



Regd. Office: Syndicate House, Manipal – 576 104

39th Annual Report 2009 – 2010

Whole-time Director : T. Mohandas Pai

Directors : Bharath K. Nayak
H. N. S. Rao

General Manager : P. R. Nayak

Auditors : M/s Chaturvedi & Shah
Chartered Accountants, Mumbai

Registered Office : Syndicate House, Upendra Nagar
Manipal – 576 104

Bankers : SYNDICATEBANK
CORPORATION BANK
ICICI BANK LTD.

**Registrar and
Share Transfer Agent** : Cameo Corporate Services Ltd.
(For Physical and
Demat Shares) 5th Floor
Subramanian Building
No. 1, Club House Road
Chennai – 600 002



Whole-time Director	:	T. Mohandas Pai
Directors	:	H. N. S. Rao Bharath K. Nayak
General Manager	:	P. R. Nayak
Auditors	:	M/s Chaturvedi & Shah <i>Chartered Accountants, Mumbai</i>
Registered Office	:	Syndicate House, Upendra Nagar Manipal – 576 104
Bankers	:	SYNDICATEBANK CORPORATION BANK ICICI BANK LTD.
Registrar and Share Transfer Agent (For Physical and Demat Shares)	:	Cameo Corporate Services Ltd. 5th Floor Subramanian Building No. 1, Club House Road Chennai – 600 002

NOTICE

NOTICE is hereby given that the 39th ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on **Monday, the 27th September, 2010 at 4.00 p.m.** at Rotary Golden Jubilee Children's Sports Complex, Near Sonia Clinic, Ananth Nagar, Manipal – 576 104, Udupi District to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date and reports of the Board of Directors and Auditors.
2. To appoint a Director in place of Mr. H. N. S. Rao who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration. M/s Chaturvedi & Shah, Chartered Accountants, Mumbai are eligible for reappointment.

SPECIAL BUSINESS

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

“RESOLVED THAT Subject to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto, the appointment of Mr. T. Mohandas Pai as Whole-time-Director for a period of 5 years from 1st September, 2010 without remuneration for the time being be and is hereby approved.

RESOLVED FURTHER that Mr. T. Mohandas Pai shall not be liable to retire by rotation during the period he holds the position of Whole-time-Director.”

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date: 17-06-2010

Sd/-
H. N. S. Rao
Director



NOTES:

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

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

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

3. Members who wish to obtain any information on the Company or view the accounts for the Financial Year ended 31st March, 2010 may visit the Company's corporate website www.icdslimited.com or send their queries at least 10 days before the Annual General Meeting to the Secretarial Department at the Registered Office of the Company.

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

Name	:	Mr. H. N. S. Rao
Date of Birth	:	04-10-1938
Date of appointment	:	12-01-2009
Expertise in specific functional areas	:	Retd. Dy.G.M. of Syndicate Bank, He has experience of over 40 years in Nationalised Bank and Financial Institution in various areas like administration, finance, especially in credit management and recovery. He worked as General Manager of the Company over 10 years and his work was focused on credit and recovery besides general administration.
List of other directorships held	:	MPL Enterprises Limited, Blue Cross Builders and Investors Ltd., Manipl Properties Limited.
Chairman/Member of the Committees of the Board	:	Member – Audit Committee Member – Shareholders Grievance Committee
Chairman / Member of the Committees of the Board of other Companies in which he is Director.	:	MPL Enterprises Ltd.

5. The Register of Members and Share Transfer Book will remain closed from Thursday, the 23rd day of September, 2010 to Monday, the 27th day of September, 2010 (both days inclusive) in connection with 39th Annual General Meeting.

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956.

Item No. 4

Mr. T. Mohandas Pai born on 20th June, 1933 is a Law Graduate. He was appointed as Director of the Company on 13th June, 1981. Later he became Joint Managing Director from 3rd August, 1994 upto 2nd August, 1999. He was redesignated as Managing Director on 10th April, 1995. He was reappointed as Managing Director for a further period of 5 years from 1st September, 1997. He continued to be Managing Director till 1st September, 2002 when he was redesignated as Whole-time-Director of the Company for a period of 3 years. Again in 34th Annual General Meeting held on 24th August, 2005 the members reappointed him as whole-time-Director for a period of 5 years with effect from 1st September, 2005 upto 31st August, 2010.

Mr. T. Mohandas Pai offered to reduce his Salary and House Rent Allowance by 50% with effect from 1st March, 1998 following stringent RBI Directions requiring the Company to refund entire deposits thereby forcing the Company to shrink and become down sized. He stopped drawing from the Company remuneration and all kinds of perquisites and benefits altogether with effect from 1st April, 1999 and since then he is working without any Salary and Perquisites. He has offered to work without any remuneration until financial position of the Company improves.

Mr. T. Mohandas Pai is a Director of the following Companies:

<i>Name of the Company</i>	<i>Designation</i>
1. Manipal Prakashan Limited	Managing Director
2. Manipal Hotels Limited	Director
3. Shivally Investment Co. Pvt. Ltd.	Director
Chairman/Member of the Board	: Member–Audit Committee Member–Shareholders Grievance Committee

Chairman / Member of the Committees : NIL
of the Board of other Companies
in which he is Director.

Mr. T. Mohandas Pai was instrumental for turn around and growth of the Company. Board of Directors feel that his continuation as Whole-time-Director is necessary for further expansion of activities of the Company. The Board propose to reappoint him subject to approval of the shareholders for a period of 5 years effective 1st September, 2010.

The Board recommends adoption of the resolution.

Except Sri T. Mohandas Pai none of the other Directors are interested in the resolution.

The Explanatory Statement be treated as abstract of the terms and conditions of contract employment between the Company and Sri T. Mohandas Pai.

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date: 17-06-2010

Sd/-
H. N. S. Rao
Director



DIRECTORS' REPORT

The Directors present their THIRTY NINTH ANNUAL REPORT and Audited Statement of Accounts for the year ended 31st March, 2010.

	<i>(Rs. in '000s)</i>	
	31st March 2010	31st March 2009
FINANCIAL RESULTS		
Income from Operations	6,09,57	5,03,20
Other Income	17,52	83,26
Write back of provisions	12,17,30	4,99,53
Total Income	18,44,39	10,85,99
Less: Operating Expenses	1,54,16	2,28,29
	16,90,23	8,57,70
Less: Interest	21,67	27,60
Profit/(Loss) before Depreciation	16,68,56	8,30,10
Less: Depreciation	8,76	36,73
Profit/(Loss) after Depreciation	16,59,80	7,93,37
Less : Bad debts written off	26,87	77
Profit/(Loss) before Tax	16,32,93	7,92,60
Less : Fringe Benefit tax	-	1,57
Less: Provision for Income Tax	30,00	-
Profit/(Loss) after Tax	16,02,93	7,91,03
Add : (Loss) brought forward	(40,85,15)	(48,76,18)
(Loss) carried forward	(24,82,22)	(40,85,15)

REVIEW OF OPERATIONS

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

During the year under review the Company has earned income of Rs.6.27 Crores (Rs.5.86 Crores in the corresponding period of the previous year) from recovery of overdues from HP/Lease/Bills Discounting/ Loan Parties, Commission from insurance related activities, service charges earned from telephone bill recovery services etc., which also includes dividend and interest earned. The operating expenses incurred during the reporting period was Rs.1.54 Crores as against Rs.2.28 Crores in the previous year. Consequent to the recovery of demerger receivables of Rs.16.00 Crores provisions made earlier to the extent of Rs.12.17 Crores (Previous Year Rs.4.99 Crores) was written back.

DIVIDEND

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

SCHEME OF ARRANGEMENT

During the period under review, your Company has successfully completed the repayment of fifth installment of Public Deposits, Debentures & Subordinated Debts amounting to Rs.28.70 Crores and thereby repaid the entire principal amount as envisaged in the Scheme sanctioned by the Hon. High Court of Karnataka. The 6th and final installment pertaining to payment of interest accrued upto 15-07-2002 amounting to Rs.13.80 Crores as envisaged in the Scheme has already been commenced and would be completed by 30th June, 2010. Investors are required to lodge with the Company the original Certificates/Bonds of investment to claim the interest accrued. Letters have been sent to all the investors informing them the requirement of lodging the original Certificates for claiming the interest accrued. Those investors who have already submitted the certificates have been paid the 6th Instalment and arrangement is in place to make payment to such of the investors as and when the original certificates are lodged with the Company.

INSURANCE BUSINESS

During the year under report Company continued its corporate agency arrangement with Bajaj Allianz General Insurance Company Ltd. The Corporate Agency arrangement with Life Insurance Corporation of India also continued during the year.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956 the Audited Statement of Accounts along with reports of the Board of Directors and Auditors of your Company's subsidiaries, namely, Manipal Hotels Ltd. and Manipal Properties Ltd. are annexed.

DIRECTORS

Mr. H. N. S. Rao retires in the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- ii) appropriate accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the profit of the company for the year ended as on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis. The ability of the Company to continue as a going concern depends upon the timely recovery from debtors and future business plan. Management of the Company is hopeful of recovery of dues from debtors and the measures taken by the Company will result in controlling the operating deficits.

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

Particulars regarding conservation of energy and technology absorption: NIL

Foreign exchange earnings and outgo: NIL

AUDITORS

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

CORPORATE GOVERNANCE

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

CONSOLIDATED FINANCIAL STATEMENTS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

	Sd/-	Sd/-
Place : Manipal	(T. Mohandas Pai)	(H. N. S. Rao)
Date : 17-06-2010	Whole-time Director	Director



CORPORATE GOVERNANCE REPORT

I. Corporate Governance Code:

The Directors present the Company's report on Corporate Governance as on 31st March, 2010 as required under Clause 49 of the Listing Agreement.

1. Philosophy:

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

2. Board of Directors:

The Board comprise of three Directors, of which one is executive and two non-executives.

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

i) Number of Board Meeting and Attendance of Directors:

The Board met 4 times during 2009-2010. The details are as follows:

Date of Meeting	Board Strength	No. of Directors Present
29 th May, 2009	3	3
30 th July, 2009	3	3
29 th October, 2009	3	3
28 th January, 2010	3	3

The last AGM was held on 30th September, 2009 and 3 Directors attended the AGM.

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

Sl. No.	Name of the Directors	Category of Directorships	No. of Meetings Attended	Attendance at last AGM	No. of Other Directorship	No. of Board Committees in which Chairman (C) Member (M)
1.	Sri T. Mohandas Pai	Promoter-Executive	4	Yes	3	2 (M)
2.	Dr. K. Mohandas Pai*	Non-Executive	2	No.	NIL	2(M)
3.	Sri H. N. S. Rao	Non-Executive	4	Yes	3	2(M)
4.	Sri Bharath K. Nayak**	Non-Executive	2	Yes	7	2(M)

* Dr. K. Mohandas Pai retired at the 38th Annual General Meeting held on 30-09-2009.

** Sri Bharath K. Nayak appointed at the 38th Annual General Meeting held on 30-09-2009.

3. Audit Committee:

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

Sri T. Mohandas Pai

Dr. K. Mohandas Pai*

Sri H. N. S. Rao

Sri Bharath K. Nayak**

The role and terms of reference of Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms referred to by the Board of Directors from time to time. During the year committee met on 29th May, 2009, 30th July, 2009, 29th October, 2009 and 28th January, 2010. Mr. H. N. S. Rao, Director is the Compliance Officer.

Attendance of the Directors at the Audit Committee Meeting:

Meeting held on	No. of Members Present
29 th May, 2009	3
30 th July, 2009	3
29 th October, 2009	3
28 th January, 2010	3

* Dr. K. Mohandas Pai retired at the 38th Annual General Meeting held on 30-09-2009.

** Sri Bharath K. Nayak appointed at the 38th Annual General Meeting held on 30-09-2009.

4. Remuneration Committee:

Sri T. Mohandas Pai 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 has not been formed.

Details of remuneration for the year ended 31st March, 2010:

i) Whole-Time Director: Nil

ii) Non-Executive Directors:

Non-Executive Directors stopped drawing any remuneration by way of sitting fees for attending Board/Committee Meetings.

5. Shareholders/Investors Grievance Committee:

The Committee, comprising all the three members of the Board, approves transfer, transmission, issue of duplicate Debenture Certificates and Sub-Ordinated Debts, review and redress shareholders grievances/complaints on matters relating to transfer of shares, debentures, sub-ordinated debts, non-receipt of Balance Sheet, non-receipt of Dividend Warrants, etc. The Committee met 5 times during the year under report.

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

Sl. No.	Name	Status	No. of Meetings Attended
1.	Sri T. Mohandas Pai	Whole-time Director	5
2.	Dr. K. Mohandas Pai*	Director	2
3.	Sri H. N. S. Rao	Director	5
4.	Sri Bharath K. Nayak**	Director	3

* Dr. K. Mohandas Pai retired at the 38th Annual General Meeting held on 30-09-2009.

** Sri Bharath K. Nayak appointed at the 38th Annual General Meeting held on 30-09-2009.

Mr. H. N. S. Rao, Director is the Compliance Officer.

Number of Shareholders Complaints received : 40

Number of Shareholders Complaints settled : 40

Number not solved to the satisfaction of the shareholders : Nil

Number of pending Share transfers : Nil

6. Annual General Meetings:

The last three Annual General Meetings were held in Nehru Memorial Library Hall, Manipal 576 104.

AGM No.	Date	Time	Special Resolution required
36	24-08-2007	4.00 p.m.	NIL
37	26-09-2008	4.00 p.m.	NIL
38	30-09-2009	4.00 p.m.	NIL

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

Postal Ballot:

The Company is proposing to pass a Resolution under Section 293(1)(a) of the Companies Act, 1956 through Postal Ballot pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

7. Disclosures:

i) National Stock Exchange suspended trading in our equity shares w.e.f. 27th June, 2002 for non-submission of the Board Meeting notices for the quarter ended 30th September, 2000, December, 31st, 2000 and March 31st, 2001 and non-submission of Limited Review Report for the half-year ended 31st December, 2000. The non-submission was due to the restructuring of the operation of the Company during that period as the exact impact of the restructuring process could not be ascertained as on the reporting date. We have requested National Stock Exchange to condone the lapses and revoke the suspension.

ii) None of the transactions with the directors or their relatives, management personnel and/ or subsidiaries conflicts with the interest of the Company. Attention of the members is drawn to the disclosure of transaction with related parties set out in Notes to Accounts – Schedule “N” – forming part of the Annual Report.

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

8. Means of Communication:

- a) Quarterly/Half yearly Financial Results of the Company are forwarded to National Stock Exchange and are also made available on the company's Website www.icdslimited.com
- b) Company has not made any presentations to any Institutional Investors/Analyst during the year.

Management Discussion and Analysis Report:

Review of Operations:

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

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

Business Review:

During the year under review, the company recovered / realised an amount of over Rs.19.00 Crores from various sources such as Recovery of Bad and Doubtful Debts, Receivables from MPL Enterprises Ltd., Manipal Hotels Ltd., Manipal Properties Ltd., Blue Cross Builders and Investors Ltd. etc. The figure also includes fee based income earned from other activities such as service charges under Insurance Agency and Telecom Franchise, Dividend Income, Tax refunds, rental income etc.

Payment of Public Investment:

In terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka, Company has repaid all the five instalments of public

liabilities. The sixth as well as last instalment of payment of interest accrued portion upto 15th July, 2002 is in progress and would be completed on or before 30th June, 2010. As on 31st March, 2010 out of total liability of Rs.239.06 crores, an amount aggregating to Rs.227.98 Crores has been repaid. The details are given below :

1 st Instalment	Rs. 56.93 Crores *
2 nd Instalment	Rs. 51.78 Crores
3 rd Instalment	Rs. 51.78 Crores
4 th Instalment	Rs. 34.74 Crores **
5 th Instalment	Rs. 28.71 Crores
6 th Instalment	Rs. 04.04 Crores

Total: Rs. 227.98 Crores

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

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

Internal Control System:

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

Discussion on Financial Performance:

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

Human Resource Development:

There has been no material development on the Human Resources front. The number of people employed as on 31st March, 2010 was 85 as against the previous year's figure of 115.

General Shareholder Information:

- a) Annual General Meeting : 39th Annual General Meeting
- Day & Date : Monday 27th September, 2010
- Time : 4.00 p.m.
- Venue : Rotary Golden Jubilee Children's Sports Complex, Near Sonia Clinic Ananth Nagar Manipal – 576 104 Udupi District

- b) Financial Calendar : 1st April to 31st March

- c) Date of Book Closure : 23-09-2010 to 27-09-2010 (both days inclusive)
- d) Dividend : No Dividend has been recommended by the Board of Directors for the year ended 31st March, 2010.
- e) Registered Office : Syndicate House, Manipal – 576 104.
- f) Listing Stock Exchanges : The equity shares are listed on National Stock Exchange of India Ltd.
- Note:** Annual Listing Fee has been paid upto date.

- g) a) Stock Code : ICDS LTD. EQ. (NSE)
 b) Dematerialisation of Shares : ISIN No. INE 613B 1010
 c) Email : cm1ist@nse.co.in
 d) website : www.nseindia.com

As on 31st March, 2010 – 37,62,718 Equity Shares forming 28.88% share capital of the Company stands dematerialised.

- h) Market Price Data : Not Available.
Note: There had been no trading in our Equity Shares in National Stock Exchange from June, 2002.
- i) Registrar and Share Transfer Agent for Physical and Demat Shares:
**Cameo Corporate Services Ltd.,
 Subramanian Building
 No.1, Club House Road
 Chennai – 600 002
 Phone : (044-28460390)**

- j) **Share Transfer System:**
 As directed by SEBI, Company has appointed Cameo Corporate Services Ltd., V Floor, Subramanian Building, No.1 Club House Road, Chennai–600 002, as Registrar and Share Transfer Agent under demat and physical form effective March, 2003. Till this date Share Transfers etc. were done in-house once in two weeks. The Shareholders/Investors Grievance Committee approves all share transfer

and transmission upon its receipt from the Registrars.

k) Distribution of Equity Shareholding as on 31st March, 2010

No. of Shares held	No. of Shareholders	No. of Shares	Percentage
1-500	4724	757614	5.82
501-1000	537	373715	2.87
1001-2000	233	326513	2.51
2001-3000	69	172126	1.32
3001-4000	37	134168	1.03
4001-5000	17	75002	0.57
5001-10000	29	211075	1.62
10001 and above	84	10976487	84.26
TOTAL	5730	13026700	100.00

Pattern of Equity Shareholding as on 31st March 2010:

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

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



DECLARATION

As provided under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSEIL), all Board Members and Senior Management Personnel affirmed compliance with ICDS Ltd., Code of Conduct and Ethics for the year ended 31st March, 2010.

For ICDS Ltd.

Sd/-

T. Mohandas Pai
Whole-time Director

Place : Manipal
Date : 10-05-2010

CERTIFICATE

To: The Members of ICDS Limited

We have examined the Compliance of the conditions of Corporate Governance by ICDS Ltd. For the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

- the Company has not published the quarterly/ half yearly results in the news paper.
- all the members of the Audit Committee are not non-executive directors, as the Audit Committee consists of one Whole-time Director.

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

We state that,

- ◆ In respect of shareholder grievances received during the year ended March 31, 2010, no shareholder grievances are pending against the Company as on 31st March, 2010 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.
- ◆ In respect of investors grievances as regards to repayment of debentures / deposits on maturity we are informed that the same is being repaid in terms of the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka.

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

For CHATURVEDI & SHAH

Chartered Accountants
Firm Registration No. : 101720W

Sd/-

(C. D. Lala)

Partner

Place : Mumbai

Date : 10th May, 2010

Membership No. 35671

AUDITORS' REPORT

TO THE MEMBERS OF ICDS LIMITED

We have audited the attached Balance Sheet of **ICDS Limited** ('The Company') as at 31st March, 2010, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
3. Further to our comments in the Annexure referred to in paragraph (2) above, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) in our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 *except for non disclosure of information in respect of actuarial valuation as required under Accounting Standard 15 - Employee Benefits (Revised 2005), referred to in Note No. 21(d) of Schedule 'N'*.
 - e) on the basis of written representations received from the Directors of the Company and for the reasons stated in Note No. 16 of Schedule 'N', we state that none of the Directors of the Company is disqualified in terms of Section 274(1)(g) of the Companies Act, 1956.
 - f) in terms of directives issued by RBI, we state that,
 - i) the Certificate of Registration is cancelled by Reserve Bank of India on 9th October 2002.
 - ii) the Company has not obtained credit rating.
 - iii) the capital adequacy ratio is negative.
 - iv) the Company's net owned funds are negative as a result all the loans, advances and Investments have exceeded exposure limits stipulated by Reserve Bank of India.



- v) the Company is repaying matured/ unpaid deposits as per the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka (refer Note No. 1 of Schedule 'N').
- g) Without qualifying our opinion, we draw the attention to Note No. 3 with respect to preparation of accounts by the Company on "going concern basis", despite the erosion of its entire network, as the liabilities of the Company have been restructured by the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka which is under implementation.
- h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon and in particular Note No.11 of Schedule 'N' in respect of pending receipt of details from various branches of banks, give the information required by the Companies Act, 1956 in the manner so required and give

a true and fair view in conformity with the accounting principles generally accepted in India :-

- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2010;
- ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

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

Sd/-
(C. D. Lala)
Partner

Place : Mumbai
Date : 10-05-2010

Membership No.: 35671

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred in Paragraph 2 of our report to the members of **ICDS Limited** ('the Company') for the year ended 31st March, 2010. We report that :

1. i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- ii) All the fixed assets of the Company other than those under lease, have been physically verified by the management during the year. As explained to us , no material discrepancies were noticed on verification. *In respect of leased assets physical verification has not been done as most of the accounts have become irregular and the Company has initiated legal proceedings in respect of the same and further the value of depreciated lease assets is insignificant.*
- iii) The Company during the year has not disposed substantial part of its fixed assets.
2. i) As explained to us, stocks of shares and debentures have been physically verified by the management at reasonable intervals during the year.
- ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
3. i) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Consequently requirement of Clause (iii) (a), (b), (c) & (d) of paragraph 4 of the order are not applicable to the Company.
- ii) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Consequently requirement of Clause (iii) (e), (f) & (g) of paragraph 4 of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of the business with regard to purchases of inventory and fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system.
5. i) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.
- ii) In our opinion and according to the information and explanations given to us, the transactions pursuant to such contracts or arrangements have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time.
6. The Company's liabilities (including public deposits along with interest accrued thereon) were restructured as per the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka vide its order dated 15th October 2004. Accordingly the Company has already repaid first five installments and during the year started repaying sixth installment

of these liabilities. We are informed by the management that there are no orders by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. *The Company has discontinued the internal audit as in the opinion of the management there is no non-banking financial business done other than repayment of liabilities from the recoveries.*
8. The Central Government has not prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 for the Company.
9. i) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income

tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it except to the extent of non-remittance of unclaimed deposits and interest on matured deposits which is due to Investor Education and Protection Fund after 15th July, 2002 has not been remitted to Investor Education and Protection Fund as per the Para 3 of scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka on 15th October, 2004.

- ii) According to the records of the Company, there are no dues of income tax, wealth tax, sales tax, customs duty and excise duty/cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Years to which it pertains	Amount (Rs. in 000's)	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of depreciation on leased assets	Block assessment for the period from 1987-88 to 1997-98	10,24,04	Special Leave Petition before Hon'ble Supreme Court of India
-do-	-do-	AY 1991-92	34,29	-do-
-do-	-do-	AY 1992-93	1,41,60	-do-
-do-	Dispute on Sale of Property.	AY 1993-94	13,80	CIT (Appeals) disposed off.
Service Tax Act	Service tax on Hire Charges	Upto 2001	1,61	Stay Order of Hon'ble High Court of Judicature at Madras dated 29th August 2001 in favour of the members of The Equipment Leasing Association (India).

10. The net worth of the Company has been eroded. The Company has not incurred cash losses during the current year and the previous year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of

dues to a financial institution, banks. In respect of matured debentures and interest accrued thereon upto 15-07-2002, the Company has already paid first five installments and now is in the process of paying sixth installment to debenture holders as per the scheme of arrangement as sanctioned by the Hon'ble High Court of Karnataka on 15th October, 2004.

12. In our opinion the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.
14. The Company has maintained proper records for transactions and contracts in respect of trading in shares and other investments and timely entries have been made in those records. We also report that the Company has held the shares, securities, debentures and other securities in its own name except, certain shares which are held in the name of the erstwhile Manipal Investments Limited which was merged with the Company as explained in the Note No.12 of Schedule 'N'.
15. As per information and explanations given to us, the Company has not given any guarantees to Banks or Financial Institutions except for the guarantees given as referred to in Note No.8 of Schedule 'N'. The terms and conditions of the above guarantees are not prima facie prejudicial to the interest of the Company.
16. The Company has not taken any term loans from banks or financial institutions during the year.
17. The Company has not raised any short-term funds during the year. Hence the question of using short-term funds for long-term purpose does not arise.
18. During the year Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. As per our verification and on the basis of information and explanations given to us the Company has created security or charge in respect of debentures issued.
20. The Company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Sd/-
(C.D. Lala)
Partner

Place : Mumbai

Date : 10-05-2010

Membership No.: 35671



BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Thousands)

Description	Schedules	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS:			
Shareholders Funds:			
Share Capital	A	130,267	130,267
Reserves & Surplus	B	<u>70,336</u>	<u>71,090</u>
		200,603	201,357
Loan Funds:			
Secured Loans	C	30,267	26,401
Total		<u>230,870</u>	<u>227,758</u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	D	775,339	776,288
Less: Depreciation		<u>533,492</u>	<u>532,724</u>
		241,847	243,564
Less : Lease Equalisation		<u>183,497</u>	<u>183,497</u>
		58,350	60,067
INVESTMENTS:			
Current Assets, Loans & Advances			
Current Assets	F	60,928	93,079
Loans and Advances	G	<u>49,069</u>	<u>96,990</u>
		109,997	190,069
Less: Current Liabilities and Provisions	H	<u>207,257</u>	<u>452,451</u>
Profit & Loss Account (Debit Balance)		(97,260)	(262,382)
Total		<u>248,222</u>	<u>408,515</u>
		<u>230,870</u>	<u>227,758</u>
Significant Accounting Policies	M		
Notes to Accounts	N		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board

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

Sd/- **T. Mohandas Pai**
Whole-time Director

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

Sd/- **Bharath K. Nayak**
Director

Sd/- **H. N. S. Rao**
Director

Place: Mumbai
Date : 10-05-2010

Place : Manipal
Date : 10-05-2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Description	Schedules	(Rs. in Thousands)			
		2009-10		2008-09	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Income from Operations	I	60,957		50,320	
Other Income	J	1,752		8,326	
Excess Provision for NPA Written Back		121,730		51,861	
Total		<u>184,439</u>		<u>110,507</u>	
EXPENDITURE					
Finance Charges	K	2,167		2,760	
Operating Expenses	L	15,416		22,829	
Bad Debts written off (Refer Note 15 of Schedule N)		2,687		77	
Add : Provisions as per RBI norms		<u>—</u>	2,687	<u>1,908</u>	1,985
Depreciation	D	1,630		4,427	
Less: Transfer from Revaluation Reserve		<u>754</u>	876	<u>754</u>	<u>3,673</u>
Total		<u>21,146</u>		<u>31,247</u>	
Profit before tax		163,293		79,260	
Provision for Income Tax		3,000		—	
Provision for Fringe Benefit Tax		—		157	
Fringe Benefit Tax for earlier year		<u>—</u>	3,000	<u>—</u>	157
Profit after Tax		160,293		79,103	
Add : Loss brought forward		(408,515)		(487,618)	
Balance Carried Forward		<u>(248,222)</u>		<u>(408,515)</u>	
Basic/Diluted Earning per Share of Rs. 10 each (in Rupees)		12.30		6.07	
(Refer Note No.19 of Schedule "N")					
Significant Accounting Policies	M				
Notes to Accounts	N				

The Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board

For **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No. 101720W

Sd/- **C. D. Lala**

Partner

Membership No.: 35671

Place: Mumbai

Date : 10-05-2010

Sd/- **Bharath K. Nayak**

Director

Sd/- **T. Mohandas Pai**

Whole-time Director

Sd/- **H. N. S. Rao**

Director

Place : Manipal

Date : 10-05-2010



SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

Description	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
Schedule A				
SHARE CAPITAL				
Authorised :				
3,50,00,000 Equity Shares of Rs.10/- each		350,000		350,000
1,50,00,000 Preference Shares of Rs.10/- each		150,000		150,000
		<u>500,000</u>		<u>500,000</u>
Issued & Paid- up:				
1,30,26,700 Equity Shares of Rs.10/- each*		130,267		130,267
Total		<u>130,267</u>		<u>130,267</u>

Note: * Includes 84,80,000 Equity Shares issued as bonus shares by capitalising reserves and 9,11,552 Equity Shares issued for consideration other than cash.

Schedule B

RESERVES & SURPLUS

Share Premium		33,334		33,334
Revaluation Reserve	37,756		38,510	
Less: Transfer to Profit & Loss A/c (Refer Note No. 7 of Schedule N)		754	<u>754</u>	<u>37,756</u>
Total		<u>70,336</u>		<u>71,090</u>

Schedule C

SECURED LOANS

From Banks				
Working Capital Loans		30,267		26,401
Total		<u>30,267</u>		<u>26,401</u>

Note: Working Capital Loans from Banks are secured by pledge of Bank deposits of Rs.5,50,00 thousand (Previous year: Rs. 8,00,00 thousand.)



SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule D FIXED ASSETS

(Rs. in Thousands)

Sl. No.	Description of Assets	GROSS BLOCK			DEPRECIATION & LEASE EQUALISATION						NET BLOCK		
		As at 1st April, 2009 Rs.	Additions Rs.	Deduction/ sale Rs.	As at 31st March, 2010 Rs.	As at 1st April, 2009		For the year Rs.	Deduction/ sale Rs.	As at 31st March, 2010		As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
						Deprn. Rs.	Eqln. Rs.			Deprn. Rs.	Eqln. Rs.		
A. OWNED ASSETS													
1	Land	530	-	-	530	-	-	-	-	-	530	530	
2	Buildings	71,637	-	-	71,637	14,268	1,168	-	15,436	-	56,201	57,369	
3	Plant & Machinery	1,896	-	47	1,849	1,090	86	33	1,143	-	706	806	
4	Electrical Fittings	1,398	13	94	1,317	1,003	53	69	987	-	330	395	
5	Furniture & Fittings	8,246	-	675	7,571	7,582	245	606	7,221	-	350	664	
6	Off. Equipments & Computers	9,846	8	151	9,703	9,543	78	151	9,470	-	233	303	
7	Vehicles	549	-	3	546	549	-	3	546	-	-	-	
	Total of 'A'	94,102	21	970	93,153	34,035	1,630	862	34,803	-	58,350	60,067	
B. ASSETS GIVEN ON LEASE													
1	Plant & Machinery	612,686	-	-	612,686	429,532	183,154	-	429,532	183,154	-	-	
2	Vehicles	69,500	-	-	69,500	69,157	343	-	69,157	343	-	-	
	Total of 'B'	682,186	-	-	682,186	498,689	183,497	-	498,689	183,497	-	-	
	Grand Total of A+B	776,288	21	970	775,339	532,724	1,630	862	533,492	183,497	58,350	60,067	
	Previous Year	806,456	206	30,374	776,288	555,680	4,427	27,383	532,724	183,497	60,067		

Notes: 1) Buildings include Rs. 18,10 thousand (Previous Year: Rs.18,10 thousand) pending registration.

2) Buildings includes shares of the face value of Rs. 511/- in Co operative Housing Society.

The company has deposited the title deeds and share certificates amounting to Rs. 6,78,47 thousand as a security against the security deposit received.



SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs in Thousands)

Description	As at 31st March, 2010 Rs.		As at 31st March, 2009 Rs.	
Schedule E				
INVESTMENTS				
Long Term Investments: (Non trade, At Cost)				
A) Government Securities				
National Savings Certificate		10		10
B) Shares:				
(Fully paid up)	Face Value	Nos.	Face Value	Nos.
QUOTED SHARES				
1. ICDS Securities Ltd.	10	1,139,425	11,428	10 1,139,425 11,428
2. Lingapur Estates Ltd.	10	153,392	1,734	10 153,392 1,734
3. Manipal Finance Corpn. Ltd.	10	449,163	9,181	10 449,163 9,181
Total			<u>22,343</u>	<u>22,343</u>
UNQUOTED SHARES				
Wholly owned Subsidiary Companies				
1. Manipal Hotels Ltd.	10	50,000	500	10 50,000 500
2. Manipal Properties Ltd.	100	9,989	999	100 9,989 999
Other Companies				
1. Development Co-op. Bank Ltd.	10	1,200	18	10 1,200 18
2. Manipal Housing Finance Syndicate Ltd.	10	729,000	9,103	10 729,000 9,103
Total			<u>10,620</u>	<u>10,620</u>
			<u>32,973</u>	<u>32,973</u>
Less: Provisions for diminution in value of investments			11,415	11,415
Total			<u>21,558</u>	<u>21,558</u>

- Notes:**
1. National Savings Certificates of the face value of Rs. 10 thousand (Previous year Rs. 10 thousand) have been lodged with Govt. Departments.
 2. Market price of the Quoted shares has been taken at face value, as the price of the quoted shares of the listed companies has not been quoted during the year.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)
(Rs. in Thousands)

Description	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.	As at 31st March, 2009 Rs.	As at 31st March, 2009 Rs.
Schedule F				
CURRENT ASSETS				
INVENTORIES				
Stock on Hire				
Under Hire Purchase Agreements (at agreement value less amount received and Unmatured hire charges)				
Considered Good	-		-	
Considered Doubtful	<u>166,290</u>		<u>182,938</u>	
	166,290		182,938	
Less: Provision	<u>166,290</u>	-	<u>182,938</u>	-
Other Inventories: (valued and as certified by the management)				
Shares and Debentures (Refer Annexure No. 1)		-		-
SUNDRY DEBTORS				
Unsecured				
More than 6 months				
Considered good	82		215	
Considered doubtful	<u>6,403</u>		<u>7,726</u>	
	6,485		7,941	
Others (considered good)	<u>21</u>		<u>3</u>	
	6,506		7,944	
Less: Provision	<u>6,403</u>	103	<u>7,726</u>	218
CASH AND BANK BALANCES				
Cash, Cheques on hand and Remittances in transit	316		350	
Balances with Banks:				
Current Accounts	1,511		2,698	
Term Deposits	<u>56,535</u>		<u>84,980</u>	
		58,362		88,028
OTHER CURRENT ASSETS				
Interest accrued on investments		5		5
Interest accrued on term deposits		<u>2,458</u>		<u>4,828</u>
Total		<u>60,928</u>		<u>93,079</u>

Notes:

- Balances with Banks include balances with Non Scheduled banks:
Balance receivable with Manipal Cooperative Bank Ltd. Rs.5 thousand (P.Y. Rs.5 thousand) [Maximum Balance outstanding at any time during the year Rs.5 thousand (P.Y. Rs. 5 thousand)]
- Term deposit includes Rs. 5,50,00 thousand (P.Y. Rs. 8,00,00 thousand) pledged with bank as security for Working Capital Loan.



SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Description	As at		<i>(Rs. in Thousands)</i>	
	31st March, 2010		31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
Schedule G				
LOANS AND ADVANCES				
Advance taxes		20,523		18,242
Advance Fringe Benefit tax		528		528
Rent deposits and other deposits		1,095		1,069
Capital Advance		–		22,000
Demerger receivable (Secured) [@]	220,476		348,507	
Less: Provision	196,880	23,596	<u>299,276</u>	49,231
LIC Group Gratuity Fund Asset (net)		431		425
Advances recoverable in Cash or in kind or for values to be received:				
Secured				
Considered good		74	173	
Considered doubtful		69,325	<u>66,085</u>	
		69,399	<u>66,258</u>	
Less: Provision		69,325	<u>66,085</u>	173
Unsecured				
Considered good		2,822	5,322	
Considered doubtful		35,478	<u>40,082</u>	
		38,300	45,404	
Less: Provision		35,478	<u>40,082</u>	<u>5,322</u>
Total		49,069	<u>96,990</u>	

- Notes:**
- Advances include secured loans and unsecured loans of Rs.74 thousand and Rs.5,71 thousand respectively. (Previous year: Rs. 1,73 thousand and Rs. 6,69 thousand).
 - Secured Demerger receivables includes Rs. 77,76 thousands (P.Y. Rs. 83,20 thousands) & Rs. Nil net of provisions (P.Y. Rs. Nil) due from Manipal Hotels Ltd. and Rs. 2,51,33 thousands (P.Y. Rs. 2,79,01 thousands) & Rs. 62,83 thousands net of provisions and income reversal (P.Y. Rs. 69,75 thousands) due from Manipal Properties Ltd., the wholly owned subsidiary companies.
- [@] - Refer Note Nos. 4 & 5 of Schedule 'N'.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. in Thousands)

Description	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
Schedule H				
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors				
Due to – Micro, Small and Medium Enterprises@		–		–
– Others		10,246		10,686
Lease Deposits & Rent Deposits*		42,067		59,727
Debit Balance in Bank Current Accounts		7,125		19,419
Public Liabilities:				
<i>Unclaimed</i>				
– matured deposits for more than 7 years **		960		838
– interest on matured deposits for more than 7 years **		11,638		3,482
– matured deposits ***		466		925
– interest on matured deposits ***		2,214		5,547
– matured debentures ***		1,048		141,161
– interest on matured debentures ***		4,737		5,309
– matured subordinated debts***		233		46,607
– interest on matured subordinated debts ***		1,255		1,484
<i>Unpaid</i>				
– interest on deposits ***		13,050		27,261
– interest on Matured subordinated debts ***		12,981		16,611
– interest on Matured debentures ***		62,708		84,073
Other Public Liabilities (Refer Note No. 14 of Schedule N)		33,001		28,793
PROVISIONS				
for Fringe Benefit Tax		528		528
for Income tax		3,000		–
Total		<u>207,257</u>		<u>452,451</u>

* Is secured against the deposit of title deeds and shares of the Co Operative Housing Society of the building which has been rented.

** Liability to Investor Education and Protection Fund does not arise in view of entire deposit liability being payable as per Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. (Annexure D read with 1.1.8 of the Scheme of Arrangement)

*** Though the Deposits, Debentures & Subordinated debts have become matured as per original contract, amount is payable as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka.

@ Refer Note No. 20 of Schedule 'N'.



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

Description	<i>(Rs. in Thousands)</i>	
	2009-10 Rs.	2008-09 Rs.
Schedule I		
INCOME FROM OPERATIONS		
Hire Purchase Income	1,505	233
Lease Income	13,979	95
Interest on Loans and Advances [includes TDS Rs. 10,82 thousand (P.Y. Rs. 25,34 thousand)]	15,133	5,457
Interest on Long Term Investments	1	1
Interest on Term Deposit [includes TDS Rs. 4,30 thousand (P.Y. Rs. 27,91 thousand)]	4,107	15,553
Other Interest	692	368
Bad Debts Recovered	21,734	25,082
Service Charges & Commission [includes TDS Rs. 4,87 thousand (P.Y. Rs. 5,56 thousand)]	3,806	3,531
Total	<u>60,957</u>	<u>50,320</u>
Schedule J		
OTHER INCOME		
Dividends:		
Long Term Investments	861	2,113
Others	30	399
Profit on Sale of Owned / Leased Assets	202	306
Rent [includes TDS Rs. 1,01 thousand (P.Y. Rs. 1,79 thousand)]	603	792
Refund of Sales Tax paid	-	4,455
Miscellaneous Income	56	261
Total	<u>1,752</u>	<u>8,326</u>
Schedule K		
FINANCE CHARGES		
Interest on Bank Loan	2,002	2,220
Bank Charges	165	540
Total	<u>2,167</u>	<u>2,760</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

(Rs. in Thousands)

Description	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
Schedule L				
OPERATING EXPENSES				
Expenditure on Employees:				
Salaries, Wages & Bonus	7,204		10,543	
Contribution to PF & Other Funds	894		1,246	
Gratuity	26		138	
Staff Welfare Expenses	637		620	
		8,761		12,547
Administration and other Expenses:				
Rent, Rates & Taxes		1,291		1,394
Printing & Stationery		186		200
Travelling & Conveyance		1,154		1,199
Postage, Telegram & Telephones		866		959
Insurance		–		1
Repairs & Maintenance:				
Buildings	360		306	
Vehicles	40		114	
Others	439		281	
		839		701
Advertisement & Business Promotion		14		56
Legal & Professional Charges		905		1,023
Auditors Remuneration:				
Audit Fees	138		138	
Tax Audit Fees	28		28	
Certification	28	194	28	194
Service Charges		882		1,249
Loss on sale of Assets		52		56
Loss on discarded assets		–		2,895
Sundry Expenses		272		355
Total		15,416		22,829



Schedule M

ACCOUNTING POLICY FORMING PART OF THE ACCOUNTS

A. Basis of Preparation of Financial Statements:

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

B. Use of Estimates:

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

C. System of Accounting and Income Recognition:

1. The accounts are prepared under historic cost convention and all significant items of Income & Expenditure are accounted on accrual system of accounting.
2. The company recognises income as prescribed by RBI guidelines on Income Recognition.
3.
 - i) Hire Purchase Income is accounted by sum of digits method to provide a constant periodic rate of return on the net investment outstanding in the contracts.
 - ii) Lease Income is accounted on accrual of lease rentals for the period.
 - iii) Income from bills discounting is accounted on due basis.
 - iv) Brokerage/commission received on insurance agency services has been accounted on accrual basis on certainty of realisation.

D. Fixed Assets:

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

E. Depreciation

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

F. Investments

- i) Long term investments are valued at cost. Provision for diminution in the value of investments is made to recognise decline, other than temporary.
- ii) Current Investments are stated at cost or market value whichever is lower.

G. Current Assets

- i) Stock on hire is valued at agreement values net of recoveries.
- ii) Stock of shares is valued at lower of cost or market price.

ACCOUNTING POLICY FORMING PART OF THE ACCOUNTS (Contd.)

Schedule M (Contd.)

H. Employee Benefit:

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

I. Borrowing Costs:

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

J. Taxes on Income:

- i) Tax expenses comprise both current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized only if there is virtual certainty of realization.
- ii) Fringe Benefit Tax is provided in accordance with provisions of Section 115WA of the Income Tax Act, 1961 as expenditure for the period.

K. Earnings per Share

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

L. Impairment:

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

M. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes on Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

N. Miscellaneous Expenditure:

Miscellaneous Expenditure is charged to Profit and Loss Account as and when they are incurred.



Schedule N

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

1. In pursuance to the Scheme of Arrangement (the 'scheme') under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka vide its order dated 15th October 2004 and filed with the Registrar of Companies, Karnataka on 30th December 2004 (i.e., effective date) the Company has put the scheme to implementation and accordingly the Company:
 - a) has not provided for interest on deposits, debentures and subordinated debts after 15th July 2002 in terms of the scheme.
 - b) has not recognised income in respect of interest on loans granted on the above said instruments.
 - c) has not carried any business of non banking financial company during the year and has effected only recoveries of advances done in the previous years and repayment of liabilities in terms of scheme of arrangement.
 - d) has paid first five instalments of Debentures, Deposits and Subordinated debts aggregating to Rs. 2,23,93,66 thousand in terms of the scheme and filed an affidavit before the Hon'ble High Court of Karnataka to the effect. The payment of sixth instalment of interest on Deposits, Debentures and Subordinated Debts are in progress.
2. The charge created in respect of debentures in favour of the Debenture Trustees has been satisfied on 30th June, 2005 upon the payment of first instalment in terms of the scheme and necessary forms have been filed with the Registrar of Companies, Karnataka, Bangalore.
3. The Company's liabilities were restructured pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. The accounts have been prepared on going concern basis in view of implementation of the scheme.
4. Demerger receivable represents Rs. 1,73,12 thousands (P.Y. Rs. 4,22,55 thousands) net of provisions and income reversal from Mpl Enterprises Ltd. (formerly known as Mpl Finance and Leasing Company Ltd.) pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their orders dated 9th April 1999 and 25th August, 2000 respectively. The balance is considered good for recovery as the value of the property vested in Mpl Enterprises Ltd. is adequate.
5. Investment of Rs. 9,99 thousands (P.Y. Rs.9,99 thousands) and demerger receivable of Rs.62,83 thousands (P.Y. Rs. 69,75 thousands) being amount due from Manipal Properties Limited a subsidiary, on account of scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide its Order dated 9th April 1999 and 25th August, 2000 respectively is considered good for recovery as the present market value of the property vested in Manipal Properties Ltd. is adequate and in view of long term involvement with the said company.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule N (Contd.)

6. The Company has not recognized Deferred Tax Asset as per AS 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, constituting, mainly of carry forward losses, excess depreciation claimed in Income tax and provision for doubtful debts, as a matter of prudence.
7. A revaluation of land and buildings as on 1st January 1998 was carried out by an approved valuer resulting in an increase in the value of assets over net asset value by Rs. 4,62,40 thousands as on date. The increase in the value of land and buildings resulting from revaluation is credited to revaluation reserve.

8. Contingent Liabilities:

(Rs. in Thousands)

Sl. No.	Particulars	2009-10	2008-09
a)	Guarantee issued in favour of bankers	3,70	3,20
b)	Claims against the company/disputed liabilities not acknowledged as debt/liabilities	10,58	10,58
c)	Income Tax (refer Note No. 9 below)	13,25,54	20,54,21
d)	U.P. State Commercial Tax towards Trade Tax	—	4,500

** Service tax of Rs. 1,61 thousands (P.Y. 1,61 thousands) is not paid following the Stay Order of the Hon'ble High Court of Judicature at Madras dated 29th August, 2001 in favour of the members of the Equipment Leasing Association (India). The company does not foresee any outflow on the said matter and no provision is considered necessary.

9. Income tax demand represents Rs.10,24,04 thousand (P.Y. Rs.15,35,50 thousand) in respect of Block Assessment held for the period from 1987-88 to 1997-98 and balance amount Rs.1,89,69 thousand (net of Rs.1,11,81 thousand recovered from refund of other assessment year) {P.Y. Rs.4,83,05 thousand (net of Rs. 35,67 thousand recovered from refund of other assessment year)} relating to other assessment years following the dismissal order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed a Special Leave Petition (SPL) with Hon'ble Supreme Court of India against the Order of Hon'ble High Court of Karnataka. The Company has been advised that there are fair chances of favourable judgement and hence does not foresee any outflow on the said matter.
10. No remuneration/commission has been drawn by the Whole-time Director during the year.
11. The Company during the year has repaid liabilities in terms of the scheme of arrangement amounting to Rs.18,68,24 thousand (P.Y. Rs. 24,28,55 thousand) through Multi City Account with a Scheduled Bank. Bank reconciliation contains items debited by the bank amounting to Rs. 6,15 thousands (P.Y. Rs. 6,92 thousands) pending receipt of details from various branches of the Bank.



NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule N (Contd.)

12. Quantitative particulars of stocks, purchases and sales of shares:

Details	2009-10		(Rs. in Thousands) 2008-09	
	Qty. Nos.	Value (Rs. in '000)	Qty. Nos.	Value (Rs. in '000)
Opening Stock:				
Shares (Nos)	783,622	–	781,406	–
Debentures (Nos)	5,403	–	5,403	–
Additions 1 *	1,233	–	–	–
Additions 2 **	–	–	2,216	–
Deletions	38,191	–	–	–
Closing Stock:				
Shares (Nos)	746,664	–	783,622	–
Debentures (Nos)	5,403	–	5,403	–

* Additions represents 1,197 bonus shares received during the year from Reliance Industries Ltd. and 36 shares from HDFC Bank Ltd. on account of merger of Centurian Bank of Punjab.

** Additional Shares received are on account of shares held by the company due to merger of erstwhile subsidiary company Manipal Investments Ltd.

13. The Company is in the process of updating the investment register to match the shares lying in Demat account for which details are being traced.
14. Other Public Liabilities includes balances lying unpaid after adjusting deposits/debentures with loans borrowed against it and unencashed stale interest warrants/cheques. Unencashed stale cheques relating to Deposits, Non Convertible debentures and Subordinated debts amounting to Rs.2,87,19 thousands is lying more than one year. The Company has initiated followup action for payment of the above said liabilities.
15. Manipal Universal Learning Pvt. Ltd. (MUL) had during the financial year 2004-05 agreed to pay Rs.2,00,00 thousand against the due amount of Rs.6,72,06 thousand in pursuance of the agreement for payment in instalments. Pursuant to the same company had written off the differential amount in the books during the said financial year and also claimed the deduction in the Income tax computation which was disallowed by the Income Tax Officer. The company during the year has considered the write off of bad debts of Rs.4,72,06 thousands for the purposes of tax computation which was disallowed in the earlier years by the Assessing Officer pursuant to the full and final settlement of Rs.2,00,00 thousand in full by MUL during the previous year. This has no effect on the ultimate profit for the year, since same was once written off in the books in the earlier year.
16. The Company has been legally advised that the default of the company in repayment of deposits and redemption of debentures gets remedied with retrospective effect from the appointed date i.e. 15th July 2002 as per the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka on 15th October 2004. Hence the disqualification under Section 274 (1) (g) of the Companies Act, 1956 will not be applicable to the directors of the company with effect from the appointed date viz., 15th July 2002.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule N (Contd.)

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

- A. Subsidiary Companies (100%):
1. Manipal Hotels Ltd.
 2. Manipal Properties Ltd.
- B. Associate Companies/Institutions:
1. ICDS Securities Limited
 2. Canara Land Investments Ltd.
 3. Bluecross Builders and Investors Limited
 4. MPL Enterprises Limited
- C. Key Management Personnel and their Relatives:
- | | |
|-----------------|----------------------|
| T. Mohandas Pai | Relationship |
| T. Ashok Pai | Whole-time director |
| H. N. S. Rao | Relative of Director |
| | Director |

Details of transactions are as follows:

	(Rs. in Thousands)	
	2009-10	2008-09
a) Rent Payment		
– Associate companies		
The Canara Land Investments Limited	8	13
b) Advance/reimbursement given during the year		
– Subsidiary companies (100%)		
Manipal Properties Ltd.	1,271	1,771
– Associate companies		
MPL Enterprises Limited	3,121	2,934
Bluecross Builders and Investors Limited	952	5,193
c) Capital advance given during the year		
– Associate companies		
MPL Enterprises Limited	–	22,000
d) Advance/reimbursement recovered during the year		
– Subsidiary companies (100%)		
Manipal Properties Ltd.	4,039	1,400
– Associate companies		
MPL Enterprises Limited	127,830	15,403
Bluecross Builders and Investors Limited	11,685	5,898
e) Rent/Interest/Finance Charges received from related parties		
– Subsidiary companies (100%)		
Manipal Properties Ltd. (Net of Income reversal of Rs.25,36 Thousand. P.Y. Rs. 22,19 Thousand.)	282	576
– Associate companies		
ICDS Securities Ltd.	63	252
MPL Enterprises Limited (Net of Income reversal of Rs.88,39 Thousand, P.Y.: Rs. 75,48 thousand.)	1,534	1,958
Bluecross Builders and Investors Limited (Net of Income reversal of Rs.Nil, P.Y.: Rs. 78,08 thousand.)	7,808	2,026



NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule N (Contd.)

(Rs. in Thousands)

- | | | |
|---|-----------------|----------|
| f) Outstanding balances as at 31-03-2010 | | |
| Due from / (To) | | |
| – Subsidiary companies (100%) | | |
| Manipal Hotels Ltd. | 7,776 | 83,20 |
| Manipal Properties Ltd. | 2,98,88 | 3,01,20 |
| – Associate companies | | |
| MPL Enterprises Limited | 12,58,00 | 24,16,79 |
| Bluecross Builders and Investors Limited | (64) | 10,675 |
| g) Provisions made on balance receivable from related parties | | |
| – Subsidiary companies (100%) | | |
| Manipal Hotels Ltd. | 7,776 | 83,20 |
| Manipal Properties Ltd. | 18,850 | 20,926 |
| – Associate companies | | |
| Bluecross Builders and Investors Limited | – | 10,675 |
| MPL Enterprises Limited | 69,249 | 169,024 |
| h) Provision for Diminution in value of Investments | | |
| – Subsidiary companies (100%) | | |
| Manipal Hotels Ltd. | 500 | 500 |
18. Miscellaneous income includes Rs.Nil (P.Y. Rs. 1,69 thousands) pertaining to interest waived by holders of various instruments.
19. Earnings per share.

(Rs. in Thousands)

Details		2009-10	2008-09
a)	Net Profit available for equity shareholder	160,293	79,103
	Numerator used for calculation		
b)	Weighted Average No. of equity shares used as denominator for calculating EPS (Nos.)	13,026,700	13,026,700
	Basic/Diluted [Annualised] [Nominal value per share Rs.10 each] Rs.	12.30	6.07

20. In the opinion of the Management, there are no balances due to Micro, Small and Medium Enterprise in the absence of any notice from the vendors to the effect on their registrations in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). In view of the same, disclosures as per the provisions of MSMED Act, 2006 & Schedule VI of the Companies Act, 1956 is not given.
21. **Employee Benefits:**
The Company has, with effect from 1st April, 2007, adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India [the 'revised AS 15'].

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

- a) Brief description of the Plans :
The Company has two schemes for long-term benefits such as provident fund and gratuity. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through trustees / appropriate authorities. The Company's defined contribution plan is employees' provident fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions. 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 Profit and Loss Account during the year is Rs.2,67 thousands (P.Y. 3,62 thousands).
- c) The Company's liability towards Gratuity to employees is covered by a group policy with Life Insurance Corporation of India (LIC of India) and contributions / demand made are charged to profit and loss account. During the year company has paid contribution of Rs.32 thousands (P.Y. Rs.15,04 thousands) to LIC of India for its demands including the amounts pertaining to previous years and has charged of Rs.26 thousands (P.Y. Rs.1,14 thousands) to profit and loss account based on the statement received from LIC of India.
- d) Disclosures for defined gratuity benefit plans as required under Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the Institute of Chartered Accountants of India is not given as the Company has not received any actuarial valuation report or information from LIC of India. The Management is in the process of getting the information from the LIC of India. The effect if any on the expense/income will be given in the year of receipt of information.
22. The previous year figures have been reworked, regrouped and reclassified wherever necessary.
23. The Company has only one segment (Financial services) hence Segmentwise report is not prepared.
24. The Company does not carry on manufacturing activities; hence paragraph 4C of Part II of Schedule VI of The Companies Act, 1956 is not applicable.

As per our Report of even date

For and on behalf of the Board

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

Sd/- T. Mohandas Pai
Whole-time Director

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

Sd/- Bharath K. Nayak
Director

Sd/- H. N. S. Rao
Director

Place : Mumbai
Date : 10-05-2010

Place : Manipal
Date : 10-05-2010



NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Information pursuant to provisions of Part IV of Schedule VI of the Companies Act, 1956:

I.	Registration Details:	
	Registration No.	2106
	State Code	08
	Balance Sheet Date	31st March, 2010
II.	Capital Raised during the year (Rs. in '000)	
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	Position of mobilisation and deployment of Funds (Rs. in '000)	
	Total Liabilities	230,870
	Total Assets	230,870
	<i>Sources of Funds</i>	
	Paid up Capital	130,267
	Reserves and Surplus	70,336
	Secured Loans	30,267
	Unsecured Loans	–
	<i>Application of Funds</i>	
	Net Fixed Assets	58,350
	Investments	21,558
	Net Current Assets	(97,260)
	Miscellaneous Expenses	–
	Accumulated Losses	248,222
IV.	Performance of the Company (Rs. in '000)	
	Turnover	184,439
	Total Expenditure	21,146
	Profit before Tax	163,293
	Profit after Tax	160,293
	Earnings per share (Rs.)	12.30
	Dividend Rate (%)	Nil
V	Generic Name of the three principal products/services of the Company	
	Item Code No (ITC Code)	Not applicable
	Product Description	The company was in NBFC business which has been discontinued.

As per our Report of even date

For and on behalf of the Board

For **Chaturvedi & Shah**

Sd/- T. Mohandas Pai

Chartered Accountants

Whole-time Director

Firm Registration No. : 101720W

Sd/- C. D. Lala

Sd/- Bharath K. Nayak

Sd/- H. N. S. Rao

Partner

Director

Director

Membership No.: 35671

Place : Mumbai

Place : Manipal

Date : 10-05-2010

Date : 10-05-2010

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES AS AT 31ST MARCH, 2010**

(Amount in Rupees)

1.	Name of the Subsidiary Company	Manipal Hotels Ltd.	Manipal Properties Ltd.
2.	The Financial year period of the Subsidiary Company ended on	31st March, 2010	31st March, 2010
3.	Date from which they became Subsidiary Company	5-8-1992	23-12-2000
4.	Number of equity shares held by ICDS Ltd. at the end of the financial year of the Subsidiary Company	50,000	9,989
5.	Extent of interest of Holding Company at the end of the financial year of the subsidiary.	100%	99.89%
6.	The net aggregate amount of the Subsidiary Company Profit/(Loss) so far as concerns the members of the holding company		
	1. Not dealt with in the Holding Company's accounts		
	a) For the financial years ended 31st March, 2010	(7,771)	(143,284)
	b) For the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary	1,252,684	215,220
	2. Dealt with in the Holding Company's accounts		
	a) For the financial years ended 31st March, 2010	N A	N A
	b) For the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary	N A	N A
7.	Changes in the interest of Holding Company; between the end of the financial year of the subsidiary and 31st March, 2010	N.A.	N.A.
	a) Nos of Shares		
	b) Extent of holding		
8.	Material Changes between the end of the financial year of the Subsidiary Company's Financial Statement ended 31st March, 2010	N.A.	N.A.
	a) Fixed Assets	N.A.	N.A.
	b) Investments	N.A.	N.A.
	c) Money Lent	N.A.	N.A.
	d) Money borrowed other than those for meeting Current Liabilities	N.A.	N.A.

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

Sd/- T. Mohandas Pai
Whole-time Director

Sd/- Bharath K. Nayak
Director

Sd/- H. N. S. Rao
Director

Place : Manipal
Date : 10-05-2010

Disclosure:

Sl. No.	In the accounts of	Disclosure of Loans and Advances and Investments in its own shares by their Subsidiaries, Associates (as certified by the Management) as required by Clause 32 of Listing Agreement.	As at 31-03-2010
1	Parent (ICDS Ltd.)	Loans and advances in the nature of loans to subsidiaries by name and amount	Nil
		Loans and advances in the nature of loans to associates by name and amount	Nil
		Loans and advances in the nature of loans where there is	
		i) no repayment schedule or repayment beyond seven years or	Nil
		ii) no interest or interest below Section 372A of Companies Act by name and amount.	Nil
		Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount	
2.	Subsidiary Manipal Hotels Ltd. Manipal Properties Ltd.	Loans and advances in the nature of loans to parent by name and amount	Nil
		Loans and advances in the nature of loans to associates by name and amount	Nil
		Loans and advances in the nature of loans where there is	
		i) no repayment schedule or repayment beyond seven years or	Nil
		ii) no interest or interest below Section 372A of Companies Act by name and amount	Nil
		Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount	Nil
3.	Parent (ICDS Ltd.)	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	Nil

Note: The demerger receivables and reimbursement of expenses and advances which are not in the nature of loans have not been considered. The amounts considered, if any, are net of the provisions done as per prudential norms. The details of demerger receivables are disclosed in the related party transactions elsewhere in the Balance Sheet.

CASH FLOW STATEMENT FOR THE YEAR 2009-10

(Rs. in Thousands)

Description	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities				
Profit before tax		163,293		79,260
Adjustments for:				
Depreciation	876		3,673	
Interest expenses	2,002		2,220	
Loss on sale of fixed assets	52		2,951	
Profit on sale of fixed assets	(202)		(306)	
Interest from investments	(1)		(1)	
Dividends	(891)		(2,512)	
Excess Provision written back	(121,730)		(51,861)	
Provision/write offs	2,687	(117,207)	1,985	(43,851)
<i>Operating profit before working capital changes</i>		46,086		35,409
<i>Adjustments for change in working capital</i>				
Decrease/(Increase) in Trade and other receivables	171,731		47,644	
Increase/(Decrease) in Trade Payables	(26,187)	145,544	(30,551)	17,093
Cash generated from operations		191,630		52,502
Less: Interest paid		(37,186)		(33,807)
Income Tax (paid)/refunded		(2,282)		(8,706)
Fringe Benefit tax paid		—		(181)
<i>Net cash from/(used in) operating activities</i>		152,162		9,808
(B) Cash Flow from Investing Activities				
Purchase of Fixed and Leased Assets	(21)		(206)	
Sale of Fixed & Leased Assets	258		346	
Interest received	1		1	
Dividend received	891		2,512	
<i>Net cash from/(used in) investing activities</i>		1,129		2,653

CASH FLOW STATEMENT FOR THE YEAR 2009-10

Description	2009-10		<i>(Rs. in Thousands)</i> 2008-09	
	Rs.	Rs.	Rs.	Rs.
(C) Cash Flow from Financing Activities:				
Proceeds/(Redemption) of debentures	(140,113)		(133,635)	
Proceeds/(Redemption) of Subordinated debts	(46,374)		(54,242)	
Proceeds/(Payment) of Public Deposits	(336)		(54,978)	
Increase/(Decrease) of Bank Borrowing	3,866		5,940	
<i>Net Cash from/(used in) Financing Activities</i>		(182,957)		(236,915)
Net Increase/(Decrease) in Cash equivalents		(29,666)		(224,454)
Cash & Cash Equivalents (Opening Balance)		88,028		312,482
Cash & Cash Equivalents (Closing Balance)		58,362		88,028

- Notes:**
1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
 2. Closing Cash and Cash equivalents includes term deposit pledged with bank Rs.5,50,00 thousand (P.Y. Rs.8,00,00 thousand) which are not freely available for use of the company.
 3. Previous years figures have been reworked, regrouped and reclassified wherever necessary.

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of the Board

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

Sd/- **T. Mohandas Pai**
Whole-time Director

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

Sd/- **Bharath K. Nayak**
Director

Sd/- **H. N. S. Rao**
Director

Place: Mumbai
Date : 10-05-2010

Place : Manipal
Date : 10-05-2010

SCHEDULE TO THE BALANCE SHEET OF ICDS LIMITED

(As required in terms of Paragraph 9BB of

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

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

(Rs. in '000)

Particulars	Amount Outstanding	Amount Overdue
Liabilities side:		
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
a) Debentures : Secured		
: Unsecured *	68,493	68,493
(other than falling within the meaning of public deposits)		
b) Deferred Credits	-	
c) Term Loans	-	
d) Inter-corporate loans and borrowing	-	
e) Commercial Paper	-	
f) Public Deposits *	30,057	30,057
g) Other Loans (subordinated debts, working capital loans) *	44,736	14,469
2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a) In the form of Unsecured debentures		
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
c) Other public deposits *	30,057	30,057
Assets side:		
3) Break up of Loans and Advances including bills receivables (other than those included in (4) below):		
a) Secured	74	
b) Unsecured	2,822	
4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
i) Lease assets including lease rentals under sundry debtors:		
a) Financial lease	-	
b) Operating lease	553	
ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on hire	-	
b) Repossessed Assets	-	
iii) Hypothecation loans counting towards EL/HP activities		
a) Loans where assets have been repossessed	-	
b) Loans other than (a) above	-	

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

Particulars	Amount outstanding	Amount Overdue	
5) Break-up of Investments:			
Current Investments: (Stock in trade considered)			
1. Quoted:			
i) Shares: a) Equity	–		
b) Preference	–		
ii) Debentures and Bonds	–		
iii) Units of mutual Bonds	–		
iv) Government Securities	–		
v) Others	–		
2. Unquoted			
i) Shares: a) Equity	–		
b) Preference	–		
ii) Debentures and Bonds	–		
iii) Units of mutual Bonds	–		
iv) Government Securities	–		
v) Others	–		
Long Term Investments: (net of provisions)			
1. Quoted:			
i) Shares: a) Equity	11,428		
b) Preference	–		
ii) Debentures and Bonds	–		
iii) Units of mutual Bonds	–		
iv) Government Securities	–		
v) Others	–		
2. Unquoted:			
i) Shares: a) Equity	10,120		
b) Preference	–		
ii) Debentures and Bonds	–		
iii) Units of mutual Bonds	–		
iv) Government Securities (excluding interest accrued)	10		
v) Others: Interest accrued but not due on investments/ deposits.	2,463		
6) Borrower group-wise classification of all leased assets, stock on hire and loans and advances including debtors:			
	Amount (net of provisions)		
Category	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	–	–	–
(b) Companies in the same group	–	–	–
(c) Other related parties	–	–	–
2. Other than related parties	74	49,098	49,172
Total	<u>74</u>	<u>49,098</u>	<u>49,172</u>

7) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Category	Market Value/ Break up or fair value of NAV	Book Value (Net of Provisions)
1. Related Parties		
a) Subsidiaries (lower of fair value or cost)	999	999
b) Companies in the same group		
c) Other related parties (lower of fair value or cost)	11,394	11,428
2. Other than related parties (lower of fair value or cost)	9,121	9,131
Total	21,514	21,558

8) **Other Information**

Particulars	Amount
i) Gross Non - Performing Assets	567,539
a) Related Parties	163,964
b) Other than related parties	403,575
ii) Net Non - Performing Assets	23,596
a) Related Parties	23,596
b) Other than related parties	-
iii) Assets acquired in satisfaction of debt	2,662

- Notes:** 1) The demerger receivables of Rs. 62.83 lakhs from Manipal Properties Pvt Ltd., Rs.173.12 lakhs from MPL Enterprises Ltd. are shown in the above statement though the same are not in the nature of loans and advances in the opinion of the management in view of prudence.
- 2) Loans and advances, stock on hire are shown at net of provisions.
- 3) Matured Debentures are not shown as public deposits in line with the disclosure requirements.
- 4) Stock in trade of shares are shown at cost or market value whichever is less and are considered as current investments.

Annexure No. 1
Statement Pursuant to Schedule VI of the Companies Act, 1956

Name of the Company	As on 31-03-2010		As on 31-03-2009	
	Closing Stock Numbers	Amount (Rs. in '000)	Closing stock Numbers	Amount (Rs. in '000)
Quoted Shares:				
Aditya Birla Nuvo Ltd.	13	—	13	—
Alok Industries	100	—	100	—
Ambuja Cements	750	—	750	—
EPIC	100	—	100	—
GlaxoSmithKline Pharmaceuticals Ltd.	1	—	1	—
HDFC Bank Ltd.	36	—	0	—
Hindalco	160	—	160	—
Kirloskar Electric Ltd.	1357	—	1357	—
Magma Fincorp Ltd.	2	—	2	—
Mahindra Lifespace Developers Ltd.	80	—	80	—
Murudeshwar Ceramics	100	—	100	—
Panama Petro	200	—	200	—
Reliance Capital Ltd.	21	—	21	—
Reliance Capital Ltd.	800	—	800	—
Reliance Capital Venture	37	—	37	—
Reliance Communication	447	—	438	—
Reliance Communications	750	—	759	—
Reliance Industries Limited	0	—	38	—
Reliance Industries Limited	894	—	400	—
Reliance Industries Limited	1500	—	759	—
Reliance Infrastructure Ltd.	32	—	32	—
Reliance Infrastructure Ltd.	56	—	56	—
Reliance Natural Resources	750	—	759	—
Reliance Natural Resources Ltd.	447	—	438	—
RPG Lifesciences Ltd.	50	—	50	—
The Sandur Manganese & Iron Ores Ltd.	6150	—	6150	—
TVS Electro	100	—	100	—
Twinstar Industries	100	—	100	—
Ultramarine & Pigments Ltd.	1600	—	1600	—
United Spirits Limited	40	—	40	—
Uniworth Ltd.	750	—	750	—
Videocon Industries Limited	23	—	23	—
Vikas Granaries Ltd.	100	—	100	—
Vikas W.S.P.	50	—	50	—
Brabourne Enterprises	50	—	50	—
CMS Infotech	500	—	500	—
A P S Star Ind. Ltd.	1448	—	1448	—
Coimbatore Laxmi Invt. & Fin. Co Ltd.	300	—	300	—
Hindustan Dev. Corp.	100	—	100	—
L & T	50	—	50	—
Lakshmi Mills	20	—	20	—
Prakash Industries Ltd.	250	—	250	—
Ruttonsha	100	—	100	—
SOL Pharmaceuticals Ltd.	500	—	500	—
Someshwar Cements Ltd.	30000	—	30000	—

Name of the Company	As on 31-03-2010		As on 31-03-2009	
	Closing Stock Numbers	Amount (Rs. in '000)	Closing stock Numbers	Amount (Rs. in '000)
Tata Infomedia	201	-	201	-
Videocon International Ltd.	22	-	22	-
Y S Porcelain Tubes Ltd.	1000	-	1000	-
Absolute Aromatics Ltd.	1600	-	1600	-
Adhunik Synthetics Ltd.	2000	-	2000	-
Anjana Explosives Ltd.	133900	-	133900	-
ATN Ind	100	-	100	-
Genelac Ltd.	2000	-	2000	-
Golden Shrimp Hatchery Ltd.	349900	-	349900	-
Jayant Vitamins Ltd.	887	-	887	-
Parsurampurua Synthetics Ltd.	424	-	424	-
Patheja Forgings & Auto Parts Mfr. Ltd.	10000	-	10000	-
Praman Capital Market Services Ltd.	191500	-	191500	-
The Peria Karamalai Tea & Prod.Co. Ltd.	1000	-	1000	-
The Vijaykumar Mills Ltd.	8000	-	8000	-
Wartyhully Estates Ltd.	1100	-	1100	-
GTN Industries	200	-	200	-
Adarsh Derivat	0	-	100	-
Centurian Bank of Punjab	0	-	1050	-
Woolwoth India	0	-	750	-
Sub Total	754748	-	755415	-
Unquoted Shares:				
Libord Infotech	200	-	200	-
Adam Comsof	200	-	200	-
ICES Software	200	-	200	-
Delta Ind.	100	-	100	-
Dolphin Lab Ltd.	400	-	400	-
IGGI Resorts Int.	200	-	200	-
Prudential Capital	200	-	200	-
Prudential Poly webs	200	-	200	-
Punsumi Foils & Components	1000	-	1000	-
Tata Nagar Bricks	100	-	100	-
Western Plaque	100	-	100	-
Datar Switch Gears	100	-	100	-
Mega Centre Super Markets Ltd.	20000	-	20000	-
Nagarjuna Granites Ltd.	100	-	100	-
Pampasar Distilleries Ltd.	100	-	100	-
Universal Print Systems Ltd.	5000	-	5000	-
Pirmal Glass	7	-	7	-
Sub Total	28207	-	28207	-
Quoted Debentures:				
Jayant Vitamins Ltd.	5403	-	5403	-
Sub Total	5403	-	5403	-
Grand Total	788358	-	789025	-

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ICDS LIMITED

- i) We have audited the attached consolidated Balance Sheet of ICDS Limited ("the Company") and its subsidiaries and associates (collectively called 'the Group') as at 31st March, 2010 and the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- ii) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- iii) a) We have audited the financial statements of the Parent Company, ICDS Limited, whose financial statements reflect total assets of Rs.18,99,05 thousands as at 31st March, 2010 the total revenue of Rs.18,44,39 thousands and net decrease in cash flows amounting to Rs.2,96,66 thousands for the year then ended. Our opinion, in so far as it relates to the amounts included in respect thereof, is based on our report.
- b) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.4,23,95 thousands as at 31st March, 2010 the total revenue of Rs.33,67 thousands and net decrease in cash flows amounting to Rs.1,09 thousands for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is so far as it relates to amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
- c) Investment in associate companies are valued based on the provisional financial statements of the associates in the absence of audited financial statements for the year ended 31st March, 2010 as noted in Note No. 6 of Schedule 'O'.
- iv) Subject to the matter referred to in paragraph iii (c) above, we report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- v) In so far as relates to the results of operations and the financial position of ICDS Limited, included in these consolidated financial statements:
- a) The Company has prepared its accounts on "going concern basis", despite the erosion of its entire network, as the liabilities of the Company have been restructured by the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka (refer Note No. 3 of Schedule 'O').
- b) *The disclosures as required under Accounting Standard 15 - Employee*

Benefits (Revised 2005) has not been disclosed as referred to in Note No. 16(d) of Schedule 'O'.

- vi) Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that subject to the matters stated above Sl. No. (v), the attached Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2010;

- b) in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries for the year then ended.

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

Sd/-
(C.D. Lala)
Partner

Place : Mumbai
Date : 10-05-2010

Membership No.: 35671

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rs. in Thousands)

Description	Schedules	As at 31-03-2010		As at 31-03-2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital	A	130,267		130,267	
Reserves & Surplus	B	<u>70,336</u>		<u>71,090</u>	
			200,603		201,357
Loan Funds:					
Secured Loans	C		<u>30,267</u>		<u>26,401</u>
Total			<u>230,870</u>		<u>227,758</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	D	806,859		807,808	
Less: Depreciation		<u>535,499</u>		<u>534,567</u>	
		<u>271,360</u>		<u>273,241</u>	
Less : Lease Equalisation		<u>183,497</u>		<u>183,497</u>	
Net Block		<u>87,863</u>		<u>89,744</u>	
Add: Advance for Fixed Assets		<u>—</u>		<u>—</u>	
			87,863		89,744
INVESTMENTS:					
Current Assets, Loans & Advances					
Current Assets	E		28,278		27,420
Loans and Advances	F	61,230		93,490	
	G	<u>54,363</u>		<u>102,603</u>	
		115,593		196,093	
Less: Current Liabilities and Provisions	H	<u>209,171</u>		<u>454,722</u>	
			(93,578)		(258,629)
Profit & Loss Account (Debit Balance)	I		<u>208,307</u>		<u>369,223</u>
Total			<u>230,870</u>		<u>227,758</u>
Significant Accounting Policies	N				
Notes to Accounts	O				

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No.: 101720W

Sd/- T. Mohandas Pai
Whole-time Director

Sd/- C. D. Lala

Partner

Membership No : 35671

Sd/- Bharath K. Nayak

Director

Sd/- H. N. S. Rao

Director

Place : Mumbai

Date : 10-05-2010

Place : Manipal

Date : 10-05-2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Thousands)

Description	Schedules	2009-10		2008-09	
		Rs.	Rs.	Rs.	Rs.
INCOME:					
Income from Operations	J		60,675		49,744
Other Income	K		5,119		10,897
Excess provision for NPA written back			119,110		51,861
Total			<u>184,904</u>		<u>112,502</u>
EXPENDITURE:					
Finance Charges	L		2,167		2,760
Operating Expenses	M		15,950		23,381
Bad Debts written off		2,687		77	
Add : Provisions for doubtful debts		<u>—</u>	2,687	108	185
Depreciation	D	1,794		4,591	
Less: Transfer from Revaluation Reserve		<u>754</u>	1,040	<u>754</u>	3,837
Total			<u>21,844</u>		<u>30,163</u>
Profit / (Loss) before Lease Equalisation			<u>163,060</u>		<u>82,339</u>
Add: Reversal of Lease Equalisation			—		—
Profit before prior period adjustments			163,060		82,339
Add : Prior period adjustments			—		—
Profit before tax			<u>163,060</u>		<u>82,339</u>
Provision for Tax					
Current tax		3,000			—
Fringe Benefit Tax		—		157	
Fringe Benefit Tax for earlier years		<u>2</u>	3,002	—	157
Profit after Tax			<u>160,058</u>		82,182
Share of profit/(loss) of associate			858		(1,772)
Profit for the year			<u>160,916</u>		<u>80,410</u>
Balance brought forward from previous year			(368,877)		(449,287)
Transfer from revaluation reserve			—		—
Balance carried to Schedule 'J'			<u>(207,961)</u>		<u>(368,877)</u>
Basic/Diluted Earning Per Share of Rs.10 each (in Rupees) (Refer Note No.15 of Schedule 'O')			12.35		6.17
Significant Accounting Policies	N				
Notes to Accounts	O				

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For and on behalf of the Board

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No.:101720W

Sd/- C. D. Lala

Partner

Membership No : 35671

Sd/- Bharath K. Nayak

Director

Sd/- T. Mohandas Pai

Whole-time Director

Sd/- H. N. S. Rao

Director

Place : Mumbai

Date : 10-05-2010

Place : Manipal

Date : 10-05-2010

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Description	(Rs. in Thousands)		Description	(Rs. in Thousands)	
	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.		As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
Schedule A					
SHARE CAPITAL					
Authorised :					
3,50,00,000 Equity Shares of Rs.10/- each	350,000	350,000	Share Premium	33,334	33,334
1,50,00,000 Preference Shares of Rs.10/- each	150,000	150,000	Revaluation Reserve	37,756	38,510
Total	500,000	500,000	Less: Transfer to Profit & Loss A/c	754	754
			Total	70,336	71,090
Issued & Paid-up:					
1,30,26,700 Equity Shares of Rs.10/- each*	130,267	130,267	Schedule B		
Total	130,267	130,267	RESERVES & SURPLUS		
			From Banks		
			Working Capital Loans	30,267	26,401
			Total	30,267	26,401

Note: * Includes 84,80,000 Equity Shares issued as bonus shares by capitalising reserves and 9,11,552 Equity Shares issued for consideration other than cash.

Note: 1. Working Capital Loans from Banks are secured by pledge of Bank deposits of Rs.5,50,00 thousands (Previous year: Rs. 8,00,00 thousands.)

Schedule D – FIXED ASSETS
(Rs. in Thousands)

Sl. No.	Description of Assets	GROSS BLOCK				DEPRECIATION & LEASE EQUALISATION						NET BLOCK			
		As at 31-03-09	Additions	Deduction/ Sale	As at 31-03-2010	As at 31-03-09		Deduction/Sale		For the year		As at 31-03-2010			
		Rs.	Rs.	Rs.	Rs.	Depn.	Eqln.	Depn.	Eqln.	Depn.	Eqln.	Depn.	Eqln.	As at 31-03-2010	As at 31-03-2009
A. Owned Assets:															
1.	Land	21,996	–	–	21,996	–	–	–	–	–	–	–	–	21,996	21,996
2.	Buildings	81,691	–	–	81,691	16,111	–	–	–	1,332	–	17,443	–	64,248	65,580
3.	Plant & Machinery	1,896	–	47	1,849	1,090	–	33	–	86	–	1,143	–	706	806
4.	Electrical Fittings	1,398	13	94	1,317	1,003	–	69	–	53	–	987	–	330	395
5.	Furniture & Fittings	8,246	–	675	7,571	7,582	–	606	–	245	–	7,221	–	350	664
6.	Off. Equipments & Computers	9,846	8	151	9,703	9,543	–	151	–	78	–	9,470	–	233	303
7.	Vehicles	549	–	3	546	549	–	3	–	–	–	546	–	–	–
Total of 'A'		125,622	21	970	124,673	35,878	–	862	–	1,794	–	36,810	–	87,863	89,744
B. Assets given on Lease:															
1.	Plant & Machinery	612,686	–	–	612,686	429,532	183,154	–	–	–	–	429,532	183,154	–	–
2.	Vehicles	69,500	–	–	69,500	69,157	343	–	–	–	–	69,157	343	–	–
Total of 'B'		682,186	–	–	682,186	498,689	183,497	–	–	–	–	498,689	183,497	–	–
Grand Total of A+B		807,808	21	970	806,859	534,567	183,497	862	–	1,794	–	535,499	183,497	87,863	89,744
Previous Year		837,976	206	30,374	807,808	557,360	183,497	27,383	–	4,591	–	534,567	183,497	89,744	–

Notes: 1) Buildings include Rs.18.10 thousands (Previous year: Rs.18.10 thousands) pending registration.

2) Buildings includes shares of the face value of Rs. 511/- in Co Operative Housing Society and the company has deposited the title deeds and share certificates amounting to Rs. 6,78,47 thousands as a security against the security deposit received.

3) Land includes proportionate undivided share of land for the office premises owned by Manpal Properties Ltd. for Rs. 2,14.66 thousands.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

Description	(Rs. in Thousands)	
	2009-10 Rs.	2008-09 Rs.
Schedule J		
Income from Operations		
Hire Purchase Income	1,505	233
Lease Income	13,979	95
Interest on Loans and Advances	14,851	4,881
Interest on Long term investments	1	1
Interest on Term deposit	4,107	15,553
Other Interest	692	368
Bad Debts Recovered	21,734	25,082
Service Charges & Commission	3,806	3,531
Total	60,675	49,744
Schedule K		
Other Income		
Dividends:		
Long Term Investments	861	2,113
Others	30	399
Profit on sale of Fixed Assets	202	306
Rent	3,786	3,363
Refund of Sales tax paid	-	4,455
Interest on Income tax refund	184	-
Miscellaneous Income	56	261
Total	5,119	10,897
Schedule L		
Finance Charges		
Interest on Bank loan	2,002	2,220
Bank charges	165	540
Total	2,167	2,760
Schedule M		
OPERATING EXPENSES		
Expenditure on Employees:		
Salaries, Wages & Bonus	7,204	10,543
Contribution to PF & Other Funds	894	1,246
Gratuity	26	138
Staff Welfare Expenses	637	620
	8,761	12,547
Administration and other Expenses:		
Rent, Rates & Taxes	1,601	1,709
Printing & Stationery	186	200
Travelling & Conveyance	1,154	1,199
Postage, Telegram & Telephones	866	959
Insurance	-	1
Repairs & Maintenance:		
Buildings	532	509
Vehicles	40	114
Others	439	281
	1,011	904
Advertisement & Business Promotion	14	56
Legal & Professional Charges	935	1,036
Auditors Remuneration:		
Audit Fees	155	151
Tax Audit Fees	28	28
Certification and company law matters	29	30
	212	209
Service Charges	882	1,249
Loss on sale of Assets	52	56
Loss on discarded assets	-	2,895
Sundry Expenses	276	361
Total	15,950	23,381

Schedule N
ACCOUNTING POLICY FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010
A. Principles of Consolidation

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

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating inter company balances and transactions and unrealised profits or losses in accordance with the Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- ii) Investments in Subsidiaries are eliminated and differences between the cost of investment over the net assets on the date of investment, or on the date of the financial statements immediately preceding the date of investment in subsidiaries are recognised as goodwill or capital reserve, as the case may be.
- iii) The difference between the proceeds from disposal of investment in a subsidiary, and the proportionate carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated Profit and Loss Account as the profit or loss on disposal of investment in subsidiaries.
- iv) In case of Associates, where the Company directly or indirectly through its Subsidiaries holds 20% or more of equity investments in associates are accounted for using 'Equity Method' in accordance with Accounting Standard - 23 "Accounting for investments in associates in consolidated financial statements" issued by The Institute of Chartered Accountants of India. The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss Account to the extent such change is attributable to the Associates' Profit and Loss Account, based on the available information. The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- v) As per equity method, if the Company's share of losses of an associate equals or exceeds the carrying amount of the investment, the Company ordinarily discontinues recognising its share of further losses and the investment is reported at nil value. Additional losses are provided for to the extent that the investor has incurred obligations or made payments on behalf of the associate to satisfy obligations of the associate that the investor has guaranteed or to which the investor is otherwise committed. If the associate subsequently reports profits, the investor resumes including its share of those profits only after its share of the profits equals the share of net losses that have not been recognised.
- vi) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's stand alone financial statements.

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

C. Basis of Preparation of Consolidated Financial Statements

1. The subsidiary companies considered in consolidation are:

Name of the Company	Country of Incorporation	Extent of Holding & Voting Power as on 31-03-10
a) Manipal Hotels Ltd.	India	100.00%
b) Manipal Properties Ltd.	India	99.89%

2. The financial statements of the Company and its subsidiaries and associates used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e.. Year ended 31st March, 2010

D. Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

E. System of Accounting and Income Recognition

1. The accounts are prepared under historic cost convention and all significant items of Income & Expenditure are accounted on accrual system of accounting.
2. The Company's income from financial activities are recognised as prescribed by RBI guidelines on income recognition.
3.
 - i) Hire Purchase Income is accounted by sum of digits method to provide a constant periodic rate of return on the net investment outstanding in the contracts.
 - ii) Lease Income is accounted on accrual of lease rentals for the period.
 - iii) Income from bills discounting is accounted on due basis.
 - iv) Brokerage / commission received on insurance agency services has been accounted on accrual basis on certainty of realisation.

F. Fixed Assets

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

G. Depreciation

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

H. Investments

- i) Long term investments are valued at cost. Provision for diminution in the value of investments is made to recognise decline, other than temporary.
- ii) Current Investments are stated at cost or market value whichever is lower.

I. Current Assets

- i) Stock on hire is valued at agreement values net of recoveries.
- ii) Stock of shares is valued at lower of cost or market price.

J. Employee Benefit

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

K. Borrowing Costs

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

L. Taxes on Income

- i) Tax expenses comprise both Current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents the amount of Income tax payable / recoverable in respect of the taxable income / loss for the reporting period. Deferred tax represents the effect of timing difference between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized only if there is virtual certainty of realization.
- ii) Fringe Benefit Tax is provided in accordance with provisions of Section 115WA of the Income Tax Act, 1961 as expenditure for the period.

M. Earnings Per Share

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

N. Impairment

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

O. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes on Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

P. Miscellaneous Expenditure

Miscellaneous Expenditure is charged to Profit and Loss Account as and when they are incurred.

Schedule O

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. In pursuance to the Scheme of Arrangement (the 'scheme') under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka vide its order dated 15th October 2004 and filed with the Registrar of Companies, Karnataka on 30th December 2004 (i.e., the effective date) the Company has put the scheme to implementation and accordingly the company:
 - a) has not provided for interest on deposits, debentures and subordinated debts after 15th July 2002 in terms of the scheme.
 - b) has not recognised income in respect of interest on loans granted on the above said instruments.
 - c) has not carried any business of non banking financial company during the year and has effected only recoveries of advances done in the previous years and repayment of liabilities in terms of scheme of arrangement.
 - d) has paid first five instalments of Debentures, Deposits and subordinated debts aggregating to Rs. 2,23,93,66 thousands in terms of the scheme and filed an affidavit before the Hon'ble High Court of Karnataka to the effect. The payment of sixth instalment of interest on Deposits, Debentures and Subordinated Debts are in progress.
2. The charge created in respect of debentures in favour of the Debenture Trustees has been satisfied on 30th June, 2005 upon the payment of first instalment in terms of the scheme and necessary forms have been filed with the Registrar of Companies Karnataka, Bangalore.
3. The Company's liabilities were restructured pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. The accounts have been prepared on going concern basis in view of implementation of the scheme.
4. Demerger Receivable of Company represents Rs. 1,73,12 thousands (P.Y. Rs.4,22,55 thousands) net of provisions and income reversal from MPL Enterprises Ltd. (formerly known as MPL Finance & Leasing Co. Ltd.) pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their orders dated 9th April 1999 and 25th August, 2000 respectively. The balance is considered good for recovery as the value of the property vested in MPL Enterprises Ltd. is adequate.
5. The Company has not recognized Deferred Tax Asset as per AS 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, constituting, mainly carry forward losses, excess depreciation claimed in Income tax and provision for doubtful debts, as a matter of prudence. There are no deferred tax liabilities or assets in subsidiary companies.
6. Details of valuation of investments in associate companies as required by AS-23 "Accounting for Investments in Associates in Consolidated Financial Statement" are as follows:

(Rs. in Thousands)

Particulars	2009-10	2008-09
Name of the Associate : ICDS Securities Limited		
Ownership interest (%)	40.00%	40.00%
Original cost of investments	11,428	11,428
Amount of Goodwill	346	346
Share of post acquisition Reserves & surplus	7,719	6,861
Carrying cost of investments	19,147	18,289
Name of the Associate : Blue Cross Builders and Investors Limited		
Ownership interest (through Manipal Properties Limited) (%)	47.60%	47.60%
Original cost of investments	1,001	1,001
Amount of Goodwill *	-	-
Share of post acquisition loss *	(1,001)	(1,001)
Carrying cost of investments *	-	-

Valuation of investments in ICDS Securities Limited for the current year has been done based on the provisional consolidated financial statements for the quarter ended 31-12-09 and in Bluecross Builders and Investors Limited on the basis of audited Financial Statements for the year ended 31-03-09 in the absence of latest Audited financial statements of the Associate Companies.

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

7. Contingent Liabilities:

(Rs. in Thousands)

Sl. No.	Particulars	Current Year	Previous Year
a.	Guarantee issued in favour of bankers.	3,70	320
b.	Share in outstanding bank guarantees furnished by banks by Associate.	14,000	14,000
c.	Guarantee issued against facilities extended to third parties.	1,500	1,500
d.	Claims against the company/ disputed liabilities not acknowledged as debt/liabilities.	1,334	1,334
e.	U.P. State Commercial Tax	-	4,500
f.	Income Tax (refer Note No. 8 below)	132,554	205,421

* Service tax of Rs.161 thousand (P.Y. Rs.161 thousand) is not paid following the Stay Order of the Hon'ble High Court of Judicature at Madras dated 29th August, 2001 in favour of the members of the Equipment Leasing Association (India). The company does not foresee any outflow on the said matter and no provision is considered necessary.

8. Income tax demand represents Rs.10,24.04 thousands (P.Y.: Rs.15,35.50 Thousand) in respect of Block assessment held for the period from 1987-88 to 1997-98 and balance amount Rs.1,89,69 thousand (net of Rs.1,11,81 thousand recovered from refund of other assessment year [P.Y.:Rs.4,83,05 thousands (net of Rs. 35,67 thousands recovered from refund of other assessment year)] relating to other assessment years following the dismissal order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed an Special Leave Petition (SPL) with Hon'ble Supreme Court of India against the order of Hon'ble High Court of Karnataka. The Company has been advised that there are fair chances of favourable judgement and hence does not foresee any outflow on the said matter.

9. The Company has provided Rs. 77,76 thousands (P. Y. Rs. 83,20 thousands) on the amount due from Manipal Hotels Limited and Rs. 1,88,50 thousands (P. Y. Rs. 2,09,26 thousands) on the amount due from Manipal Properties Ltd of its subsidiaries. The amount provided in the company books have been written back in the consolidated statement of accounts in the absence of any write back in subsidiary.
10. Manipal Properties Ltd. is in the process of getting the property acquired under the scheme of arrangement, transferred in its own name.
11. Other Public Liabilities includes balances lying unpaid after adjusting deposits/debentures with loans borrowed against it and uncashed stale interest warrants/cheques. Unencashed stale cheques relating to Deposits, Non Convertible debentures and Subordinated debts amounting to Rs.2,87.19 thousands is lying more than one year. The Company has initiated followup action for payment of the above said liabilities.
12. List of Related Parties with whom transactions are taken place during the year:
- A. Associate Companies / Institutions:
- ICDS Securities Limited.
 - The Canara Land Investments Ltd.
 - Bluecross Builders and Investors Limited
 - Mpl Enterprises Ltd.
- B. Key Management Personnel and their Relatives: Relationship
- T. Mohandas Pai Whole-time Director
T. Ashok Pai Relative of Director
H. N. S. Rao Director

(Rs. in Thousands)

Details of transactions are as follows:		Current Year	Previous Year
A.	Purchase and other services from related parties - Associate companies The Canara Land Investments Limited	8	13
B.	Advance/reimbursement given during the year - Associate companies Mpl Enterprises Limited Bluecross Builders and Investors Limited	3,121 952	2,934 5,193
C.	Capital advance given during the year - Associate companies Mpl Enterprises Limited	-	22,000
D.	Advance/reimbursement recovered during the year - Associate companies Mpl Enterprises Limited Bluecross Builders and Investors Limited	127,830 11,685	15,403 5,898
E.	Rent / Interest / Finance charges received from related parties - Associate companies ICDS Securities Ltd. Mpl Enterprises Limited (Net of Income reversal of Rs.75,48 Thousand) Bluecross Builders and Investors Limited (Net of Income reversal of Rs.78,08 Thousand, P.Y: Nil)	63 1,534 7,808	252 1,958 2,026
F.	Outstanding balances as at 31st March Due from - Associate companies Mpl Enterprises Limited Bluecross Builders and Investors Limited	12,58,00 (64)	24,16,79 10,675
G.	Provisions made on the balances from related parties - Associate companies Mpl Enterprises Limited Bluecross Builders and Investors Ltd.	108,488 -	199,424 10,675

13. Miscellaneous income includes Rs.Nil thousands (previous year Rs. 1,69 thousands) pertaining to interest waived by holders of various instruments.

14. Consolidated Segment Information

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

Primary Segment Information are as follows :

(Rs. in Thousands)

REVENUE	Financial Services	Others	Eliminations	Consolidated
External Sales	181,537	3,367	-	184,904
	109,931	2,571	-	112,502
Inter segment Sales	2,902	-	(2,902)	-
	576	-	(576)	-
Total Revenue	184,439	3,367	(2,902)	184,904
	110,507	2,571	(576)	112,502
RESULT				
Segment result	163,293	(149)	(84)	163,060
	79,260	(939)	4,018	82,339
Income taxes and FBT (net credit)	(3,000)	(2)	-	(3,002)
	(157)	-	-	(157)
Profit Share of Associates	-	-	-	858
	-	-	-	(1,772)
Net Profit	-	-	-	160,916
	-	-	-	80,410
Other Information				
Segment Assets *	163,099	41,482	-	204,581
	246,477	41,975	-	288,452
Segment Liabilities*	437,599	1,915	-	439,514
	679,681	2,291	-	681,972
Capital Expenditure	-	-	-	-
	-	-	-	-
Depreciation & Lease equalisation (net)	876	164	-	1,040
	3,673	164	-	3,837
Other Non Cash expenses	-	-	-	-
	-	-	-	-
Excess provision written back	121,730	-	(2,620)	119,110
	51,861	-	-	51,861
Provisions/Write offs	2,687	-	-	2,687
	1,985	-	(1,800)	185

* Net of inter-company balances

a) Interest expenditure and interest income of company are not shown separately for financial services since the same are integral part of financial business.

b) Geographical segment is not relevant for the company since it is not involved in exports.

c) Previous year figures given in italics.

15. Earnings per Share

	(Rs. in '000)	
Details	2009-10	2008-09
a) Net Profit available for equity shareholder Numerator used for calculation	160,916	80,410
b) Weighted Average No. of equity shares used as denominator for calculating EPS (Nos.)	13,026,700	13,026,700
Basic/Diluted (Annualised) (Nominal value per share Rs. 10 each)	Rs. 12.35	6.17

16. Employee Benefits

The Company has, with effect from 1st April, 2007, adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India [the 'revised AS 15'].

The disclosures as required as per the revised AS 15 are as under (to the extent available):

a) Brief description of the Plans :

The Company has two schemes for long-term benefits for provident fund and gratuity. In case of funded schemes, the funds are recognised by the Income tax authorities and are administered through trustees / appropriate statutory authorities wherever applicable. The Company's defined contribution plan is employees'

provident fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since, the Company has no further obligation beyond making the contributions. 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 Profit and Loss Account during the year is Rs.2,67 thousands (P. Y. 3,62 thousands).

c) The Company's liability towards Gratuity to employees is covered by a group policy with Life Insurance Corporation of India (L I C of India) and contributions / demand made are charged to profit and loss account. During the year company has paid contribution of Rs. 32 thousands (P. Y. Rs. 15,04 thousands) to LIC of India

for its demands including the amounts pertaining to previous years and has charged of Rs. 26 thousands (P. Y. Rs.1,14 thousands) to profit and loss account based on the statement received from LIC of India.

d) Disclosures for defined gratuity benefit plans as required under Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the Institute of Chartered Accountants of India is not given as the Company has not received any actuarial valuation or information from LIC of India. The Management is in the process of getting the information from the LIC of India. The effect if any on the expense/ income will be given in the year of receipt of information.

17. The previous year figures have been reworked, regrouped and reclassified wherever necessary.

As per our Report of even date

For Chaturvedi & Shah

Chartered Accountants
Firm Registration No.:101720W

Sd/- **C. D. Lala**
Partner

Membership No : 35671

Place : Mumbai
Date : 10-05-2010

For and on behalf of the Board

Sd/- **T. Mohandas Pai**
Whole-time Director

Sd/- **Bharath K. Nayak**
Director

Sd/- **H.N.S. Rao**
Director

Place : Manipal
Date : 10-05-2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Description	2009-10		(Rs. in Thousands)	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities				
Profit before tax		163,060		82,339
Adjustments for:				
Depreciation	1,040		3,837	
Interest expenses	4,820		2,220	
Loss on sale of assets	52		2,951	
Profit on sale of Fixed assets	(202)		(306)	
Interest from investments	(185)		(1)	
Dividends	(891)		(2,512)	
Excess Provisions for NPA Written Back	(119,110)		(51,861)	
Provision/write-offs under R.B.I. Norms	2,687		185	
		(111,789)		(45,487)
Operating profit before working capital changes		51,271		36,852
Adjustments for Increase/decrease in working capital				
Decrease/(Increase) in Trade and other receivables	169,559		44,990	
Increase/(Decrease) in Trade Payables	(27,320)		(28,975)	
		142,239		16,015
Cash generated from operations		193,510		52,867
Less: Interest Paid		(40,004)		(33,807)
Income tax (paid) / refund		(1,637)		(9,277)
Fringe benefit tax paid		-		(181)
Net cash from/(used in) operating activities		151,869		9,602
(B) Cash Flow from Investing Activities				
Purchase of Fixed and Leased Assets	(21)		(206)	
Sale of Fixed & Leased Assets	258		346	
Interest received	185		1	
Dividend received	891		2,512	
Net Cash from/(used in) Investing Activities		1,313		2,653
(C) Cash Flow from Financing Activities:				
Proceeds/(Redemption) of debentures	(140,113)		(133,635)	
Proceeds/(Redemption) of Subordinated debts	(46,374)		(54,242)	
Proceeds/(Payment) of Public Deposits	(336)		(54,978)	
Increase/(Decrease) in Bank Borrowings	3,866		5,940	
Net Cash from/(used in) Financing Activities		(182,957)		(236,915)
Net Increase/(Decrease) in Cash equivalents		(29,775)		(224,660)
Cash & Cash Equivalents (Opening Balance)		88,439		313,099
Cash & Cash Equivalents (Closing Balance)		58,664		88,439

Notes: 1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Closing Cash and Cash equivalents includes term deposit pledged with bank Rs.5,50,00 thousand (P.Y. Rs.8,00,00 thousand) which are not freely available for use of the company.
3. Previous year's figures have been reworked, regrouped and reclassified wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

As per our Report of even date

For and on behalf of the Board

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No.:101720W

Sd/- C. D. Lala

Partner

Membership No : 35671

Place : Mumbai

Date : 10-05-2010

Sd/- Bharath K. Nayak

Director

Sd/- T. Mohandas Pai

Whole-time Director

Sd/- H.N.S. Rao

Director

Place : Manipal

Date : 10-05-2010

MANIPAL HOTELS LIMITED

Twenty Second Annual Report and Accounts for the year ended 31st March, 2010.

BOARD OF DIRECTORS

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty second Annual Report and Audited Balance Sheet of the Company as at 31st March, 2010.

REVIEW OF OPERATIONS

During the year under report Company did not do any worthwhile business and incurred a Net Loss of Rs. 7,771/-.

DIRECTORS

During the year Mr. T. Mohandas Pai retires by rotation and being eligible offers himself for reappointment.

Particulars regarding conservation of energy and technology absorption: Nil

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

DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that

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

AUDITORS

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

For and on behalf of the Board

Place : Manipal

Date : 08-05-2010

Sd/-
T. MOHANDAS PAI
Director

Sd/-
T. SATISH U. PAI
Director

AUDITORS' REPORT TO THE SHAREHOLDERS

To The Members,
MANIPAL HOTELS LIMITED

We have audited the attached Balance Sheet of Manipal Hotels Limited (the Company) as at 31st March, 2010, the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books.
- The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with books of accounts.
- In our opinion the Profit & Loss Account, the Balance Sheet and the Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors,

subject to Note No. 5 of Schedule 7, of Balance Sheet, we report that none of the directors are disqualified as on 31st March, 2010 from being appointed as Director in terms of Clause (g) of Sub-Section 1 of Section 274 of the Companies Act, 1956.

- We are unable to comment on the ultimate recoverability of the amounts stated in Schedule 4 to the Balance Sheet under the head "Advances recoverable in cash or kind" and "Advances on Capital Account" amounting in total Rs.9489 thousands (net of provisions). (P.Y. Rs.9876 thousands, net of provisions). The net worth of the Company would have been fully eroded, had the Company made full provision for these amounts and thereby raising a doubt about the Company to continue as a going concern. The account, however have been prepared on a "going concern basis" in view of management perception as detailed in Note No. 2 of Schedule 7.*
- In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the schedules and notes there on, subject to qualifications given in para f above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.

 - In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2010.
 - In the case of the Profit and Loss Account of the LOSS for the year ended on that date and
 - In the case of the Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.
- As required by the Companies (Auditor's Report) Order, 2003, issued by the Company Law Board under Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we further report that :

 - The nature of the Company's business/activities during the year have been such that Clauses (i), (ii), (vii) and (xiv), of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of Clause 4(iii) of the Order are not applicable to the Company.
 - In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, in respect of the expenses incurred and there are no continuing failures to correct major weakness in internal control system.
 - In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that needed to be entered into the register.
 - For the reasons given in subclause (a) above, the provisions of subclause (b) of Clause (v) of Para 4 of the Order is not applicable.
 - The Company has not accepted any amount as deposits from the public. Therefore para 4 (vi) of the Order is not applicable.
 - The maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 is not applicable to the Company.
 - According to the information and explanations given to us, in respect of Statutory and other dues, the Company has been regular in depositing undisputed statutory dues as detailed in Clause 4(ix) (a) of the Order, with the appropriate authorities. According to information and explanations given to us, there are no disputed liabilities remaining unpaid, on account of Income Tax/Sales Tax/Wealth Tax/Service Tax/Custom Duty/Excise Duty/Cess and therefore giving information as required under Clause 4(ix) (b) of the Order does not arise.
 - The Company does not have accumulated losses as at the end of the year and the Company has incurred cash losses during the financial year under audit & in the immediate preceding financial year.
 - On the basis of audit conducted by us and according to the information & explanations given to us, the Company has not

MANIPAL HOTELS LIMITED

availed loans from Banks & Financial Institutions. Therefore the question of reporting therein as required by para 4(xi) of the Order does not arise.

- (ix) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (x) In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xi) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xii) On the basis of verification of books of accounts and according to the information and explanations given to us, the Company has not availed any term loans. Therefore the question of commenting on utilisation therein does not arise.
- (xiii) According to the information and explanation given to us and on the basis of overall examination of the balance sheet of the Company, we report that funds raised on short-term basis prima facie have not been used for long-term investment.
- (xiv) The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xv) The Company has not issued any debentures. Therefore the question of commenting on creation of security thereon does not arise.
- (xvi) The Company has not raised monies by public issues during the year and hence the question of disclosure and verification of end use of such monies does not arise.
- (xvii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Sch. No.	2009-10		2008-09	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Other Income		—	—	—	—
EXPENDITURE					
Operative and Other Expenses	6	7,771		5,925	
Profit/(Loss) before Tax		(7,771)		(5,925)	
Less: Provision for Current & Deferred Tax		—		—	
Profit (Loss) after Tax		(7,771)		(5,925)	
Balance of Profit Brought Forward		12,52,684		12,58,609	
Profit carried to Balance Sheet		12,44,913		12,52,684	

Basic/Diluted Earning per Share of Rs.10 each (in Rupees)		(0.16)	(0.12)
<i>(Refer Note No. 4 of Schedule 7)</i>			
Notes on Accounts	7		

<p style="text-align: right;">Sd/- T. MOHANDAS PAI Director</p>	<p style="text-align: right;">Sd/- T. SATISH U. PAI Director</p>	<p style="text-align: right;">As per our report of even date For Pai Nayak & Associates Chartered Accountants Registration No. (ICAI): 009090S</p>
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<p style="text-align: right;">Sd/- ANANTHANARAYANA PAI K. Partner (M.No. 024541)</p>	<p style="text-align: right;">Sd/- ANANTHANARAYANA PAI K. Partner (M.No. 024541)</p>	<p style="text-align: right;">As per our report of even date For Pai Nayak & Associates Chartered Accountants Registration No. (ICAI): 009090S</p>
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Place : Manipal
Date : 08-05-2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) before tax		(7,771)		(5,925)
Operating profit before working capital changes		(7,771)		(5,925)
Adjustment for changes in Working Capital				
Decrease/(Increase) in Advances and Receivables		3,87,500		(3,87,500)
Decrease/(Increase) in Sundry Debtors		—		—
Increase/(Decrease) in Trade and Other Payables		(5,42,457)		5,530
Cash generated from operations		(1,62,728)		(3,87,895)
Taxes Refund/(Paid)		—		—
Net Cash used in operating activities		(1,62,728)		(3,87,895)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase/(sale) of Investments		—		—
Net cash used in investing activities		—		—
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Net cash used in financing activities		—		—
Net Increase / (Decrease) in Cash and Cash Equivalents		(1,62,728)		(3,87,895)
Cash and Cash equivalents (Opening Balance)		1,97,777		5,85,672
Cash and Cash equivalents (Closing Balance)		35,049		1,97,777

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.

<p style="text-align: right;">Sd/- T. MOHANDAS PAI Director</p>	<p style="text-align: right;">Sd/- T. SATISH U. PAI Director</p>	<p style="text-align: right;">As per our report of even date For Pai Nayak & Associates Chartered Accountants Registration No. (ICAI): 009090S</p>
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<p style="text-align: right;">Sd/- ANANTHANARAYANA PAI K. Partner (M.No. 024541)</p>	<p style="text-align: right;">Sd/- ANANTHANARAYANA PAI K. Partner (M.No. 024541)</p>	<p style="text-align: right;">As per our report of even date For Pai Nayak & Associates Chartered Accountants Registration No. (ICAI): 009090S</p>
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Place : Manipal
Date : 08-05-2010

For Pai Nayak & Associates
Chartered Accountants
Registration No. (ICAI): 009090S

Sd/-
Ananthanarayana Pai K.
Partner (M.No. 024541)

Place : MANIPAL
Date : 08-05-2010

BALANCE SHEET AS AT MARCH 31, 2010

	Sch. No.	AS AT 31-03-2010		AS AT 31-03-2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		5,00,000		5,00,000
Reserves and Surplus	2		12,44,913		12,52,684
Total			17,44,913		17,52,684
APPLICATION OF FUNDS					
Investments	3		1,100		1,100
Current Assets, Loans and Advances	4				
Cash and Bank Balances			35,049		1,97,777
Loans & Advances (net of provisions)			94,88,931		98,76,431
			95,23,980		1,00,74,208
Less: Current Liabilities and Provisions	5				
Current Liabilities		77,80,167		83,22,624	
Provisions		—		—	
		77,80,167		83,22,624	
Net Current Assets, Loans and Advances			17,43,813		17,51,584
Total			17,44,913		17,52,684
Notes on Accounts	7				

<p style="text-align: right;">Sd/- T. MOHANDAS PAI Director</p>	<p style="text-align: right;">Sd/- T. SATISH U. PAI Director</p>	<p style="text-align: right;">As per our report of even date For Pai Nayak & Associates Chartered Accountants Registration No. (ICAI): 009090S</p>
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<p style="text-align: right;">Sd/- ANANTHANARAYANA PAI K. Partner (M.No. 024541)</p>	<p style="text-align: right;">Sd/- ANANTHANARAYANA PAI K. Partner (M.No. 024541)</p>	<p style="text-align: right;">As per our report of even date For Pai Nayak & Associates Chartered Accountants Registration No. (ICAI): 009090S</p>
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Place : Manipal
Date : 08-05-2010

MANIPAL HOTELS LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31-03-2010		As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - 1				
SHARE CAPITAL				
Authorised				
2,500,000 Equity Shares of Rs.10 each		2,50,00,000		2,50,00,000
400,000 Redeemable Cumulative Preference Shares of Rs.100 each		4,00,00,000		4,00,00,000
Total		6,50,00,000		6,50,00,000
Issued, Subscribed and Paid-up				
50,000 (Previous year 50,000) Equity Shares of Rs. 10 each (All shares are held by the holding Company - ICDS Ltd. and its nominees)		5,00,000		5,00,000
SCHEDULE - 2				
RESERVES AND SURPLUS				
Surplus - Balance in Profit and Loss Account		12,44,913		12,52,684
SCHEDULE - 3				
INVESTMENTS - LONG TERM (Non - Trade)				
Unquoted				
11 Equity Shares of Rs. 100 each fully paid up in Manipal Properties Ltd.		1,100		1,100
		1,100		1,100
SCHEDULE - 4				
CURRENT ASSETS, LOANS AND ADVANCES				
(Unsecured)				
Cash and Bank Balances				
Balance with a Scheduled Bank in Current Account		35,049		1,97,777
		35,049		1,97,777
Loans and Advances (Unsecured) (balance after provisions considered good)				
Advances recoverable in cash or in kind		6,70,598		10,58,098
Advances on Capital Account		1,35,18,333		1,35,18,333
		1,41,88,931		1,45,76,431
Less : Provision made for doubtful assets		47,00,000		47,00,000
		94,88,931		98,76,431
Total (Considered good)		95,23,980		1,00,74,208
SCHEDULE - 5				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Due to Holding Company (ICDS Ltd.)		77,75,755		83,20,418
Expenses outstanding		4,412		2,206
Total		77,80,167		83,22,624
SCHEDULE - 6				
OPERATIVE AND OTHER EXPENSES				
Legal and Professional Charges		3,071		562
Printing & Stationery		-		185
Remuneration to Auditors				
For Statutory Audit		4,412		2,206
Miscellaneous Expenses		288		2,972
Total		7,771		5,925

SCHEDULE - 7

NOTES ON ACCOUNTS

1. Significant Accounting Policies :

Basis of Accounting

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

Use of Estimates:

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

Investments:

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

Taxes on Income:

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

Segment Reporting:

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

Contingent Liabilities / Assets:

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

Earning per share:

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

Cash Flow Statement:

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

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

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

Holding Company : M/s ICDS Limited Manipal
Associate Company : Manipal Properties Ltd. (Subsidiary of ICDS Ltd.)
Details of transactions are as follows:

	Rs. in '000 Current Year	Rs. in '000 Previous Year
Amount due to Holding Company		
M/s ICDS Limited	7776	8320
Investment held in Associate Companies		
Manipal Properties Ltd. - 11 equity shares of Rs. 100/ each	1	1

Investment by Holding Company:

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

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

- Basic & Diluted Earnings per share of Rs. 10 each is as under.

	Current Year	Previous Year
(a) Number of Equity Shares	50000	50000
(b) Net Profit/(Loss) after tax	Loss Rs. 7,771	Loss Rs. 5,925
(c) Earning per share (10s) (Basic & Diluted)(Annualised)	Rs. (0.16)	Rs. (0.12)

- One of the Directors of the Company is Sri T. Mohandas Pai, is the Whole-time Director of M/s ICDS Limited, which is also the Holding Company. M/s ICDS Limited has stopped repayment of public deposits, debentures & debts and interest thereon w.e.f. 15th July, 2002 and approached the Hon'ble High Court of Karnataka for restructuring of deposits, debentures and debts. The scheme of restructure as aforesaid has been approved by the Hon'ble High Court of Karnataka vide order dated 15th October 2004. The company has been legally advised that the aforesaid order is in retrospective effect from 15th July 2002 and therefore the director of the company Mr. T. Mohandas Pai is not disqualified u/s 274(1)(g) of the Companies Act, 1956.
- There are no dues to Micro, Small & Medium Enterprises at any time during the year, in the absence of notified registered dealer with the Company as per the provisions of the Micro, Small and Medium Enterprises Development Act, 2006. Hence the further disclosure requirements as required under Micro, Small & Medium Enterprises Development Act, 2006 and also as per Schedule VI to the Companies Act, 1956 does not arise.
- Provision for Current Tax not made, since there are no such liability under Income Tax Act, 1961. There are no deferred tax liabilities and deferred tax assets as on 31st March 2010.
- Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

9. Balance Sheet Abstract and General Business Profile.

I. Registration Details :

Registration No.	15585	State Code	18
Balance Sheet Date	31-03-2010		

II. Capital Raised during the year

Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount Rs.in thousands)

Total Liabilities	1745	Total Assets	1745
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Sources of Funds

Paid-up Capital	500	Reserves and Surplus	1245
Secured Loans	Nil	Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	Nil	Investments	1
Net Current Assets	1744	Miscellaneous Expenditure	Nil
		Accumulated Losses	Nil

IV. Performance of the Company (Amount Rs. in thousands)

Turnover	-	Total Expenditure	8
Profit/(Loss) before tax	(8)	Profit/(Loss) after tax	(8)
Earnings Per Share (In Rs.) - Annualised	(0.16)	Dividend (In %)	Nil
Previous Year: in Rs.	(0.12)		
(Basic & Diluted)			

Note: *To arrive at earning per share, net loss is taken as numerator and the number of equity shares is taken as denominator.

V. Generic names of principal products

Item Code No. (ITC Code)	N.A.
Product Description	Not Applicable

Sd/- T. MOHANDAS PAI Director	Sd/- T. SATISH U. PAI Director	As per our report of even date For Pai Nayak & Associates Chartered Accountants Registration No. (ICAI): 009090S
		Sd/- ANANTHANARAYANA PAI K. Partner (M.No. 024541)
Place : Manipal	Place : Manipal	Place : Manipal
Date : 08-05-2010	Date : 08-05-2010	Date : 08-05-2010

MANIPAL PROPERTIES LIMITED

Eleventh Annual Report and Accounts for the year ended 31st March, 2010.

BOARD OF DIRECTORS

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eleventh Annual Report and Audited Balance Sheet of the Company as at 31st March, 2010.

REVIEW OF OPERATIONS

During the year under report Company earned a total income of Rs.33,67,522/-, incurred an expenditure of Rs.35,10,964 and incurred a net loss of Rs.1,43,442/-.

DIRECTORS

During the year Mr. T. Satish U. Pai retires by rotation and being eligible offers himself for reappointment.

Particulars regarding conservation of energy and technology absorption: Nil

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

SECRETARIAL COMPLIANCE CERTIFICATE

The Company appointed Mr. Sadananda S. Kamath, Practicing Company Secretary for the certificate of compliance under Section 383A (1) of the Companies Act, 1956 for the financial year 2009-2010. The Certificate is attached with the Directors' Report.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that –

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

AUDITORS

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

COMPLIANCE CERTIFICATE

The Company appointed Mr. Sadananda S. Kamath, Practicing Company Secretary for the certificate of compliance under Section 383A (1) of the Companies Act, 1956 for the financial year 2008-2009. The Certificate is attached with the Directors' Report.

For and on behalf of the Board

Place : Manipal	Sd/- H. N. S. RAO	Sd/- T. SATISH U. PAI
Date : 08-05-2010	Director	Director

COMPLIANCE CERTIFICATE

To

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

Dear Sir,

I have examined the registers, records, books and papers of Manipal Properties Ltd. as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Companies Act, 1956 and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a public limited Company has the minimum prescribed paid up capital.
4. The Board of Directors met 4 times on 18th May, 2009, 28th August, 2009, 16th November, 2009 and 15th March, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The 11th Annual General Meeting for the financial year ended on 31-3-2009 was held on Tuesday, the 29th day of September, 2009 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there has not been any instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate Share Certificates during the financial year.
13. The Company has:
 - i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer in accordance with the provisions of the Act.
 - ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) not declared any dividend during the financial year – therefore no warrants were posted to any members.
 - iv) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has neither appointed a managing director/whole-time director nor a manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any Equity shares, debentures or other Securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not given any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny and complied with provisions of the Act.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company does not have any employees at present; therefore, Provisions of PF Act are not applicable.

Place : Manipal
Date : 08-05-2010

Sd/-
Sadananda S. Kamath
Practicing Company Secretary
ACS-535; CP: 4477

ANNEXURE – A

Registers as maintained by the Company:

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

ANNEXURE – B

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March 2010 within the stipulated time period without any delay in filing:

1. Form 66 in respect of Compliance Certificate u/s 383 A vide SRN P35429406 dated 07-10-2009.
2. Form 23AC and 23ACA in respect of Annual Report containing Directors Report, Auditors Report, Balance Sheet and Profit and Loss Account for the financial year ended 31st March 2009 vide SRN P35513449 dtd.08-10-2009.
3. Form 20B in respect of Annual Return u/s 159 vide SRN P39688429 dtd.04-11-2009.

Place : Manipal
Date : 08-05-2010

Sd/-
Sadananda S. Kamath
Practicing Company Secretary
ACS-535; CP: 4477

MANIPAL PROPERTIES LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS

To the Members,
MANIPAL PROPERTIES LIMITED

We have audited the attached Balance Sheet of Manipal Properties Limited (the Company) as at 31st March 2010, the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of the books.
- The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with books of accounts.
- In our opinion the Profit & Loss Account, the Balance Sheet and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors as on 31st March 2010 and taken on record by the Board of Directors, subject to Note No. 5 of Schedule 7, of Balance Sheet, we report that none of the directors are disqualified as on 31st March 2010 from being appointed as Director in terms of Clause (g) of Sub-Section 1 of Section 274 of the Companies Act 1956.
- We are unable to express our opinion on the ultimate realizable value of the Investments of Rs.1001 thousands and accordingly are of the opinion that company should have made the full provision thereof. We further report that had the observation made as aforesaid, been considered the loss for the year would have been Rs.1142 thousands (P.Y. Rs. 1934 thousands) (as against reported figures of loss Rs.143 thousands (P.Y. Loss Rs.933 thousands) and accumulated losses would have been Rs.929 thousands (P.Y. Rs. 786 thousands) (as against the reported figure of accumulated profit Rs.79 thousands (P.Y. accumulated profit Rs. 215 thousands)).
- In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the schedules and notes there on, subject to qualifications given in para f above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.
 - In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2010.
 - In the case of the Profit and Loss Account of the LOSS for the year ended on that date and
 - In the Case of the Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.

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

- The nature of the Company's business/activities during the year have been such that clauses (ii), (vii) and (xiv), of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- In respect of its fixed assets,
 - The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no discrepancies were noticed on such verification.
 - The Company has not disposed off the Fixed Assets during the year under audit. Therefore the question of commenting on going concern (in consequence of disposal of fixed assets) does not arise.
 - According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of Clause 4(iii) of the Order are not applicable to the Company.
 - In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase & sale of fixed assets and in respect of the income earned and there are no continuing failures to correct major weakness in internal control system.
 - In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that needed to be entered into the register.
 - For the reasons given in subclause (a) above, the provisions of subclause (b) of Clause (v) of Para 4 of the Order is not applicable.
 - The Company has not accepted any amount as deposits from the public. Therefore para 4 (vi) of the order not applicable.
 - The maintenance of cost records under Section 209(1)(d) of the Companies Act 1956 is not applicable to the Company.
 - According to the information and explanations given to us, in respect of Statutory and other dues, the Company has been regular in depositing undisputed statutory dues as detailed in Clause 4(ix)(a) of the Order, with the appropriate authorities. According

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

- The Company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year under audit & has incurred cash losses in the immediate preceding financial year.
- On the basis of audit conducted by us and according to the information & explanations given to us, the Company has not availed loans from Banks & Financial Institutions. Therefore the question of reporting therein as required by para 4(x) of the Order does not arise.
 - According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
 - In our opinion, the Company is not a chit fund or nidh/mutual benefit fund/society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
 - According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 - On the basis of verification of books of accounts and according to the information and explanations given to us, the Company has not availed any term loans. Therefore the question of commenting on utilization therein does not arise.
 - According to the information and explanation given to us and on the basis of overall examination of the balance sheet of the Company, we report that short term funds (of the nature "Current Liabilities") have been used for Long Term Investment in Fixed Assets & Investments to the extent of Rs.294.42 Lakhs (P.Y. Rs. 294.63 Lakhs).
 - The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
 - The Company has not issued any debentures. Therefore the question of commenting on creation of security thereon does not arise.
 - The Company has not raised monies by public issues during the year and hence the question of disclosure and verification of end use of such monies does not arise.
 - To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

for **Pai Nayak & Associates**
Chartered Accountants
Registration Number (ICA): 009090S

Ananthanarayana Pai K.
Partner (M. No.: 24541)

Place : MANIPAL
Date : 08-05-2010

BALANCE SHEET AS AT MARCH 31, 2010

	Sch. No.	As at 31-03-2010		As at 31-03-2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		10,00,000		10,00,000
Reserves and Surplus	2		71,778		2,15,220
Total			10,71,778		12,15,220
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	3	3,15,19,995		3,15,19,995	
Less : Depreciation		20,07,039		18,43,153	
Net Block			2,95,12,956		2,96,76,842
Investments					
Unquoted - Long term (non trade) 99970 (P Y 99970) Equity Shares of Rs.10 each of Blue Cross Builders & Investors Ltd.			10,00,950		10,00,950
Current Assets, Loans and Advances					
Cash and Bank Balances		2,66,952		2,13,370	
Sundry Debtors – Income Receivable		1,70,469		1,46,490	
Loans and Advances		19,18,972		25,66,462	
		23,56,393		29,26,322	
Less:					
Current Liabilities & Provisions:	5				
Current Liabilities		3,17,98,521		3,23,88,894	
Provisions					
		3,17,98,521		3,23,88,894	
			(2,94,42,128)		(2,94,62,572)
Total			10,71,778		12,15,220
Notes on Accounts	7				

Sd/
T. SATISH U. PAI
Director

Sd/
H. N. S. RAO
Director

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

Sd/
ANANTHANARAYANA PAI K.

Place : Manipal
Date : 08-05-2010

Partner (M.No. 024541)
Place : Manipal
Date : 08-05-2010

MANIPAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Sch. No	2009-2010	2008-2009
	Rs.	Rs.
INCOME		
Rent (TDS Rs. 6,22,320 P.Y. Rs. 5,72,776)	31,83,095	25,71,499
Interest on Income Tax refund (TDS Rs Nil P.Y. Rs. Nil)	1,84,427	-
	<u>33,67,522</u>	<u>25,71,499</u>
EXPENDITURE		
Interest to Holding Company	28,17,998	27,94,205
Administrative and Other Expenses 6	5,26,763	5,46,225
	<u>33,44,761</u>	<u>33,40,430</u>
Profit/(loss) Before Depreciation	22,761	(7,68,931)
Less: Depreciation	1,63,886	1,63,886
Profit/(Loss) Before Tax	(1,41,125)	(9,32,817)
Less: Provision for Taxation		
Current Tax	-	-
Pertaining to earlier years	2,317	-
Profit/(Loss) after Tax	(1,43,442)	(9,32,817)
Balance of Profit Brought Forward	2,15,220	11,48,037
Profit Carried to Balance Sheet	71,778	2,15,220
Basic/Diluted Earning per Share of Rs.100 each (in Rupees)	(14.34)	(93.28)

Notes on Accounts

Sd/-
T. SATISH U. PAI
Director

Sd/-
H. N. S. RAO
Director

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

Sd/-
ANANTHANARAYANA PAI K.
Partner (M.No. 024541)
Place : Manipal
Date : 08-05-2010

Place: Manipal
Date : 08-05-2010

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31-03-2010	As at 31-03-2009
	Rs.	Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
10,000 Equity Shares of Rs. 100 each	10,00,000	10,00,000
Issued,Subscribed and Paid-up		
10,000 Equity Shares of Rs. 100 each (Of the above, 9989 Shares are held by Holding Company ICDS Limited and 11 shares by its subsidiary Manipal Hotels Ltd. and their nominees)	10,00,000	10,00,000
SCHEDULE - 2		
RESERVES AND SURPLUS		
Surplus - Balance in Profit and Loss Account	71,778	2,15,220
SCHEDULE - 4		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Cash in Hand	-	-
Balance with a Scheduled Bank in Current Account	2,66,952	2,13,370
Income Receivable (due for less than 6 months) (unsecured and considered good)	1,70,469	1,46,490
Loans & Advances: (unsecured and considered good)		
Advance Income Tax and Tax deducted at source (net of provisions)	19,18,972	25,66,462
Total Current Assets and Loans & Advances	23,56,393	29,26,322

SCHEDULE - 3 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 31-3-2009	Additions	Sale/Trf	As at 31-03-2010	As at 31-03-2009	Additions	Sale/Trf	As at 31-03-2010	As at 31-03-2010	As at 31-03-2009	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land**	2,14,65,645	-	-	2,14,65,645	-	-	-	-	2,14,65,645	2,14,65,645	
Office Premises	1,00,54,350	-	-	1,00,54,350	18,43,153	1,63,886	-	20,07,039	80,47,311	82,11,197	
Total	3,15,19,995	-	-	3,15,19,995	18,43,153	1,63,886	-	20,07,039	2,95,12,956	2,96,76,842	
Previous year	3,15,19,995	-	-	3,15,19,995	16,79,267	1,63,886	-	18,43,153	2,96,76,842	2,98,40,728	

** Represent proportionate undivided share of land for the office premises owned.

	As at 31-03-2010	As at 31-03-2009
	Rs.	Rs.
SCHEDULE - 5		
CURRENT LIABILITIES		
Due to Holding Company (ICDS Ltd.)	2,98,88,244	3,01,19,811
Rent Deposit	11,50,000	11,50,000
Expenses outstanding	13,236	40,270
Other Liabilities	7,47,041	10,78,813
	<u>3,17,98,521</u>	<u>3,23,88,894</u>
PROVISIONS:		
Total Current Liabilities & Provisions	3,17,98,521	3,23,88,894
SCHEDULE - 6		
ADMINISTRATIVE AND OTHER EXPENSES		
Rates and Taxes	3,09,774	3,14,783
Repairs and Maintenance - Building	1,71,714	2,02,558
Remuneration to Auditors		
for Statutory Audit	13,236	12,960
for Consultation	828	-
Legal and Consultation Charges	27,168	11,775
Miscellaneous Expenses	4,043	4,149
Total	5,26,763	5,46,225

SCHEDULE - 7

NOTES ON ACCOUNTS

1. Significant Accounting Policies :

Basis of Accounting:

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

Use of Estimates:

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

Fixed Assets & Depreciation:

Fixed Assets are stated at Original Cost less Depreciation.

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

Investments:

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

Borrowing costs:

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

Tax on Income:

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

Cash Flow Statement:

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

MANIPAL PROPERTIES LIMITED

Segment Reporting:

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

Contingent Liabilities/Assets:

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

Earning per Share:

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

Impairment of Assets:

The Company has framed the policy of impairing the asset, when carrying cost of assets exceeds its recoverable amount. Accordingly an impairment loss will be charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

- The company is in the process of getting the property (the whole of fixed assets as detailed in Schedule 3 of the Balance Sheet), acquired under the Scheme of Arrangement (as sanctioned by Hon'ble High Court of Karnataka vide order dated 25th August 2000) transferred in its own name.
- Provision for Current Tax if any, is arrived at on the basis of Statement of Total Income prepared under Income Tax Act, 1961. There are no Deferred Tax Liabilities. The Company has not recognised the deferred tax credit (pertaining to losses to be carry forward under the head House Property & Business) as a matter of prudence. The MAT Credit entitlement (arised during earlier years) is not recognised as the asset, as a matter of prudence.
- List of Related Parties with whom transactions are taken place during the year
Holding Company : M/s ICDS Limited, Manipal
Associate Concern : M/s Blue Cross Builders and Investors Limited, Manipal
M/s Manipal Hotels Ltd., Chennai

Details of transactions are as follows

	Rs. in '000 Current Year	Rs. in '000 Previous Year
A. Interest to Holding Company M/s ICDS Limited	2818	2794
B. Amount due to Holding Company M/s ICDS Limited	29888	30120
C. Investment held in Equity Shares of Associate Concern: M/s Blue Cross Builders and Investors Limited (No. of Shares held: 99970 of Rs. 10 each (P. Y. 99970 shares of Rs. 10 each)) (All the shares were Purchased from third party)	1001	1001
D. Investment by Holding Company & Associate Concerns Number of Equity Shares of Rs.100 each of the company Held by: i. Holding Company viz: ICDS Ltd. 9989 (P.Y. 9989) ii. Associate Company viz: Manipal Hotels Ltd. 11 (P.Y. 11)		

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

- One of the Directors of the Company is Mr. H. N. S. Rao, is the Director of M/s ICDS Limited, which is also the Holding Company. M/s ICDS Limited has stopped repayment of public deposits, debentures & debts and interest thereon w.e.f. 15th July, 2002 and approached the Hon'ble High Court of Karnataka for restructuring of deposits, debentures and debts. The scheme of restructure as aforesaid has been approved by the Hon'ble High Court of Karnataka vide order dated 15th October 2004. The company has been legally advised that the aforesaid order is in retrospective effect from 15th July 2002 and therefore the director of the company Mr. H. N. S. Rao is not disqualified u/s 274(1)(g) of the Companies Act, 1956.
- Basic & Diluted Earning per share of Rs. 100 each is as under:

	Current year	Previous Year
a) Number of Equity Shares of Rs. 100 each	10000	10000
b) Net Profit after Tax in Rs.	(143,442)	(932,817)
c) Earning per Share (b/a) in Rs. (Basic & Diluted [annualised])	(14.34)	(93.28)
- The Company is operating under one segment. Therefore Disclosure as to segment reporting not applicable.
- There are no dues to Micro, Small & Medium Enterprises at any time during the year, in the absence of notified registered dealer with the Company as per the provisions of the Micro, Small and Medium Enterprises Development Act 2006. Hence the further disclosure requirements as required under Micro, Small & Medium Enterprises Development Act 2006 and also as per Schedule VI to the Companies Act 1956 does not arise.
- No provision for the diminution in the value of the investments is being made, since

the management of the Company is of the opinion that such decline in the value is temporary.

- The management is of the opinion that the carrying cost of the assets does not exceed its recoverable amount. Therefore the assets are not impaired during the year.
- Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

12. Balance Sheet Abstract and General Business Profile:

I. Registration Details :			
Registration No.	43271	State Code	18
Balance Sheet Date	31-03-2010		
II. Capital Raised during the year (Amount Rs. in thousands)			
Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds			
Total Liabilities	1,072	Total Assets	1,072
Sources of Funds			
Paid-up Capital	1,000	Reserves and Surplus	72
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	29,513	Investments	1,001
Net Current Assets	(29,442)	Miscellaneous Expenditure	-
Accumulated Losses	-	Deferred tax asset	-
IV. Performance of the Company (Amount Rs. in thousands)			
Turnover	3,368	Total Expenditure	3,509
Profit/(Loss) before tax	(141)	Profit/(Loss) after tax	(143)
Earnings Per Share (In Rs.)*	(14.34)	Dividend (in %)	Nil
(Basic & Diluted) (P.Y. Rs. (93.28))			
Note: * To arrive at earning per share, net profit after tax is taken as numerator and the number of equity shares is taken as denominator.			
V. Generic names of principal products		Not Applicable	

Sd/	Sd/	As per our report of even date
T. SATISH U. PAI	H. N. S. RAO	For Pai Nayak & Associates
Director	Director	Chartered Accountants
		Registration No. (ICAI): 009090S
		Sd/
		ANANTHANARAYANA PAI K.
		Partner (M.No. 024541)
Place: Manipal		Place : Manipal
Date : 08-05-2010		Date : 08-05-2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/ (Loss) before tax		(1,41,125)		(9,32,817)
Adjustment for :				
Interest Income	(1,84,427)		-	
Depreciation	1,63,886		1,63,886	
Interest Paid	28,17,998		27,94,205	
		27,97,457		29,58,091
Operating profit before working capital changes		2,656,332		2,025,274
Adjustment for changes in Working Capital				
Decrease/(Increase) in Advances and Receivables	(23,979)		(29,927)	
Increase/(Decrease) in Trade and Other Payables	(590,373)		1,551,773	
		(614,352)		1,521,846
Cash generated from operations		20,41,980		35,47,120
Taxes Refund/(Paid)		6,45,173		(5,70,071)
Net cash flow from/(used in) operating activities		26,87,153		29,77,049
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Interest Received	1,84,427		-	
Purchase of shares	-		-	
Net cash flow from investing activities		1,84,427		-
		28,71,580		29,77,049
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Interest paid	(28,17,998)		(27,94,205)	
Net cash flow from investing activities		(28,17,998)		(27,94,205)
Net Increase / (Decrease) in Cash and Cash Equivalents		53,582		1,82,844
Cash and Cash equivalents (Opening Balance)		2,13,370		30,526
Cash and Cash equivalents (Closing Balance)		2,66,952		2,13,370
Previous Year's figures are regrouped, rearranged and reclassified wherever necessary				
Cash Flow statement is being prepared under "Indirect Method" as laid down under Accounting Standard 3 of Companies (Accounting Standards) Rules 2006.				

Sd/	Sd/	As per our report of even date
T. SATISH U. PAI	H. N. S. RAO	For Pai Nayak & Associates
Director	Director	Chartered Accountants
		Registration No. (ICAI): 009090S
		Sd/
		ANANTHANARAYANA PAI K.
		Partner (M.No. 024541)
Place: Manipal		Place : Manipal
Date : 08-05-2010		Date : 08-05-2010



Regd. Office: Syndicate House, Manipal – 576 104

PROXY FORM

THIRTY NINTH ANNUAL GENERAL MEETING

I/We of in the District of being a member/members of the above named Company, hereby appoint of in the District of or failing him of in the District of as my/our proxy to attend and vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Company to be held at 4.00 p.m. on Monday, the 27th September, 2010 and at any adjournment thereof.

Signed this day of 2010.

Folio No. :

No. of Shares :

Strike out whichever is not desired.

Affix Re. 1/- Revenue Stamp

(Signature)

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

CUT HERE



Regd. Office: Syndicate House, Manipal – 576 104

ATTENDANCE SLIP

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

Full Name of the Member attending (IN BLOCK LETTERS)

Full Name of the First Holder (To be filled in if first named Holder does not attend Meeting)

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

I hereby record my presence at the Thirty Ninth Annual General Meeting of the Members of the Company to be held on Monday, the 27th September, 2010 at 4.00 p.m. at the Rotary Golden Jubilee Children's Sports Complex, Near Sonia Clinic, Anant Nagar, Manipal – 576 104.

Regd. Folio No.:

No. of Shares held:

Member's/Proxy's Signature (To be signed at the time of handing over the slip)

CUT HERE