- A. 1) The Financial statements are prepared to comply in all material aspects with applicable accounting principles in India, the relevant provisions of Companies Act, 1956 and mandatory Accounting Standards notified by the Companies (Accounting Standard) Rule 2006 ( hereinafter referred to as "Accounting Standard" in this Schedule). The financial statements are prepared under the historic cost convention in accordance with the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- 2) The company has followed the Prudential Norms for Income Recognition as prescribed by Reserve Bank of India for Non-Banking Financial Companies. Lease Equalization is computed as per the Guidance Note on Accounting for Leases issued by the Institute of Chartered Accountants of India, since the Company has not entered into any new lease transactions, after the date on which the Accounting Standard 19 became applicable.
- 3) Income by way of "Interest" & "Rent" is recognized on the time proportionate method. "Dividend income" is recognized when the unconditional right to receive the income is established.
- Interest on Income Tax refund and miscellaneous income are accounted as and when received.
- B. 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 and 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 management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.
- C. Investments held as long term are valued at cost. Provision for diminution in the value of the investments is made wherever the management is of the opinion that such decline is other than temporary.
- D. Investments held as other than long term investments if any, are valued at cost or net realizable value whichever is lower.
- E. Stock in trade is valued at cost or net realizable value whichever is lower except for unquoted shares, which are valued at cost or breakup value, whichever is lower.
- F. Fixed Assets are shown at cost or revalued amount as the case may be, less Depreciation. The leasehold land shown at revalued amount. The revalued amount has not been amortized to revaluation reserve. The Company has framed the policy of amortizing such value, on termination of lease.
- G. Depreciation:
- 1) In respect of assets acquired prior to 1<sup>st</sup> October 1987, depreciation is charged at the rates already arrived at after taking into consideration the effective life of the asset.
  - 2) In respect of assets acquired on or after 1<sup>st</sup> October 1987, other than those given on lease, the depreciation is charged under straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.
  - 3) Depreciation on leased assets is accounted on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Lease Equalization represents the excess of principal balance recovery over statutory depreciation.
  - 4) Depreciation on buildings constructed on leasehold lands, is accounted by a method under which the asset is written off over the lease period.

H. Employee Benefit:

The Company's "Retirement Benefit Plan" and "Other Benefit Plans" comprises of Contribution to Provident Fund, Employee State Insurance and Gratuity. Contribution to Provident Fund and Employee State Insurance is being made at pre-determined rates and are charged to the Statement of Profit & Loss. The Company's liability towards gratuity to employees is covered by group gratuity policy with LIC of India. and accordingly the premium paid, charged to the Statement of profit & loss. Deficit of present value of obligations (under Gratuity policy) over the fair value of Gratuity plan assets, duly charged to the Statement of profit and loss, on year to year basis. Provision for leave encashment made on estimated basis.

There are no other retirement benefits/other benefits are being provided by the Company.

I. Taxes on Income:

The Company has charged off the Current Income Tax to the Statement of Profit and Loss. 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 Asset is recognised, subject to the considerations of prudence. Deferred tax asset so recognised, is being netted off to deferred tax liability or vice versa. Advance Income Tax Paid (including Tax deducted at source, tax paid on self assessment or otherwise) and provision for current Income Tax (if any) are presented in the Balance Sheet after setting off the same against each other.

J. The principal write back pertaining to deposits, debentures and Subordinated debts as stated in note no. 2.01, is in the nature of capital receipt. Therefore the same has been directly taken to the credit of Capital Reserve in the Balance Sheet.

K. Borrowing cost are recognized as an expense in the year in which they are incurred except which are directly attributable to acquisition/construction of qualifying fixed assets (as defined under Accounting Standard 16), till the time such assets are ready for use, in which case the borrowing costs are capitalized as part of the cost of the asset.

L. 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.

M. 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.

N. Provisions involving substantial degree of estimation in measurement are recognized 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 are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

O. Cash Flow Statement prepared under Indirect Method, as prescribed by Accounting Standard 3. Term Deposit with maturity period exceeding 3 months, earmarked bank balances and Deposits kept as margin money/security etc. are not considered as "cash and cash equivalent", in the Cash Flow Statement.

P. Lease rent on cancellable operating lease recognised as Income in the Statement of Profit and Loss.

24.02 The company has been incurring substantial losses over the last few years and major portion of its funds are blocked in non-performing assets. In view of the same there is considerable uncertainty that the company



will continue as a going concern and meet its commitments to its creditors. The accounts however have been prepared on the going concern basis in view of management's efforts to settle the liabilities with the debenture holders and subordinated debt holders by exploring the possibility of submitting a new scheme as detailed in Note No. 5.01 and the management is being hopeful of recovery of dues from borrowers so that dues of creditors can be settled.

24.03 The company has not recognised the net deferred tax asset which constitutes mainly of carry forward losses, excess depreciation claimed in Income Tax and Provisions for doubtful debts, as a matter of prudence.

24.04 Disclosures in respect of related parties with whom transactions have taken place during the year :

A. Key Management Personnel and his relatives

**Sri T. Narayan M. Pai,**  
**Sri T. Sanjay Pai**

B. **Associate Companies**

Vedachala Electronics and Financial Services Pvt. Limited

Manipal Housing Finance Syndicate Limited

*Details of transactions are as follow:*

(Rs. in '000)

**31.03.2012** 31.03.2011

A. Remuneration/sitting fees

– **Key Management Personnel and relatives**

Sri Sanjay Pai Rs.2,02/- (P Y Rs. 202)

**2,02** 2,02

B. Outstanding balances as at 31.03.2012

*Due to the company*

– **Associate Companies**

(Vedachala Electronics & Financial Services Pvt. Limited

Rs. 21,13,03 (P Y Rs. 21,36,74))

**21,13,03** 21,36,74

*Payable by the company (lease deposit)*

– **Associate Companies**

(Manipal Housing Finance Syndicate Limited

Rs.75,00 (P Y Rs.75,00))

**75,00** 75,00

C. Provisions made on the balances from related parties

– **Associate Companies**

Vedachala Electronics & Financial Services Private

Limited Rs.21,13,03 (P Y Rs.21,36,74)

**21,13,03** 21,36,74

D. **Investment in Associate Companies**

In equity shares

Manipal Housing Finance Syndicate Limited Rs.9037

P Y Rs.9037 (699100 shares of Rs.10 each)

**90,37** 90,37

24.05 **Contingent & Other Liabilities:**

a. Liability on debentures assigned to Vedachala Electronics and Financial Services Private Limited inclusive of interest accrued is Rs. 16,41 thousand. (P.Y. Rs. 22,23 thousand.), without considering interest due on or after 1<sup>st</sup> day of July 2002.

b. Liability in respect of damages and others in respect of suits against the Company before various Courts, Consumer Courts etc. (in respect of repayment of deposits/debentures/debts with interest & other costs) has not been quantified and provided, due to lack of information with the company. The collection of information is under process.

- c. No provision made for disputed income tax liability for various years wherever department has preferred an appeal before the Tribunal, High Court for the reason that the appeal preferred before CIT (Appeals) and Tribunal were allowed in favour of the company. The amounts involved there in are not quantifiable.
- 24.06 The Management of the Company is of the opinion that the directors of the Company are not disqualified u/s 274(1) (g) of Companies Act, 1956 [in spite of the fact that the Company has stopped repaying matured Debentures/debts/deposits and interest thereon as detailed in note no. 5.01], for the reason that the Company is exploring the possibility of presenting a new scheme of arrangement, as detailed in the aforesaid note.
- The Managing Director of the Company Sri T. Narayan M. Pai & the other director Sri Chandappa R. Sherigar are the directors of another Company. As evident from the records/documents produced before the Company, the another company has also stopped payment of matured deposits/debentures/debts and interest thereon after 30<sup>th</sup> June 2002. The Company has received a letter from them that they are not disqualified u/s 274(1) (g) of Companies Act, 1956 for the reason that the another Company is exploring the possibility of making an application before the Honourable High Court of Karnataka U/s 391 of Companies Act, 1956 for restructuring of its debts.
- 24.07 The assets of the Company are not valued, considering the cost involved therein. However the management is of the opinion that the carrying cost of the asset (including that of leased assets after considering the Lease Equalization Charge) does not exceed its recoverable value. 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.
- 24.08 The Company has not carried on any non-banking business other than repayment of liability out of recoveries. All the payments have been centralized in head office. Powers are not given to the Branches to incur the expenses. In the prevailing circumstances there is no need for internal audit either at the H.O. level or at the Branch Level. Therefore the management has taken a decision not to have internal audit system.

**24.09 Employee Benefits:**

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 recognized 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) where in the Company has no further obligation beyond making the contributions.

The Company is also contributing towards Employee State Insurance Plan, as per statutory requirements, wherein the Company has no further obligation beyond making the contributions.

The Company is also providing employee benefit by way of encashment of earned leave. The provision for the same has been made on estimated basis. The amount involved therein is not material, considering the size of the Company. The Company has not opted for actuarial valuation, considering the cost involved and also the concept of materiality.

The Company's defined benefit plan is gratuity.

- b) Charge to the Profit and Loss Account based on contributions:

The Company's contribution to Provident Fund charged to Statement of Profit and Loss during the year is Rs.58 thousands. (P Y: Rs.67 thousands).

The Company's Contribution to Employee State Insurance Plan charged to Statement of Profit and Loss during the year is Rs.18 thousands (P Y Rs.20 thousands).

The Companies liability towards gratuity to employees covered by group gratuity policy with LIC of India. Premium paid on this account is Rs.1,67 thousands ( P Y Rs. 1,72 thousands).

The detail of provision for leave encashment is as under: Provision as on 1<sup>st</sup> April 2011 Rs. 1,09 thousands ( P Y Rs.1,09 thousands). Amount charged to the Statement of Profit & Loss during the year Rs. Nil (P Y Rs. Nil). Actual payment during the year Rs. Nil. ( P Y Rs.Nil). Provision as on 31<sup>st</sup> March 2012 Rs. 1,09 thousands (P Y Rs.1,09 thousands).

- c) Disclosures for defined gratuity benefit plans based on actuarial reports obtained from Life Insurance Corporation of India As on 31<sup>st</sup> March 2012.

Valuation Method: Projected Unit Credit Method.

	Current Year	Previous Year
		(Amount in Rs.)
<b>Changes in present value</b>		
Opening value of obligations	155594	354703
Current service cost	9408	15990
Interest cost	12448	28376
Actuarial loss / (gain)	74238	(63013)
Benefits paid	(82933)	(180462)
Closing value of obligations (# see note below)	168755	155594
<b>Change in Fair Value of Assets</b>		
Opening fair value of plan assets	76214	89998
Expected return on plan assets	9734	7689
Contributions by employer	149019	158989
Benefits paid	(82933)	(180462)
Closing fair value of plan assets (# see note below)	152034	76214
Funded Status	(16721)	(79380)
<b>Amount recognised in the Balance Sheet</b>		
Present value of obligations as at year end	168755	155594
Fair value of plan assets as at year end	152034	76214
Amount not recognised as an asset	-	-
Funded Status	(16721)	(79380)
Net asset / (liability) recognised as on 31 <sup>st</sup> March 2012	16721	79380
<b>Expenses recognised in the Profit and Loss Account</b>		
Current service cost	9408	15990
Interest on defined benefit obligation	12448	28376
Expected return on plan assets	(9734)	(7689)
Net actuarial loss / (gain) recognised in the current year	74238	(63013)
Effect of the limit in Para 59(b) of AS 15	*	*
Total expenses	(86360)	(26336)
<b>Asset information</b> (as per para 120 (h) of AS 15)	*	*
<b>Principal actuarial assumptions used</b>		
Discount rate (p.a.)	8%	8%
Expected rate of return on plan assets (p.a.)		*
Salary Escalation	3.50%	3.5%
Withdrawal Rate :	*	*
Rate of increase in compensation levels	*	*
Expected average remaining working lives of employees in number of years	*	*
<b>Experience adjustments</b> (as per para 120( n) of AS 15	*	*
<b>Expected employer's contribution for the next year</b>	*	*

- (\*) The Life Insurance Corporation of India has not given these informations.

The Company has written to Life Insurance Corporation of India to furnish information of the Defined Gratuity Benefit Plan, in the manner required under Accounting 15. Accordingly the Life Insurance Corporation of India has given the information as given above, which has been relied by the Auditors.

- (#) The Company has made the provision of Rs.353 thousands in respect of deficit of Present value of obligations over the fair value of Plan Assets, during the year ending 31<sup>st</sup> March 2009 and therefore the question of making further provision does not arise.

- 24.10 The Company has incurred the profit during the year under audit mainly due to Exceptional income as stated in Note No. 21, extra ordinary income as stated in Note No.22 and also considering the fact that the revenue from operations earned on settlement with the borrower customers. The Company would have incurred loss, if the income as aforesaid were not earned.
- 24.11 In the opinion of the Board of Directors, the assets listed under the head Non-Current Assets & Current Assets (other than Fixed Assets and Non-Current Investments) in the Balance Sheet (viz: assets covered under Note No.8 to 13), have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 24.12 The Company is operating under one Geographical and Business segment. Therefore the question of making disclosures as required under Accounting Standard 17 does not arise.
- 24.13 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 31<sup>st</sup> 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 31<sup>st</sup> March 2011. Therefore for the purpose of disclosing the previous year's amounts (for the year ended 31<sup>st</sup> March 2011) in this financial statement, the Company has regrouped/reclassified the accounts of that year as per revised Schedule VI.

Refer our Report of Even Date  
For **PAI NAYAK & ASSOCIATES**  
*Chartered Accountants*  
Firm Registration No.: 009090S

Sd/-  
**T. Narayan M. Pai**  
*Managing Director*

Sd/-  
**Chandappa R. Sherigar**  
*Director*

Sd/-  
**T. Sanjay Pai**  
*General Manager*

Sd/-  
**Ammunje Venkatesh Nayak**  
*Partner*  
Membership No.: 204685

Place : Manipal  
Date : 30.05.2012

Place : Udupi  
Date : 30.05.2012

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## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

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Description	As at 31.03.2012	As at 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit (Loss) before tax and extraordinary items :	16,025	(6,428)
<b>Adjustments for :</b>		
Depreciation	6,829	6,893
Debit/(Credit) of lease adjustments	(5,857)	(5,857)
Interest income from investments/Bank Deposits	(469)	(692)
Interest expenses	-	-
Dividend received	(307)	(283)
(Profit)/Loss on sale of assets	(12)	99
Provisions and write off of debts (net)	(9,059)	5,120
(Surplus)/Deficit from sale of Investments	-	42
Operating profit before working capital changes	7,150	(1,106)
<b>Adjustments for changes in working capital:</b>		
(Increase)/Decrease in trade and other receivables	13,630	10,951
(Increase)/Decrease in inventories	4	(1)
Increase/(Decrease) in trade payables	654	646
Cash Generated from operations	21,438	10,490
Interest paid	(420)	(8)
Direct taxes (paid)/refund	58	308
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	21,076	10,790
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed & Leased Assets	-	-
Sale of Fixed & Leased Assets	14	27
Advance Received towards Sale of Property	-	-
Advance for Sale of Fixed Assets	7,350	6,000
Purchase of Investments	-	-
Sale proceeds of Investments	-	1,760
Interest Received	589	810
Dividend Received	307	283
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	8,260	8,880

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Description	As at 31.03.2012	As at 31.03.2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Public Deposits	<b>(594)</b>	(1,394)
Increase/(Decrease) in Subordinated Debts	<b>(23,519)</b>	(14,946)
Increase/(Decrease) in N.C.D's	<b>(5,093)</b>	(3,162)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(29,206)</b>	(19,502)
Net Increase in Cash and Cash Equivalents	<b>130</b>	168
Opening Balance of Cash & Cash Equivalents	<b>1,361</b>	1,193
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>1,491</b>	1,361

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.

Cash and Cash equivalents does not include term deposit kept with Banks which are kept for maturity period beyond 3 months/earmarked bank balances. These are disclosed in Note No.8 & 13 of Balance Sheet.

Refer our Report of Even Date  
For **PAI NAYAK & ASSOCIATES**  
*Chartered Accountants*  
Firm Registration No.: 009090S

Sd/-  
**T. Narayan M. Pai**  
*Managing Director*

Sd/-  
**Chandappa R. Sherigar**  
*Director*

Sd/-  
**T. Sanjay Pai**  
*General Manager*

Sd/-  
**Ammunje Venkatesh Nayak**  
*Partner*  
Membership No.: 204685

Place : Manipal  
Date : 30.05.2012

Place : Udupi  
Date : 30.05.2012

## Schedule to the Balance Sheet of a Non-Banking Financial Company

(as required in terms of Paragraph 9BB of  
Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998  
Manipal Finance Corporation Ltd., Manipal  
As on 31<sup>st</sup> March, 2012

(Rs. in lakhs)

	Particulars	Amount outstanding	Amount Overdue
	<b>Liabilities side:</b>		
(1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid</b>		
	(a) Debentures: Secured	701	701
	: Unsecured (other than falling within the meaning of public deposits)	0	0
	(b) Deferred Credits	0	0
	(c) Term Loans	0	0
	(d) Inter-corporate loans and borrowing	0	0
	(e) Commercial Paper		
	(f) Public Deposits	32	32
	(g) Other Loans (subordinated debts, working capital loans)	2,202	2,202
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
	(a) In the form of Unsecured debentures	0	0
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	0	0
	(c) Other public deposits	32	32

		Amount outstand- ing (before provisions)
	<b>Assets side:</b>	
(3)	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b>	
	(a) Secured	19
	(b) Unsecured (including debtors)	2,510
(4)	<b>Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>	
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) Financial lease	191
	(b) Operating lease	0

	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	1,285
	(b) Repossessed Assets	0
	(iii) Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	0
	(b) Loans other than (a) above	0
(5)	<b>Break-up of Investments:</b>	
	<b>Current Investments:(Stock in trade considered)</b>	
	<b>1. Quoted:</b>	
	(i) Shares: (a) Equity (Rs. 1000)	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of mutual Bonds - ICICI Prudential Plan	0
	(iv) Government Securities	0
	(v) Others (please specify)	0
	<b>2. Unquoted (Stock in trade considered)</b>	
	(i) Shares: (a) Equity	91
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of mutual Bonds	0
	(iv) Government Securities	0
	(v) Others (please specify)	0
	<b>Long Term Investments:</b>	
	<b>1. Quoted:</b>	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of mutual Bonds	0
	(iv) Government Securities	0
	(v) Others (please specify)	0
	<b>2. Unquoted:</b>	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and Bonds	0
	(iii) Units of mutual Bonds	0
	(iv) Government Securities	16
	(v) Others (please specify)	0
	Interest accrued on Investments	1
	Fixed deposit with Nationalised Banks	30



<b>(6)</b>	<b>Borrower group-wise classification of all leased assets, stock on hire and loans and advances:</b>			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	0	0	0
	(b) Companies in the same group	0	0	0
	(c) Other related parties	0	0	0
	2. Other than related parties (*)	0	0	0
	Total	0	0	0
<b>(7)</b>	<b>Securities (both quoted and unquoted):</b>			
	Category	Market Value/ Break up or fair value of NAV	Book Value (net of provision)	
	1. Related Parties			
	(a) Subsidiaries	0	0	
	(b) Companies in the same group	0	91	
	(c) Other related parties	0	0	
	2. Other than related parties	0	0	
	Total	0	91	
<b>(8)</b>	<b>Other Information</b>			
	Particulars		Amount	
(i)	Gross Non - Performing Assets	NIL	0	
	(a) Related Parties	NIL	0	
	(b) Other than related parties (*)	NIL	3,992	
(ii)	Net Non - Performing Assets	NIL	0	
	(a) Related Parties	NIL	0	
	(b) Other than related parties	NIL	13	
(iii)	Assets acquired in satisfaction of debt			

Note: (\*)Due from VEFSL is not considered as related party due to the reason that such due has arisen on account of repayment of debenture liability assigned to VEFSL, as detailed in Note No. 12.01 of notes to the account.

**Disclosure**

<b>Sl. No.</b>	<b>In the accounts of</b>	<b>Disclosures 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.</b>	<b>As at 31.03.2012</b>
1.	Parent (Manipal Finance Corporation Limited)	<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>NA</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p>
2.	Subsidiary (No such Subsidiary Company)	<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>NA</p> <p>NA</p> <p>NA</p> <p>NA</p> <p>NA</p> <p>NA</p>
3.	Parent (Manipal Finance Corporation Limited)	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

**Notes:** a. There are no Subsidiary Companies and therefore the particulars as per Sl. No. 2 are stated Not Applicable.

b. Due from Vedachala Electronics & Financial Services Pvt. Ltd. (VEFSL) is not considered as related party due to the reason that such due has arisen on account repayment of debenture liability assigned to VEFSL. As detailed in Note No. 12.01 of notes to accounts.



# MANIPAL FINANCE CORPORATION LIMITED

Registered Office: Manipal House, MANIPAL-576 104

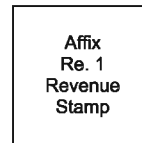
## PROXY FORM

I/We ..... Shareholder(s) of  
Manipal Finance Corporation Ltd., hereby appoint .....  
..... of .....  
in the district of ..... or failing him .....  
of .....  
in the district of ..... as my/our Proxy  
to vote for me/us on my/our behalf at the 29<sup>th</sup> Annual General Meeting of the Company to be held on  
Friday, 17<sup>th</sup> August, 2012 and at any adjournment thereof.

Signed this ..... day of ..... 2012

Regd. Folio No. ....

No. of Equity Shares .....



(Signature of Shareholder/s)

**Note :** A shareholder unable to attend personally is entitled to appoint another person (whether a member or not) as his Proxy to attend and vote instead of himself subject to the provisions of Section 176 of the Companies Act, 1956. The Proxies must reach the Registered Office of the Company at least 48 hours before the time fixed for the meeting.

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**29th  
ANNUAL REPORT, 2011-2012**

*If undelivered, please return to :*

**Manipal Finance Corporation Ltd.  
Registered Office: Manipal House  
Manipal – 576 104**