



Regd. Office: Syndicate House, Manipal – 576 104

40th Annual Report 2010 – 2011



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

NOTICE

NOTICE is hereby given that the 40th ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on **Monday, the 19th September, 2011 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, 2011 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. Bharath K. Nayak 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 an Ordinary Resolution:
“**RESOLVED** that Mr. K. M. Udupa, who was appointed as an Additional Director by the Board of Directors at its meeting held on 12th November, 2010 and who ceases to hold office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“**RESOLVED** that Mr. A. Giridhar Pai, who was appointed as an Additional Director by the Board of Directors at its meeting held on 12th November, 2010 and who ceases to hold office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“**RESOLVED** that Mr. U. Harish P. Shenoy, who was appointed as an Additional Director by the Board of Directors at its meeting held on 12th November, 2010 and who ceases to hold office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Registered Office:
Syndicate House
Manipal – 576 104
Date : 26-07-2011

By Order of the Board
Sd/-
T. Mohandas Pai
Chairman & Whole-time Director



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND THE PROXY NEED NOT BE A MEMBER.
2. The Company has transferred unclaimed dividend declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government. Those who have not encashed their dividend warrants, for whatever reason, for the period to and including 31st March, 1995 are requested to claim amount from the Registrar of Companies, Karnataka, Bangalore.
Unclaimed dividend for the year ended 31st March, 1996, 31st March, 1997 and 31st December, 1997 has been transferred by the Company to "Investor Education and Protection Fund" set up by the Central Government and no claims shall lie against the fund or the Company in respect of the amounts so transferred.
3. Members who wish to obtain any information on the Company or view the accounts for the Financial Year ended 31st March, 2011 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/reappointed is given hereunder:

A. Name	:	Mr. Bharath K. Nayak
Date of Birth	:	11-04-1964
Professional Qualification	:	Chartered Financial Analyst (CFA) from the Institute of Chartered Financial Analysts of India, Hyderabad, A.P.
Membership	:	Member of the Council of Chartered Financial Analysts.
Expertise in specific functional areas	:	He has got vast experience in Financial Management, Forex Management, Fund Raising and Fund Management, Financial Accounting, Budgeting, Tax Planning and Admini-stration. He is also advising the Top Management on Strategic Planning and Implementation. He has experience of over 24 years in the field and has served many Companies in various capacities.
List of other Directorships held	:	Manipal Entertainment Network Ltd. Canara Security Press Ltd. Universal Print Systems Ltd. Manipal Energy & Infratech Ltd. Blue Cross Builders and Investors Ltd.

		Manipal Digital Systems Pvt. Ltd.
		Zeta Cyber Solutions Pvt. Ltd.
		Manipal Studios Pvt. Ltd.
		Manipal Thomas Greg Press Pvt. Ltd.
		Manipal Business Solutions Pvt .Ltd.
		Manipal Logistics Pvt. Ltd.
		Manipal Enterprises Pvt. Ltd.
		Manipal Printronics Pvt. Ltd.
Chairman / Member of the Committees of the Board	:	Chairman – Audit Committee Member – Shareholders Grievance Committee
Chairman / Member of the Committees : of the Board of other Companies in which he is Director.	:	Nil
B. Name	:	Mr. K. M. Udupa
Date of Birth	:	22-08-1938
Professional Qualification	:	B.Sc. (Agriculture) from Mysore University with Post-Graduate Diploma in Rice Breeding at Central Rice Institute, Cuttuck.
Expertise in specific functional areas	:	Retired Dy. G.M. of Syndicate Bank, presently Managing Trustee of Bharathiya Vikas Trust, Manipal. He is instrumental in introducing innovative Rural Credit Schemes and Scheme of Financing Solar Lighting Systems by Commercial Banks in India.
List of other Directorships held	:	SELCO Solar Light Pvt. Ltd.
Chairman/Member of the Committees of the Board	:	Member – Audit Committee
Chairman / Member of the Committees of the Board of other Companies in which he is Director.	:	Nil
C. Name	:	Mr. A. Giridhar Pai
Date of Birth	:	08-06-1952
Expertise in specific functional areas	:	Businessman Member of Supreme Governing Body, Academy of General Education, Manipal.
List of other Directorships held	:	Airody Jewellers Pvt. Ltd.



Chairman/Member of the
Committees of the Board : Member – Audit Committee
Chairman / Member of the : Nil
Committees of the Board of other
Companies in which he is Director.

D. Name : Mr. U. Harish P. Shenoy
Date of Birth : 03-06-1968
Expertise in specific functional areas : Businessman
Member of Karnataka Konkani Sahitya Academy,
(Govt. of Karnataka)
List of other Directorships held : ICDS Securities Ltd., Manipal
Chairman/Member of the
Committees of the Board : Member – Audit Committee
Chairman / Member of the : Nil
Committees of the Board of other
Companies in which he is Director.

5. The Register of Members and Share Transfer Book will remain closed from Wednesday, the 14th day of September, 2011 to Monday, the 19th day of September, 2011 (both days inclusive) in connection with 40th Annual General Meeting.

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

Item No. 4, 5, 6

Mr. K. M. Udupa, Mr. A. Giridhar Pai and Mr. U. Harish P. Shenoy have been appointed as Additional Directors by the Board, at its meeting held on 12th November, 2010 and they hold the office up to this Annual General Meeting.

Their continuation on the Board will enable the Company to gain from their considerable experience and expertise in relation to the Company's business. The Company has received Notices in writing from 3 members under Section 257 of the Companies Act, 1956 along with deposits of Rs.500/- each proposing their candidatures for the office of Director. The Board recommends their appointment.

No Director of the Company other than Mr. K. M. Udupa, Mr. A. Giridhar Pai and Mr. U. Harish P. Shenoy is concerned or interested in the Resolution.

By order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date: 26-07-2011

Sd/-

T. Mohandas Pai
Chairman & Whole-time Director

DIRECTORS REPORT

The Directors present their FORTIETH ANNUAL REPORT and Audited Statement of Accounts for the year ended 31st March, 2011.

(Rs. in '000s)

FINANCIAL RESULTS	31st March 2011	31st March 2010
Income from Operations	6,07,94	5,68,50
Other Income	63,75	58,59
Write back of provisions	7,51,64	12,17,30
Total Income	14,23,33	18,44,39
Less: Operating Expenses	1,45,02	1,54,16
	12,78,31	16,90,23
Less: Interest	29,87	21,67
Profit/(Loss) before Depreciation	12,48,44	16,68,56
Less: Depreciation	8,02	8,76
Profit/(Loss) after Depreciation	12,40,42	16,59,80
Less: Bad debts written off	-	26,87
Profit/(Loss) before Tax	12,40,42	16,32,93
Less: Provision for Income Tax	96,00	30,00
Profit/(Loss) after Tax	11,44,42	16,02,93
Add: (Loss) brought forward	(24,82,22)	(40,85,15)
(Loss) carried forward	(13,37,80)	(24,82,22)

REVIEW OF OPERATIONS

During the year under review the Company has earned income of Rs.6.72 crores (Rs.6.27 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, dividend and interest earned. The operating expenses incurred during the reporting period was Rs.1.45 crores as against Rs.1.54 crores in the previous year. Consequent to the recovery of demerger receivables of Rs.6.26 crores provisions made earlier to the extent of Rs.6.92 crores (Previous Year Rs.12.17 crores) was written back. (Previous Year Rs.7.52 crores). The accumulated losses which was at Rs.24.82 Crores as on 31st March, 2010 has been reduced to Rs.13.38 crores on 31st March, 2011.

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

DIVIDEND

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

SCHEME OF ARRANGEMENT

In terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka, Company has repaid all the six installments (out of Rs.13.81 crores representing interest accrued on the public liabilities up to 15th July, 2002 Rs.11.50 crores has been paid as on 30th June, 2011). Your Company has filed an affidavit on 31-08-2010 to that effect before the Hon'ble High Court of Karnataka. The Hon'ble High Court has taken note of the same.

The Company has sent letters under certificate of posting to all the investors who are yet to claim 6th and Final installment covering interest on investments, asking them to surrender the original investment certificates and claim the interest accrued. Likewise there are some investors who have not yet submitted the certificates to receive the principal and interest of first installment (investment with face value of less than Rs.10,000/-) and interest on investment with face value of less than Rs.20,000/ payable as 4th installment in spite of Company advising them to do so. As on 30th June, 2011 out of total liability of Rs.239.10 crores, an amount aggregating to Rs.235.58 crores has been repaid. The details are given below :

1 st Installment	Rs. 56.96 crores *
2 nd Installment	Rs. 51.78 crores
3 rd Installment	Rs. 51.78 crores
4 th Installment	Rs. 34.85 crores **
5 th Installment	Rs. 28.71 crores
6 th Installment	Rs. 11.50 crores
Total	Rs. 235.58 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/-

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

BUSINESS PLANS

The Company, in terms of the undertaking given to the Hon'ble High Court of Karnataka is not doing any NBFC Business. As the Company has fulfilled the terms of scheme of arrangements as per the sanctioned scheme and paid all the installment as stated in the above paragraph and net worth of the Company (Net Owned funds) has become positive at Rs.2.98 cores, it is eligible to apply to Reserve Bank of India for registration as an NBFC for undertaking business of Hire Purchase and Leasing.

As per the recent survey by ASSOCHAM, NBFCs account for 12% of advances of total financial system in the country and plays a major role in furthering financial



inclusion. NBFCs are better alternative to conventional banks for meeting various financial requirements of small business enterprises and micro financial institutions. NBFCs engaged in funding of commercial vehicles, infrastructure assets, retail financing, loan against shares, funding of plant and machineries and SMEs are playing an important role in the booming Indian economy. There is wide scope for your company to restart the NBFC business for which it has expertise and in-depth knowledge.

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. K. M. Udupa, Mr. A. Giridhar Pai and Mr. U. Harish P. Shenoy were appointed as additional directors of the Company on 12th November, 2010. They continued to be Directors till the date of forthcoming Annual General Meeting. Company has received notices from members proposing them to the position of Directors at the meeting.

Mr. Bharath K. Nayak 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, 2011 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

Place : Manipal
Date : 26-07-2011

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

CORPORATE GOVERNANCE REPORT

1. Corporate Governance Code:

The Directors present the Company's report on Corporate Governance as on 31st March, 2011 as required under Clause 49 of the Listing Agreement.

1. Philosophy:

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

2. Board of Directors:

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

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

i) Number of Board Meetings and Attendance of Directors:

The Board met 6 times during 2010–2011. The details are as follows:

Date of Meeting	Board Strength	No. of Directors Present
10 th May, 2010	3	3
17 th June, 2010	3	3
30 th July, 2010	3	2
12 th November, 2010	6	6
14 th February, 2011	6	4
17 th March, 2011	6	6

The last AGM was held on 27th September, 2010 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	4	1 (C), 2 (M)
2.	Sri H. N. S. Rao	Non-Executive	6	Yes	3	2 (M)
3.	Sri Bharath K. Nayak	Non-Executive	6	Yes	13	2 (M)
4.	Sri K. M. Udupa*	Non-Executive	2	No	1	1 (M)
5.	Sri Airody Giridhar Pai*	Non-Executive	3	No	1	1 (M)
6.	Sri U. Harish P. Shenoy*	Non-Executive	2	No	1	1 (M)

* Sri K. M. Udupa, Sri Airody Giridhar Pai and Sri U. Harish P. Shenoy appointed as Additional Directors by the Board at its meeting held on 12th November, 2010.

3. Audit Committee:

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

Sri T. Mohandas Pai – Chairman of the Committee Till 30-07-2010

Sri H. N. S. Rao – Member of the Committee till 30-07-2010

Sri Bharath K. Nayak – Chairman since 12-11-2010

Sri K. M. Udupa – Member since 12-11-2010

Sri Airody Giridhar Pai – Member since 12-11-2010

Sri U. Harish P. Shenoy – Member since 12-11-2010

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 10th May, 2010, 30th July, 2010, 12th November, 2010 and 14th February, 2011. Mr. Bharath K. Nayak, Director is the Compliance Officer.

Attendance of the Directors at the Audit Committee Meeting:

Meeting held on	No. of Members Present
10 th May, 2010	3
30 th July, 2010	3
12 th November, 2010	4
14 th February, 2011	3

4. Remuneration Committee:

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

Details of remuneration for the year ended 31st March, 2011:

i) Whole-Time Director: Nil

ii) Non-Executive Directors:

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

5. Shareholders/Investors Grievance Committee:

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

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

Sl. No.	Name	Status	No. of Meetings Attended
1.	Sri T. Mohandas Pai*	Executive Chairman & Whole-time Director	2
2.	Mr. H. N. S. Rao*	Non-Executive Director	2
3.	Mr. Bharath K. Nayak	Independent Director	4
4.	Mr. K. M. Udupa	Independent Director	1
5.	Mr. A. Giridhar Pai	Independent Director	2
6.	Mr. U. Harish P. Shenoy	Independent Director	2

* Mr. T. Mohandas Pai and Mr. H. N. S. Rao were members till 30-07-2011.

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

Number of Shareholders Complaints received : 35

Number of Shareholders Complaints settled : 35

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 / Rotary Golden Jubilee Children's Sports Complex, Manipal – 576 104.

AGM No.	Date	Time	Special Resolution required
37	26-09-2008	4.00 p.m.	Nil
38	30-09-2009	4.00 p.m.	Nil
39	27-09-2010	4.00 p.m.	Re-appointment of Mr. T. Mohandas Pai as Whole-time Director for a period of 5 years with effect from 1 st September, 2010 without remuneration for the time being.

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

Postal Ballot:

Resolutions under Section 293(1)(a) and 372A of the Companies Act, 1956 have been passed through Postal Ballots 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 Installments/ Lease Installments 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.9.00 crores from various sources such as Recovery of Bad and Doubtful Debts, Receivables from MPL Enterprises Ltd., Manipal Properties Ltd., etc. The figure also includes fee based income earned from other activities such as service charges under Insurance Agency and Telecom Franchise, Dividend Income, Tax Refunds, Rental Income etc.

Payment of Public Investment:

In terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka, Company has repaid all the six installments of public liabilities and filed an affidavit dated 31st August, 2010 to the effect that the repayment of investments under the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka has been completed. The Hon'ble High Court has taken note of the same.

The Company has sent letters under certificate of posting to all the investors who are yet to claim 6th and Final installment covering interest on investments, asking them to surrender the original investment certificates and claim the interest accrued. Likewise there are some investors

who have not yet submitted the certificates to receive the principal and interest of first installment (investment with face value of less than Rs.10,000/-) and interest on investment with face value of less than Rs.20,000/ payable as 4th installment in spite of Company advising them to do so. As on 31st March, 2011 out of total liability of Rs.239.10 crores, an amount aggregating to Rs.235.43 crores has been repaid. (amount unclaimed by the investors as on 31st March, 2011 is Rs. 3.67 crs.)

The details are given below :

1 st Installment	Rs.	56.95 crores *
2 nd Installment	Rs.	51.78 crores
3 rd Installment	Rs.	51.78 crores
4 th Installment	Rs.	34.84 crores **
5 th Installment	Rs.	28.71 crores
6 th Installment	Rs.	11.37 crores
Total :	Rs.	235.43 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/-

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

Internal Control System:

All the payments have been centralized in Head Office. Powers are not given to the branch officials to incur any expenditure. In the given circumstances there is no need for any 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, 2011 was 77 as against the previous year's figure of 85.

General Shareholder Information:

- a) Annual General : 40th Annual General Meeting Meeting
- Day & Date : Monday, the 19th Sept., 2011
- 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 : 14-09-2011 to 19-09-2011 (both days inclusive)
- d) Dividend : No Dividend has been recommended by the Board of Directors for the year ended 31st March, 2011.

- e) Registered Office : Syndicate House
Manipal – 576 104
- f) Listing Stock : The equity shares are listed on Exchanges National Stock Exchange of India Ltd.

Note: Annual Listing Fee has been paid up to 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, 2011 – 37,88,897 Equity Shares forming 29.08% 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),
Email : investor@cameoindia.com

- 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, 2011

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
0001 – 5000	4713	82.4671	756342	7563420	5.806
5001 – 10000	536	9.3788	372915	3729150	2.8626
10001 – 20000	231	4.0419	323663	3236630	2.4846
20001 – 30000	70	1.2248	174636	1746360	1.3406
30001 – 40000	37	0.6474	134168	1341680	1.0299
40001 – 50000	16	0.2799	70337	703370	0.5399
50001 – 100000	27	0.4724	199129	1991290	1.5286
100001 and above	85	1.4873	10995510	109955100	84.4074
Total	5715	100.00	13026700	130267000	100.00

Pattern of Equity Shareholding as on 31st March, 2011

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

- l) **Plant Locations: NIL**

- m) **Company's Website : www.icdslimited.com**

- n) **Address for Investor's Correspondence:**

Secretarial Department
ICDS Ltd.
Regd. Office: Syndicate House
MANIPAL – 576 104
Phone: (0820) 2571121-31 (11 Lines)
Email: hnsrao@icdslimited.com

DECLARATION

As provided under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSEIL), all Board Members and Senior Management Personnel affirmed compliance with ICDS Ltd., Code of Conduct and Ethics for the year ended 31st March, 2011.

For ICDS Ltd.

Sd/-

Place : Manipal

T. Mohandas Pai

Date : 28-05-2011 Chairman & Whole-time Director

Auditors' Certificate on Compliance of Corporate Governance

To: The Members of ICDS Limited

We have examined the Compliance of the conditions of Corporate Governance by ICDS Ltd. for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India, with relevant records and documents maintained by the company and forwarded to us and the report on Corporate Governance as approved by the Board of Directors.

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 results in the news paper for the 1st Quarter ended 30th June, 2010.

- all the members of the Audit Committee of the Company till 12th November, 2010, 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 an Internal Audit system.

We state that,

- In respect of shareholder grievances received during the year ended March 31, 2011, no shareholder grievances are pending against the Company as on 31st March, 2011 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 : 28th May, 2011

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, 2011, 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 (Auditors' 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 by with 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. 18(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. 14 of Schedule 'N', we state that none of the Directors of the Company are 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 Company has repaid 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) 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 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, 2011;
- 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 : 28-05-2011

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, 2011. We report that :

1.
 - i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - ii) All the fixed assets of the Company other than those under lease, have been physically verified by the management during the year. As explained to us, no material discrepancies were noticed on verification.
 - iii) The Company during the year has not disposed substantial part of its fixed assets.
2.
 - i) As explained to us, stocks of shares and debentures have been physically verified by the management at reasonable intervals during the year.
 - ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
3.
 - i) As per the information and explanations given to us, the Company has not granted

any loans, secured or unsecured, to Companies, Firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

Consequently requirement of Clause (iii) (a), (b), (c) & (d) of paragraph 4 of the order are not applicable to the Company.

- ii) As per the information and explanations given to us, the Company during the year has taken inter-corporate deposit amounting to Rs. 3.68 crores from a Company listed in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year is Rs. 3.68 crores and balance outstanding at the year end is Rs. Nil as the Company has repaid the inter-corporate deposit on demand.

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 made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 exceeding Rs.5,00,000/- (Rupees five lakh only) in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant date.
6. The Company's liabilities (including public deposits along with interest accrued thereon) were restructured as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka vide its order dated 15th October, 2004. Accordingly the Company has repaid its liabilities. We are informed by the management that there are no other orders by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. *In the opinion of the management there is no non-banking financial business done other than repayment of liabilities from the recoveries. Hence internal audit has been discontinued.*
8. The Central Government has not prescribed maintenance of cost records u/s 209(1)(d) of

the Companies Act, 1956 for the Company.

9. i) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it except to the extent of non-remittance of unclaimed deposits and interest on matured deposits which is due to Investor Education and Protection fund after 15th July, 2002 which has not been remitted in terms of the Para 3 of Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka on 15th October, 2004.
- ii) According to the information and explanations given to us, no undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. We have been further informed that Company made provision for income tax on prudent basis and have been advised that no taxes payable in respect of the said provision made during the year and previous year as detailed in Note No. 8 of Schedule N.
- iii) According to the records of the Company, there are no dues of income tax, wealth tax, sales tax, customs duty and excise duty/cess which have not been deposited on account of any dispute except the following :

Name of the Statute	Nature of Dues	Years to which it pertains	Amount (Rs. in 000's)	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of depreciation on leased assets	Block Assessment for the period from 1987-88 to 1997-98	9,94,04	Special Leave Petition before Hon'ble Supreme Court of India
-do-	-do-	AY 1991-92	34,42	-do-
Service Tax Act	Service Tax on Hire Charges	Up to 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 accumulated loss of the Company is more than 50% of networth. However the Company has not incurred cash losses during the current year and the previous year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, banks. In respect of matured debentures and interest accrued thereon upto 15th July 2002, the Company has repaid all installment to debenture holders as per the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Karnataka on 15th October, 2004.
12. In our opinion the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, Clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' 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.
15. As per information and explanations given to us, the Company has not given any guarantees to Banks or Financial Institutions for loan taken by others.
16. The Company has not taken any term loans from banks or financial institutions during the year.
17. The Company has not raised any short-term funds during the year. Hence the question of using short-term funds for long-term purpose does not arise.
18. During the year Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. As per the information and explanations given to us, the charge created by the Company in respect of Debenture has been satisfied as referred to in Note No. 2 of Schedule N.
20. The Company has not raised any money by public issue during the year.
21. During the course of examination of Books of Account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the Management.

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

Sd/-
(C. D. Lala)
Partner

Place : Mumbai
Date : 28-05-2011

Membership No. 35671



BALANCE SHEET AS AT 31ST MARCH, 2011

Description	Schedules	(Rs. in Thousands)	
		As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS:			
Shareholders Funds:			
Share Capital	A	130,267	130,267
Reserves & Surplus	B	<u>69,582</u>	<u>70,336</u>
		199,849	200,603
Loan Funds:			
Secured Loans	C	<u>47,962</u>	30,267
		<u>247,811</u>	<u>230,870</u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	D	774,064	775,339
Less: Depreciation		<u>534,172</u>	<u>533,492</u>
		<u>239,892</u>	<u>241,847</u>
Less: Lease Equalisation		<u>183,497</u>	<u>183,497</u>
		56,395	58,350
		21,558	21,558
INVESTMENTS:			
Current Assets, Loans & Advances			
Current Assets	F	64,635	60,928
Loans and Advances	G	<u>91,136</u>	<u>45,541</u>
		155,771	106,469
Less: Current Liabilities and Provisions	H	<u>119,693</u>	<u>203,729</u>
		36,078	(97,260)
Profit & Loss Account (Debit Balance)		<u>133,780</u>	<u>248,222</u>
Total		<u>247,811</u>	<u>230,870</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**

Chairman & Whole-time Director

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

Partner

Membership No. 35671

Sd/- **Bharath K. Nayak**

Director

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

Director

Sd/- **K. M. Udupa**

Director

Sd/- **U. Harish P. Shenoy**

Director

Sd/- **A. Giridhar Pai**

Director

Place: Mumbai

Date : 28th May, 2011

Place : Manipal

Date : 28th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in Thousands)

Description	Schedules	2010-11		2009-10	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Income from Operations	I	60,794		56,849	
Other Income	J	6,375		5,860	
Excess Provision for NPA Written Back		76,108		121,730	
Total		143,277		184,439	
EXPENDITURE					
Finance Charges	K	2,987		2,167	
Operating Expenses	L	14,502		15,416	
Bad Debts written off		–		2,687	
Add : Provisions as per RBI norms		944	944	–	2,687
Depreciation	D	1,556		1,630	
Less: Transfer from Revaluation Reserve		754	802	754	876
Total		19,235		21,146	
Profit before tax		124,042		163,293	
Provision for Income Tax		9,600		3,000	
Profit after Tax		114,442		160,293	
Add : Loss brought forward		(248,222)		(408,515)	
Balance Carried Forward		(133,780)		(248,222)	
Basic/Diluted Earning per Share of Rs. 10 each (in Rupees)		8.79		12.30	
(Refer Note No.16 of Schedule “N”)					
Significant Accounting Policies	M				
Notes to Accounts	N				

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

This is the Profit & 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/- **T. Mohandas Pai**

Chairman & Whole-time Director

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

Partner

Membership No. 35671

Sd/- **Bharath K. Nayak**

Director

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

Director

Sd/- **K. M. Udupa**

Director

Sd/- **U. Harish P. Shenoy**

Director

Sd/- **A. Giridhar Pai**

Director

Place: Mumbai

Date : 28th May, 2011

Place : Manipal

Date : 28th May, 2011



SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Thousands)

Description	As at 31st March, 2011		As at 31st March, 2010	
	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	37,002		37,756	
Less: Transfer to Profit & Loss A/c (Refer Note No. 7 of Schedule N)		754	754	37,002
Total		<u>69,582</u>		<u>70,336</u>

Schedule C

SECURED LOANS

From Banks				
Working Capital Loans		47,962		30,267
Total		<u>47,962</u>		<u>30,267</u>

Note: Working Capital Loans from Banks are secured by pledge of Bank deposits of Rs.5,83,35 thousand (Previous year: Rs. 5,50,00 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, 2010	Additions	Deduction/ Sale	As at 31st March, 2011	As at 1st April, 2010		For the year	Deduction/ Sale	As at 31st March, 2011		As at 31st March, 2011	As at 31st March, 2010
						Deprn.	Eqln.			Deprn.	Eqln.		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
A. OWNED ASSETS													
1.	Land	530	–	–	530	–	–	–	–	–	–	530	530
2.	Buildings	71,637	–	660	70,977	15,436	–	1,167	124	16,479	–	54,498	56,201
3.	Plant & Machinery	1,849	64	16	1,897	1,143	–	85	16	1,212	–	685	706
4.	Electrical Fittings	1,317	25	158	1,184	987	–	56	102	941	–	243	330
5.	Furniture & Fittings	7,571	–	222	7,349	7,221	–	181	222	7,180	–	169	350
6.	Off. Equipments & Computers	9,703	156	230	9,629	9,470	–	67	178	9,359	–	270	233
7.	Vehicles	546	–	234	312	546	–	–	234	312	–	–	–
Total of 'A'		93,153	245	1,520	91,878	34,803	–	1,556	876	35,483	–	56,395	58,350
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		775,339	245	1,520	774,064	533,492	183,497	1,556	876	534,172	183,497	56,395	58,350
Previous Year		776,288	21	970	775,339	532,724	183,497	1,630	862	533,492	183,497	58,350	

Notes: 1) Buildings include Rs. 18,10 thousand (Previous year: Rs.18,10 thousand) pending registration.
2) Buildings include shares of the face value of Rs. 511/- in Co-operative Housing Society.



SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. in Thousands)

Description	As at 31st March, 2011 Rs.		As at 31st March, 2010 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			22,343		22,343
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			10,620		10,620
			32,973		32,973
Less: Provisions for diminution in value of investments			11,415		11,415
Total			21,558		21,558

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, 2011		As at 31st March, 2010	
	Rs.	Rs.	Rs.	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>161,688</u>		<u>166,290</u>	
	<u>161,688</u>		<u>166,290</u>	
Less: Provision	<u>161,688</u>	–	<u>166,290</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	<u>30</u>		<u>82</u>	
Considered doubtful	<u>6,403</u>		<u>6,403</u>	
	<u>6,433</u>		<u>6,485</u>	
Others (considered good)	<u>4</u>		<u>21</u>	
	<u>6,437</u>		<u>6,506</u>	
Less: Provision	<u>6,403</u>	<u>34</u>	<u>6,403</u>	<u>103</u>
CASH AND BANK BALANCES				
Cash, Cheques on hand and Remittances in transit	<u>381</u>		<u>316</u>	
Balances with Banks:				
Current Accounts	<u>2,079</u>		<u>1,511</u>	
Term Deposits	<u>59,804</u>		<u>56,535</u>	
		<u>62,264</u>		<u>58,362</u>
OTHER CURRENT ASSETS				
Interest accrued on investments		<u>5</u>		<u>5</u>
Interest accrued on term deposits		<u>2,332</u>		<u>2,458</u>
Total		<u><u>64,635</u></u>		<u><u>60,928</u></u>

- Notes:**
- Balances with Banks include balances with Non-Scheduled banks:
Balance receivable with Manipal Co-operative Bank Ltd. Rs.58 thousand (P.Y. Rs.5 thousand) [Maximum Balance outstanding at any time during the year Rs.1,92 thousand (P.Y. Rs.5 thousand)]
 - Term deposit includes Rs.5,83,35 thousand (P.Y. Rs.5,50,00 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, 2011		As at	
	Rs.	Rs.	31st March, 2010	Rs.
Schedule G				
LOANS AND ADVANCES				
Advance taxes (Net of Provisions)		18,833		17,523
Rent deposits and other deposits	1,089		1,249	
Less: Provision	<u>154</u>	935	<u>154</u>	1,095
Demerger receivable (Secured) [@]	195,377		220,476	
Less: Provision	<u>126,497</u>	68,880	<u>196,880</u>	23,596
LIC Group Gratuity Fund Asset (net)		326		431
Advances recoverable in Cash or in kind or for values to be received:				
Secured				
Considered good	12		74	
Considered doubtful	<u>68,870</u>		<u>69,325</u>	
	68,882		69,399	
Less: Provision	<u>68,870</u>	12	<u>69,325</u>	74
Unsecured				
Considered good	2,150		2,822	
Considered doubtful	<u>35,324</u>		<u>35,324</u>	
	37,474		38,146	
Less: Provision	<u>35,324</u>	2,150	<u>35,324</u>	2,822
Total		<u>91,136</u>		<u>45,541</u>

- Notes:**
- Advances include secured loans and unsecured loans of Rs.12 thousand and Rs.6,60 thousand respectively. (Previous Year: Rs.74 thousand and Rs.5,71 thousand).
 - Secured Demerger receivables includes Rs.77,83 thousand (P.Y. Rs. 77,76 thousand) & Rs. Nil net of provisions (P.Y. Rs. Nil) due from Manipal Hotels Ltd. and Rs.2,36,10 thousand (P.Y. Rs.2,51,33 thousands) & Rs. 59,02 thousands (P.Y. Rs. 62,83 thousands) net of provisions and income reversal Nil (P.Y. Rs. Nil) due from Manipal Properties Ltd., the wholly owned subsidiary companies.
 - Advance taxes includes provision for Income Tax Rs.1,26,00 thousand (P.Y Rs.30,00 thousand)
[@] – Refer Note Nos. 4 & 5 of Schedule 'N'.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. in Thousands)

Description	As at 31st March, 2011		As at 31st March, 2010	
	Rs.	Rs.	Rs.	Rs.
Schedule H				
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors				
Due to – Micro, Small and Medium Enterprises@		–		–
– Others		13,971		10,246
Lease Deposits & Rent Deposits*		37,017		42,067
Book Overdraft		543		7,125
Public Liabilities:				
<i>Unclaimed</i>				
– matured deposits for more than 7 years *		1,359		960
– interest on matured deposits for more than 7 years *		11,694		11,638
– matured deposits **		–		466
– interest on matured deposits **		69		2,214
– matured debentures **		989		1,048
– interest on matured debentures **		18,682		4,737
– matured subordinated debts**		219		233
– interest on matured subordinated debts **		3,702		1,255
<i>Unpaid</i>				
– interest on deposits **		–		13,050
– interest on Matured subordinated debts **		–		12,981
– interest on Matured debentures **		–		62,708
Other Public Liabilities (Refer Note No. 13 of Schedule N)		31,448		33,001
Total		119,693		203,729

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

** 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. 17 of Schedule 'N'.



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Description	<i>(Rs. in Thousands)</i>	
	2010-11 Rs.	2009-10 Rs.
Schedule I		
INCOME FROM OPERATIONS		
Hire Purchase Income	-	1,505
Lease Income	2,398	13,979
Interest on Loans and Advances [includes TDS Rs. 2,10 thousand (P.Y. Rs. 10,82 thousand)]	42,739	15,132
Interest on Long Term Investments	-	1
Other Interest	578	692
Bad Debts Recovered	10,704	21,734
Service Charges & Commission [includes TDS Rs.4,19 thousand (P.Y. Rs.4,87 thousand)]	4,375	3,806
Total	<u>60,794</u>	<u>56,849</u>
 Schedule J		
OTHER INCOME		
Dividends:		
Long Term Investments	975	861
Others	46	30
Interest to Term Deposit [includes TDS Rs.3,62 thousand (P.Y. Rs.4,30 thousand)]	3,625	4,107
Profit on Sale of Owned / Leased Assets	264	202
Rent [includes TDS Rs.72 thousand (P.Y. Rs.1,01 thousand)]	715	603
Miscellaneous Income	750	57
Total	<u>6,375</u>	<u>5,860</u>
 Schedule K		
FINANCE CHARGES		
Interest on Bank Loan	2,551	2,002
Interest others	248	
Bank Charges	188	165
Total	<u>2,987</u>	<u>2,167</u>

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

Description	(Rs. in Thousands)			
	2010–11		2009–10	
	Rs.	Rs.	Rs.	Rs.
Schedule L				
OPERATING EXPENSES				
Expenditure on Employees:				
Salaries, Wages & Bonus	6,817		7,204	
Contribution to PF & Other Funds	916		894	
Gratuity	138		26	
Staff Welfare Expenses	681		637	
		8,552		8,761
Administration and other Expenses:				
Rent, Rates & Taxes		771		1,291
Printing & Stationery		245		186
Directors Sitting Fees		21		–
Travelling & Conveyance		1,019		1,155
Postage, Telegram & Telephone		590		866
Repairs & Maintenance:				
Buildings	295		360	
Vehicles	33		40	
Others	441		439	
		769		839
Advertisement & Business Promotion		268		14
Legal & Professional Charges		776		905
Auditors Remuneration:				
Audit Fees	138		138	
Tax Audit Fees	28		28	
Certification	28	194	28	194
Service Charges		944		882
Loss on sale of Assets		13		52
Loss on discarded Assets		90		–
Sundry Expenses		250		271
Total		14,502		15,416



ACCOUNTING POLICY FORMING PART OF THE ACCOUNTS

SCHEDULE M

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 and 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 was being 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

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 implemented the scheme 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 repaid all the instalments of Debentures, Deposits and Subordinated debts aggregating to Rs.2,35,43,26 thousand which are claimed in terms of the scheme and filed an affidavit before the Hon'ble High Court of Karnataka to the effect.
 - e) Pursuant to affidavit filed by the Company on 31-08-2010 with the Court, Hon'ble High Court of Karnataka has passed an Order accepting that Scheme of Arrangement sanctioned by the Court on 15th October, 2004 is fully complied by the company.
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. As per the Order from Court, Company has fully complied with Scheme and repaid its liabilities. The accounts have been prepared on going concern basis in view of successful implementation of the scheme and Company's foray to new business in future.
4. Demerger receivable represents Rs.6,29,77 thousands (P.Y. Rs.173,12 thousands net of provisions and income reversal) from MPL Enterprises Ltd. pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their orders dated 9th April, 1999 and 25th August, 2000 respectively. The balance is considered good for recovery in the opinion of the management, as the value of the property vested in MPL Enterprises Ltd. is adequate.
5. Investment of Rs.9,99 thousands (P.Y. Rs.9,99 thousands) and demerger receivable of Rs.59,03 thousands (P.Y. Rs.62,83 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 in the opinion of the management, 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. During the year the Company has made provision for Income Tax to the extent of Rs 96 lakhs on prudential basis. This is without prejudice to the company's stand on non-applicability of the Income Tax under MAT in view of availability of carry forward losses computed as per Expert opinion received.

9. **Capital Commitments & Contingent Liabilities:** (Rs. in Thousands)

Sl.	Particulars	2010-11	2009-10
	Capital Commitments:		
a)	Investment in Equity Shares of Body Corporate	1,25,00	-
	Contingent liabilities:		
a)	Guarantee issued in favour of bankers.	3,20	3,70
b)	Claims against the Company/disputed liabilities not acknowledged as debt/liabilities.	10,58	10,58
c)	Income Tax (refer Note No. 10 below)	13,03,33	13,25,54

10. Income Tax demand represents Rs.10,24,04 thousand (P.Y. Rs.10,24,04 thousand) in respect of Block Assessment held for the period from 1987-88 to 1997-98 and balance amount Rs.2,79,29 thousand (P.Y. Rs.1,89,69 thousand) relating to other assesment years following the order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed an Special Leave Petition (SPL) with Hon'ble Supreme Court of India against the order of Hon'ble High Court of Karnataka. However Company has deposited Rs.2,76,87 thousand against the said demanded Tax. The Company has been advised that there are fair chances of favourable judgement and hence does not foresee any outflow on the said matter.
11. No remuneration/commission has been drawn by the Whole-time Director during the year.



NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule N (Contd.)

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

Details	2010-11		(Rs. in Thousands) 2009-10	
	Qty. Nos.	Value (Rs. in '000)	Qty. Nos.	Value (Rs. in '000)
Opening Stock:				
Shares (Nos)	746,664	—	783,622	—
Debentures (Nos)	5,403	—	5,403	—
Additions 1 *	1	—	1,233	—
Additions 2 **	14,461	—	—	—
Sales / Deletions ***	4,061	—	38,191	—
Closing Stock:				
Shares (Nos)	757,065	—	746,664	—
Debentures (Nos)	5,403	—	5,403	—

* Represents 1 share of Summit Securities Ltd. which is received as against 50 shares of Brabourne Enterprises Ltd. on conversion.

** Additions represents unclaimed shares pledged against borrowings which are unpaid taken at nominal value.

*** Sales include 1 share of Summit Securities Ltd. which is received as against 50 shares of Brabourne Enterprises Ltd. on conversion.

13. Other Public Liabilities includes unencashed stale cheques relating to Deposits, Non-Convertible debentures and Subordinated debts which are lying unpaid after adjusting deposits/debentures with loans borrowed against it. Out of the above amount of Rs.3,14,21 thousands are lying more than one year. The Company has initiated follow-up action for payment of the above said liabilities.

14. 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.

15. 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

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule N (Contd.)

C. Key Management Personnel and their Relatives:	Relationship
T. Mohandas Pai	Chairman & Whole-time Director
T. Ashok Pai	Relative of Director
H. N. S. Rao	Director

Details of transactions are as follows:

	(Rs. in Thousands)	
	2010-11	2009-10
a) Rent Payment		
– Associate Companies		
The Canara Land Investments Limited	–	8
b) Advance/reimbursement given during the year		
– Subsidiary Companies (100%)		
Manipal Properties Ltd.	336	1,271
– Associate Companies		
MPL Enterprises Limited	1,119	3,121
Bluecross Builders and Investors Limited	27	952
c) Inter-corporate deposit received and repaid during the year		
– Associate Companies		
MPL Enterprises Limited	36,775	–
d) Advance/reimbursement recovered during the year		
– Subsidiary Companies (100%)		
Manipal Properties Ltd.	1,859	4,039
– Associate Companies		
MPL Enterprises Limited	67,719	127,830
Bluecross Builders and Investors Limited	–	11,685
e) Rent/Interest/Finance Charges received from related parties		
– Subsidiary Companies (100%)		
Manipal Properties Ltd. (Net of Income reversal of Rs.18,86 Thousand. P.Y. Rs.25,36 Thousand.)	210	282
– Associate Companies		
ICDS Securities Ltd.	–	63
MPL Enterprises Limited (Net of Income reversal of Rs.Nil, P.Y. Rs.88,39 thousand.)	–	1,534
Bluecross Builders and Investors Limited	–	7,808
f) Outstanding balances as at 31-03-2011		
<i>Due from / (to)</i>		
– Subsidiary Companies (100%)		
Manipal Hotels Ltd.	7,783	7,776
Manipal Properties Ltd.	30,252	29,888
– Associate Companies		
MPL Enterprises Limited	62,977	125,800
Bluecross Builders and Investors Limited	(37)	(64)



NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule N (Contd.)

(Rs. in Thousands)

g)	Provisions made on balance receivable from related parties including income reversal		
	– Subsidiary Companies (100%)		
	Manipal Hotels Ltd.	7,783	7,776
	Manipal Properties Ltd.	24,349	23,605
	– Associate Companies		
	Bluecross Builders and Investors Limited	–	–
	MPL Enterprises Limited	–	108,488
h)	Provision for Diminution in value of Investments		
	– Subsidiary Companies (100%)		
	Manipal Hotels Ltd.	500	500

16. Earnings per Share

(Rs in Thousands)

Details		2010–11	2009–10
a)	Net Profit available for equity shareholder Numerator used for calculation	114,442	160,293
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.	8.79	12.30

17. 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.

18. 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.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule N (Contd.)

- 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.2,73 thousands (P.Y. 2,67 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.34 thousands (P.Y. Rs.32 thousands) to LIC of India for its demands including the amounts pertaining to previous years and has charged of Rs.1,38 thousands (P.Y. Rs.26 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.
19. The previous year's figures have been reworked, regrouped and reclassified wherever necessary.
20. The Company has only one segment (Financial services) hence Segment-wise result is not prepared.
21. 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 **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

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

Partner

Membership No. 35671

Sd/- **Bharath K. Nayak**

Director

Sd/- **U. Harish P. Shenoy**

Director

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

Director

Sd/- **A. Giridhar Pai**

Director

Sd/- **K. M. Udupa**

Director

For and on behalf of the Board

Sd/- **T. Mohandas Pai**

Chairman & Whole-time Director

Place: Mumbai

Date : 28th May, 2011

Place : Manipal

Date : 28th May, 2011



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, 2011
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	247,811
	Total Assets	247,811
	<i>Sources of Funds</i>	
	Paid-up Capital	130,267
	Reserves and Surplus	69,582
	Secured Loans	47,962
	Unsecured Loans	—
	<i>Application of Funds</i>	
	Net Fixed Assets	56,395
	Investments	21,558
	Net Current Assets	36,078
	Miscellaneous Expenses	—
	Accumulated Losses	133,780
IV.	Performance of the Company (Rs. in '000)	
	Turnover	143,277
	Total Expenditure	19,235
	Profit before Tax	124,042
	Profit after Tax	114,442
	Earnings per Share (Rs.)	8.79
	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.

For and on behalf of the Board

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

Sd/- Bharath K. Nayak
Director

Sd/- H. N. S. Rao
Director

Sd/- K. M. Udupa
Director

Sd/- U. Harish P. Shenoy
Director

Sd/- A. Giridhar Pai
Director

Place: Manipal
Date : 28th May, 2011

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES AS AT 31ST MARCH, 2011**

(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, 2011	31st March, 2011
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	50,000.00	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, 2011	(7,853)	(15,965)
	b) For the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary	1,244,913	71,778
2.	Dealt with in the Holding Company's accounts		
	a) For the financial years ended 31st March, 2011	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, 2011	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, 2011	N.A.	N.A.
	a) Fixed Assets	N.A.	N.A.
	b) Investments	N.A.	N.A.
	c) Money Lent	N.A.	N.A.
	d) Money borrowed other than those for meeting Current Liabilities	N.A.	N.A.

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

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

Sd/- Bharath K. Nayak
Director

Sd/- H. N. S. Rao
Director

Sd/- K. M. Udupa
Director

Sd/- U. Harish P. Shenoy
Director

Sd/- A. Giridhar Pai
Director

Place: Mumbai

Date : 28th May, 2011



Disclosure:

Sl. In the Accounts of No.	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 31-03-2011
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 2010–11

(Rs. in Thousands)

Description	2010–11		2009–10	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities				
Profit before tax		124,042		163,293
Adjustments for:				
Depreciation	802		876	
Interest expenses	2,551		2,002	
Loss on sale of fixed assets	103		52	
Profit on sale of fixed assets	(264)		(202)	
Interest from investments	–		(1)	
Dividends	(1,021)		(891)	
Excess Provision written back	(76,108)		(121,730)	
Provision/write offs	944	(72,993)	2,687	(117,207)
<i>Operating profit before working capital changes</i>		51,049		46,086
<i>Adjustments for change in working capital</i>				
Decrease/(Increase) in Trade and other receivables	31,350		171,731	
Increase/(Decrease) in Trade Payables	(9,460)	21,890	(26,187)	145,544
<i>Cash generated from operations</i>		72,939		191,630
Less: Interest paid		(76,987)		(37,186)
Income Tax (paid)/refunded		(11,185)		(2,282)
Net Cash from/(used in) Operating Activities		(15,223)		152,162
(B) Cash Flow from Investing Activities				
Purchase of Fixed and Leased Assets	(245)		(21)	
Sale of Fixed & Leased Assets	805		258	
Interest received	–		1	
Dividend received	1,021		891	
Net Cash from/(used in) Investing Activities		1,581		1,129



CASH FLOW STATEMENT FOR THE YEAR 2010–11

Description	2010–11		(Rs. in Thousands) 2009–10	
	Rs.	Rs.	Rs.	Rs.
(C) Cash Flow from Financing Activities				
Proceeds/(Redemption) of debentures	(59)		(140,113)	
Proceeds/(Redemption) of Subordinated debts	(14)		(46,374)	
Proceeds/(Payment) of Public Deposits	(68)		(336)	
Increase/(Decrease) of Bank Borrowing	<u>17,695</u>		<u>3,866</u>	
Net Cash from/(used in) Financing Activities		<u>17,554</u>		<u>(182,957)</u>
Net Increase/(Decrease) in Cash Equivalents (A+B+C)		3,902		(29,666)
Cash & Cash Equivalents (Opening Balance)		58,362		88,028
Cash & Cash Equivalents (Closing Balance)		<u>62,264</u>		<u>58,362</u>

- Notes:**
- 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.
 - Closing Cash and Cash Equivalents includes term deposit pledged with bank Rs.5,83,35 thousand (P.Y. Rs.5,50,00 thousands) which are not freely available for use of the Company.
 - 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.

For and on behalf of the Board

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

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

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

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

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

Sd/- **K. M. Udupa**
Director

Sd/- **U. Harish P. Shenoy**
Director

Sd/- **A. Giridhar Pai**
Director

Place: Mumbai
Date : 28th May, 2011

Place : Manipal
Date : 28th May, 2011

SCHEDULE TO THE BALANCE SHEET OF ICDS LIMITED

(As required in terms of Paragraph 9BB of

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

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

(Rs. in Thousands)

Particulars	Amount Outstanding	Amount Overdue
Liabilities side:		
1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
a) Debentures : Secured		
: Unsecured *	19,670	19,670
(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 *	13,122	13,122
g) Other Loans (subordinated debts, working capital loans) *	51,883	3,921
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 *	13,122	13,122
Assets side:		
3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
a) Secured	12	
b) Unsecured	2,150	
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	531	
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	2,337		
6) Borrower group-wise classification of all leased assets, stock on hire and loans and advances including debtors:			
Category	Amount (net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
a) Subsidiaries	—	—	—
b) Companies in the same group	—	—	—
c) Other related parties	—	—	—
2. Other than related parties	12	91,158	91,170
Total	<u>12</u>	<u>91,158</u>	<u>91,170</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	<u>21,514</u>	<u>21,558</u>

8) **Other Information**

Particulars	Amount
i) Gross Non-Performing Assets	437,462
a) Related Parties	39,035
b) Other than related parties	398,427
ii) Net Non-Performing Assets	5,903
a) Related Parties	5,903
b) Other than related parties	-
iii) Assets acquired in satisfaction of debt	2,163

- Notes:** 1) The demerger receivables of Rs.59.03 lakhs from Manipal Properties Pvt Ltd., Rs.629.77 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 31-03-2011		
	Closing Stock Numbers	Amount (Rs. in '000)	Addition/ tfr	Sold/ tfr	Closing Stock Numbers	Amount (Rs. in '000)
Quoted Shares:						
Aditya Birla Nuvo Ltd.	13	—		13	0	—
Alok Industries	100	—		100	0	—
Ambuja Cements	750	—		750	0	—
EPIC	100	—			100	—
GlaxoSmithKline Pharmaceuticals Ltd.	1	—		1	0	—
HDFC Bank Ltd.	36	—			36	—
Hindalco	160	—		160	0	—
Kirloskar Electric Ltd.	1357	—		357	1000	—
Magma Fincorp Ltd.	2	—		2	0	—
Mahindra Lifespace Developers Ltd.	80	—		80	0	—
Murudeshwar Ceramics	100	—		100	0	—
Panama Petro	200	—			200	—
Reliance Capital Ltd.	21	—			21	—
Reliance Capital Ltd.	800	—			800	—
Reliance Capital Venture	37	—			37	—
Reliance Communication	447	—			447	—
Reliance Communications	750	—			750	—
Reliance Industries Limited	894	—			894	—
Reliance Industries Limited	1500	—			1500	—
Reliance Infrastructure Ltd.	32	—		32	0	—
Reliance Infrastructure Ltd.	56	—		56	0	—
Reliance Natural Resources	750	—		750	0	—
Reliance Natural Resources Ltd.	447	—		447	0	—
RPG Lifesciences Ltd.	50	—		50	0	—
The Sandur Manganese & Iron Ores Ltd.	6150	—		200	5950	—
TVS Electro	100	—		100	0	—
Twinstar Industries	100	—			100	—
Ultramarine & Pigments Ltd.	1600	—		600	1000	—
Sesa Goa	0	—	11791	0	11791	—
United Spirits Limited	40	—		40	0	—
Uniworth Ltd.	750	—			750	—
Videocon Industries Limited	23	—		23	0	—
Vikas Granaries Ltd.	100	—		100	0	—
Vikas W.S.P.	50	—		50	0	—
Libord Infotech	200	—			200	—
Pirmal Glass	7	—			7	—
GTN Industries	200	—			200	—
Sub-Total	18003	—	11791	4011	25783	—

Name of the Company	As on 31-03-2010			As on 31-03-2011		
	Closing Stock Numbers	Amount (Rs. in '000)	Addition/ tfr	Sold/ tfr	Closing Stock Numbers	Amount (Rs. in '000)
Adam Comsof	200	—			200	—
ICES Software	200	—			200	—
Cimmco Birla Limited	0	—	6		6	—
J K Pharmachemicals	0	—	100		100	—
Jalpac India	0	—	100		100	—
Mukesh Steels Limited	0	—	100		100	—
Namtech Elect	0	—	100		100	—
Nova Iron	0	—	1000		1000	—
Parry Agro Inds	0	—	33		33	—
Peria Karamalai	0	—	1000		1000	—
Precision Elect	0	—	25		25	—
Sanghi Poly	0	—	200		200	—
SM Dyechem Limited	0	—	6		6	—
Brabourne Enterprises	50	—		50	0	—
Summit Securities Ltd.	0	—	1	0	1	—
CMS Infotech	500	—			500	—
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	—
Parsurampuriah 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	—
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	—
Sub-Total	<u>728661</u>	<u>—</u>	<u>2671</u>	<u>50</u>	<u>731282</u>	<u>—</u>
Quoted Debentures:						
Jayant Vitamins Ltd.	5403	—			5403	—
Sub-Total	<u>5403</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5403</u>	<u>—</u>
Grand Total	<u>752067</u>	<u>—</u>	<u>14462</u>	<u>4061</u>	<u>762468</u>	<u>—</u>



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ICDS LIMITED

We have audited the attached consolidated Balance Sheet of ICDS Limited ("the Company") and its subsidiaries and associates (collectively called 'the Group') as at 31st March, 2011 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.

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

(ii) We did not audit the financial statements of 2 subsidiaries included in the consolidated financial statement, which constitutes total assets of Rs.4,26,10 thousands and net assets of Rs.4,16,08 thousands as at 31st March, 2011 the total revenue of Rs.28,15 thousands, Net loss of Rs.24 thousands and net decrease in cash flows amounting to Rs.32 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 2 subsidiaries, is based solely on the report of the other auditors.

(iii) In so far as relates to the results of operations and the financial position of ICDS Limited, included in these consolidated financial statements:

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'.

(iv) In so far as relates to the operations and financial position of the subsidiaries included in these consolidated Financial Statements, the comment made by respective statutory auditor are as follows:

In the case of Manipal Hotels Limited (MHL), the Auditors expressed their inability to opine on the ultimate recoverability of amount of Rs.94,89 thousands (net of provision) {P.Y: Rs.94,89 thousands [net of provision]} as stated in Note No.11 of Schedule ' O'. Auditor further commented that a provision for the same would have eroded the Networth of the MHL and thereby raising a doubt over the "Going Concern Assumption". The account, however have been prepared on a "going concern basis" in view of Management perception as stated in Note No.11 of Schedule ' O'.

(v) *If the observation made in (iv) above had been considered, the profit of the group for the year under consideration would have been Rs.10,54,08 thousands as against the reported profit of Rs.11,48,97 thousands and the accumulated loss would have been Rs.10,25,53 thousands as against reported accumulated loss of Rs.9,30,64 thousands.*

- (vi) 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.
- (vii) 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/comments stated in Sl. No. (iv) to (vi) above, the attached Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2011;
 - 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 : 28-05-2011 Membership No.: 35671



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs. in Thousands)

Description	Schedules	As at 31-03-2011	As at 31-03-2010
SOURCES OF FUNDS:			
Shareholders' Funds			
Share Capital	A	130,267	130,267
Reserves & Surplus	B	<u>69,582</u>	<u>70,336</u>
		199,849	200,603
Loan Funds:			
Secured Loans	C	<u>47,962</u>	<u>30,267</u>
Total		<u>247,811</u>	<u>230,870</u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	D	805,584	806,859
Less: Depreciation		<u>536,343</u>	<u>535,499</u>
		<u>269,241</u>	<u>271,360</u>
Less: Lease Equalisation		<u>183,497</u>	<u>183,497</u>
Net Block		<u>85,744</u>	<u>87,863</u>
		85,744	87,863
INVESTMENTS:			
	E	28,006	28,278
Current Assets, Loans & Advances			
Current Assets	F	64,905	61,230
Loans and Advances	G	<u>97,221</u>	<u>50,835</u>
		<u>162,126</u>	<u>112,065</u>
Less: Current Liabilities and Provisions	H	<u>121,475</u>	<u>205,643</u>
		40,651	(93,578)
Profit & Loss Account (Debit Balance)	I	<u>93,410</u>	<u>208,307</u>
Total		<u>247,811</u>	<u>230,870</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.

As per our Report of even date

For **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

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

Partner

Membership No. 35671

Sd/- **Bharath K. Nayak**

Director

Sd/- **U. Harish P. Shenoy**

Director

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

Director

Sd/- **A. Giridhar Pai**

Director

For and on behalf of the Board

Sd/- **T. Mohandas Pai**

Chairman & Whole-time Director

Sd/- **K. M. Udupa**

Director

Place: Mumbai

Date : 28th May, 2011

Place : Manipal

Date : 28th May, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Description	Schedules	(Rs. in Thousands)			
		2010 – 11		2009 – 10	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Income from Operations	J	60,584		56,568	
Other Income	K	9,190		9,226	
Excess Provision for NPA written back		74,973		119,110	
Total		144,747		184,904	
EXPENDITURE					
Finance Charges	L	2,987		2,167	
Operating Expenses	M	15,091		15,950	
Bad Debts written off		–		2,687	
Add: Provisions for doubtful debts		944	944	–	2,687
Depreciation	D	1,720		1,794	
Less: Transfer from Revaluation Reserve		754	966	754	1,040
Total		19,988		21,844	
Profit before tax		124,759		163,060	
Provision for Tax					
Current tax		9,600		3,000	
Tax of earlier year		(10)		–	
Fringe Benefit Tax for earlier years		–	9,590	2	3,002
Profit after Tax		115,169		160,058	
Share of profit/(loss) of associate		(272)		858	
Profit for the year		114,897		160,916	
Balance brought forward from previous year		(207,961)		(368,877)	
Balance Carried to Schedule 'I'		(93,064)		(207,961)	
Basic/Diluted Earning per Share of Rs.10 each (in Rupees) (Refer Note No.15 of Schedule 'O')		8.82		12.35	
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.

As per our Report of even date

For **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

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

Partner

Membership No. 35671

Sd/- **Bharath K. Nayak**

Director

Sd/- **U. Harish P. Shenoy**

Director

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

Director

Sd/- **A. Giridhar Pai**

Director

For and on behalf of the Board

Sd/- **T. Mohandas Pai**

Chairman & Whole-time Director

Sd/- **K. M. Udupa**

Director

Place: Mumbai

Date : 28th May, 2011

Place : Manipal

Date : 28th May, 2011



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in Thousands)				(Rs. in Thousands)			
Description	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.	Description	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
Schedule A			Schedule B				
SHARE CAPITAL			RESERVES & SURPLUS				
Authorised :			Share Premium				
3,50,00,000 Equity Shares of Rs.10/- each	350,000	350,000	Revaluation Reserve	37,002	37,756	33,334	33,334
1,50,00,000 Preference Shares of Rs.10/- each	150,000	150,000	Less: Transfer to Profit & Loss A/c	754	754	36,248	37,002
Total	500,000	500,000	Total	69,582	70,336		
Issued & Paid-up:			Schedule C				
1,30,26,700 Equity Shares of Rs.10/- each*	130,267	130,267	SECURED LOANS				
Total	130,267	130,267	From Banks				
			Working Capital Loans				
			Total				
				47,962	30,267		
				47,962	30,267		

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.5,83,35 thousand (Previous Year: Rs. 5,50,00 thousand).

Schedule D – FIXED ASSETS

(Rs. in Thousands)

Sl. No.	Description of Assets	GROSS BLOCK				DEPRECIATION & LEASE EQUALISATION						NET BLOCK			
		As at 31-03-10	Additions	Deduction/ Sale	As at 31-03-2011	As at 31-03-10		Deduction/Sale		For the year		As at 31-03-2011		As at 31-03-2011	As at 31-03-2010
		Rs.	Rs.	Rs.	Rs.	Rs.	Eqln.	Rs.	Eqln.	Rs.	Eqln.	Rs.	Eqln.	Rs.	Rs.
A. Owned Assets:															
1.	Land	21,996	-	-	21,996	-	-	-	-	-	-	-	-	21,996	21,996
2.	Buildings	81,691	-	660	81,031	17,443	-	124	-	1,331	-	18,650	-	62,381	64,248
3.	Plant & Machinery	1,849	64	16	1,897	1,143	-	16	-	85	-	1,212	-	685	706
4.	Electrical Fittings	1,317	25	158	1,184	987	-	102	-	56	-	941	-	243	330
5.	Furniture & Fittings	7,571	-	222	7,349	7,221	-	222	-	181	-	7,180	-	169	350
6.	Off. Equipments & Computers	9,703	156	230	9,629	9,470	-	178	-	67	-	9,359	-	270	233
7.	Vehicles	546	-	234	312	546	-	234	-	-	-	312	-	-	-
	Total of 'A'	124,673	245	1,520	123,398	36,810	-	876	-	1,720	-	37,654	-	85,744	87,863
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	806,859	245	1,520	805,584	535,499	183,497	876	-	1,720	-	536,343	183,497	85,744	87,863
	Previous Year	807,808	21	970	806,859	534,567	183,497	862	-	1,794	-	535,499	183,497	87,863	

- 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.
3) Land includes proportionate undivided share of land for the office premises owned by Manipal Properties Ltd. for Rs.2,14,66 thousand.

(Rs. in Thousands)

Description	As at 31-03-2011		As at 31-03-2010			
	Rs.	Rs.	Rs.	Rs.		
Schedule E						
INVESTMENTS						
Long Term Investments: (Non Trade, At Cost)						
A) GOVERNMENT SECURITIES						
National Savings Certificate		<u>10</u>		<u>10</u>		
		<u>10</u>		<u>10</u>		
B) Shares:						
(Fully paid up)						
	Face Value	Nos.	Face Value	Nos.		
QUOTED SHARES						
Associate Company	10.00	1,139,425	18,875	10.00	1,139,425	19,147
ICDS Securities Ltd.						
Other Companies						
1. Lingapur Estates Ltd.	10.00	153,392	1,734	10.00	153,392	1,734
2. Manipal Finance Corpn.Ltd.	10.00	449,163	9,181	10.00	449,163	9,181
Total		<u>29,790</u>			<u>30,062</u>	
UNQUOTED SHARES						
Associate Company						
Blue Cross Builders & Investors Ltd.	10.00	99,970	-	10.00	99,970	-
Other Companies						
1. Development Co-op.Bank Ltd.	10.00	1,200	18	10.00	1,200	18
2. Manipal Housing Finance Syndicate Ltd.	10.00	729,000	9,103	10.00	729,000	9,103
		<u>9,121</u>			<u>9,121</u>	
		<u>38,921</u>			<u>39,193</u>	
Less Provisions for diminution in value of investments		<u>10,915</u>			<u>10,915</u>	
Total		<u>28,006</u>			<u>28,278</u>	

Notes : 1. National Savings Certificates of the face value of Rs.10 thousand (Previous year: Rs.10 thousands) 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.

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>161,688</u>	<u>166,290</u>
	<u>161,688</u>	<u>166,290</u>
Less: Provision	<u>161,688</u>	<u>166,290</u>

Other Inventories:
(valued and as certified by the management)

Shares and Debentures

SUNDRY DEBTORS:

Unsecured

More than 6 months		
Considered good	30	82
Considered doubtful	<u>6,403</u>	<u>6,403</u>
	<u>6,433</u>	<u>6,485</u>
Others (considered good)	<u>4</u>	<u>21</u>
	<u>6,437</u>	<u>6,506</u>
Less: Provision	<u>6,403</u>	<u>6,403</u>

CASH AND BANK BALANCES:

Cash, Cheques on hand and	381	316
Remittances in transit		

Balances with Banks:

Current Accounts	2,349	1,813
Term Deposits	<u>59,804</u>	<u>56,535</u>
	<u>62,534</u>	<u>58,664</u>

OTHER CURRENT ASSETS

Interest accrued on Investments	-	5
Interest accrued on Term Deposits	<u>2,337</u>	<u>2,458</u>
Total	<u>64,905</u>	<u>61,230</u>

Notes: 1. Balances with Banks include balances with Non Scheduled banks:
Balance receivable with Manipal Co Operative Bank Ltd. Rs.58 thousands (P.Y. Rs.5 thousands)
[Maximum Balance outstanding at any time during the year Rs.192 thousand (P.Y. Rs. 5 thousand)]
2. Term deposit includes Rs. 5,83,35 thousands (P.Y. Rs. 5,50,00 thousands) pledged with bank as security for Working Capital Loan.

(Rs. in Thousands)

Description	As at 31-03-2011		As at 31-03-2010	
	Rs.	Rs.	Rs.	Rs.
Schedule G				
LOANS AND ADVANCES				
Advance Taxes (net of provision)*		21,049		19,442
Rent Deposits and other Deposits	1,089		1,249	
Less : Provision	<u>154</u>	<u>935</u>	<u>154</u>	<u>1,095</u>
Advances on capital account	13,518		13,518	
Less : Provision made	<u>4,700</u>	<u>8,818</u>	<u>4,700</u>	<u>8,818</u>
Demerger receivable (Secured) **	163,982		187,566	
Less : Provision	<u>101,006</u>	<u>62,976</u>	<u>170,254</u>	<u>17,312</u>
LIC Group Gratuity Fund Asset (net)		326		431
Advances recoverable in Cash or in kind or for values to be received:				
Secured considered good	12		74	
considered doubtful	<u>68,870</u>		<u>69,325</u>	
	<u>68,882</u>		<u>69,399</u>	
Less: Provision	<u>68,870</u>	<u>12</u>	<u>69,325</u>	<u>74</u>
Unsecured considered good	3,105		3,663	
considered doubtful	<u>35,324</u>		<u>35,478</u>	
	<u>38,429</u>		<u>39,141</u>	
Less: Provision	<u>35,324</u>	<u>3,105</u>	<u>35,478</u>	<u>3,663</u>
Total		<u>97,221</u>		<u>50,835</u>

Notes: Advances include secured loans and unsecured loans of Rs.12 thousands and Rs.6,60 thousands respectively. (Previous year Rs.74 thousands and Rs.5,71 thousands)

* Includes provision for Income tax of Rs.1,26,00 thousands (P. Y. Rs.30,00 thousands)

** Refer Note No. 4 of Schedule O

Schedule H

CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Sundry Creditors	13,989	10,263
Rent Deposits and Lease Deposits	38,542	43,217

Credit Balance in Bank Current Accounts	543	7,125
Other Liability	239	747

Other Current Liabilities

Unclaimed

- matured deposits for more than 7 years *	1,359	960
- interest on matured deposits for more than 7 years *	11,694	11,638
- matured deposits **	-	466
- interest on matured deposits **	69	2,214
- matured debentures **	989	1,048
- interest on matured debentures **	18,682	4,737
- matured subordinated debts**	219	233
- interest on matured subordinated debts **	3,702	1,255

Unpaid

- interest on matured deposits **	-	13,050
- interest on Matured subordinated debts **	-	12,981
- interest on Matured debentures **	-	62,708
Other Public Liabilities (Refer Note No. 12 of Schedule 'O')	31,448	33,001

Total 121,475 205,643

* Liability to Investor Protection Fund does not arise in view of entire deposit liability as it is repaid as per the 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, Debenture and Subordinate debt's have become matured as per original contract, amount is paid as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka.

Schedule I

Profit and Loss Account

Balance from Profit and Loss Account	93,064	207,961
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Share in associate companies:

Goodwill (Refer Note No. 6 of Schedule 'O')	346	346
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Total 93,410 208,307



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

Description	(Rs. in Thousands)	
	2010 – 11 Rs.	2009 – 10 Rs.
Schedule J		
Income from Operations		
Hire Purchase Income	–	1,505
Lease Income	2,398	13,979
Interest on Loans and Advances	42,529	14,851
Interest on Long term Investments	–	1
Other Interest	578	692
Bad Debts Recovered	10,704	21,734
Service Charges & Commission	4,375	3,806
Total	60,584	56,568
Schedule K		
Other Income		
Dividends:		
Long Term Investments	975	861
Others	46	30
Profit on sale of Fixed Assets	264	202
Rent	3,526	3,786
Interest on Term Deposit	3,625	4,107
Interest on Income Tax refund	–	184
Miscellaneous Income	754	56
Total	9,190	9,226
Schedule L		
Finance Charges		
Interest on Bank Loan	2,551	2,002
Interest others	248	–
Bank Charges	188	165
Total	2,987	2,167
Schedule M		
OPERATING EXPENSES		
Expenditure on Employees:		
Salaries, Wages & Bonus	6,817	7,204
Contribution to PF & Other Funds	916	894
Gratuity	138	26
Staff Welfare Expenses	681	637
	8,552	8,761
Administration and other Expenses:		
Rent, Rates & Taxes	1,080	1,601
Printing & Stationery	245	186
Directors Sitting Fees	21	–
Travelling & Conveyance	1,019	1,154
Postage, Telegram & Telephones	590	866
Repairs & Maintenance:		
Buildings	536	532
Vehicles	33	40
Others	441	439
	1,010	1,011
Advertisement & Business Promotion	268	14
Legal & Professional Charges	791	935
Auditors Remuneration:		
Audit Fees	155	155
Tax Audit Fees	28	28
Certification and company law matters	28	29
	211	212
Service Charges	944	882
Loss on sale of Assets	13	52
Loss on discarded Assets	90	–
Sundry Expenses	257	276
Total	15,091	15,950

Schedule N
ACCOUNTING POLICY FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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 31-03-11
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, 2011.

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 predetermined 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 was being 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, 2011

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 all the installments of Debentures, Deposits and Subordinated debts aggregating to Rs.2,35,43,26 thousands in terms of the scheme and filed an affidavit before the Hon'ble High Court of Karnataka to the effect.
 - e) Pursuant to affidavit filed by the Company on 31-08-2010 with the Court, Hon'ble High Court of Karnataka has passed an Order accepting that Scheme of Arrangement sanctioned by the Court on 15th October, 2004 is fully complied by the Company.
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 installment 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. As per the order from Court, Company has fully complied with the Scheme and repaid its liabilities. The accounts have been prepared on going concern basis in view of successful implementation of the scheme and Company's foray to new business in future.
4. Demerger Receivable of Company represents Rs.6,29,77 thousands (P.Y. Rs.1,73,12 thousands net of provisions and income reversal) from MPL Enterprises Ltd. pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their orders dated 9th April, 1999 and 25th August, 2000 respectively. The balance is considered good for recovery in the opinion of the management, as 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 of carry forward losses, excess depreciation claimed in Income tax and provision for doubtful debts, as a matter of prudence. There are no Deferred Tax liabilities or assets in Subsidiary Companies.

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	2010-11	2009-10
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	7,447	7,719
Carrying cost of investments	18,875	19,147
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 audited financial statements for the year ended 31-03-2011 and in Bluecross Builders and Investors Limited on the basis of provisional Financial Statements for the year ended 31-03-2011 in the absence of 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	2010-11	2009-10
a.	Guarantee issued in favour of bankers.	3,20	3,70
b.	Share in outstanding bank guarantees furnished by banks by Associate.	11,720	14,000
c.	Guarantee issued against facilities extended to third parties.	-	1,500
d.	Claims against the company/disputed liabilities not acknowledged as debt/liabilities.	1,334	1,334
e.	Income Tax (refer Note No. 8 below)	130,333	132,554
f.	Capital Commitments		
	Investment in equity shares of Body Corporate	1,25,00	-

8. Income Tax demand represents Rs.10,24,04 thousands (P.Y.: Rs.10,24,04 Thousands) in respect of Block assessment held for the period from 1987-88 to 1997-98 and balance amount Rs.2,79,29 thousands [P.Y.: Rs.1,89,69 thousands] 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. However Company has deposited Rs.2,76,87 thousands against the said demand. 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.77,83 thousands (P.Y. Rs.77,76 thousands) on the amount due from Manipal Hotels Limited and Rs.1,77,08 thousands (P.Y. Rs.1,88,50 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. In case of Manipal Hotels Limited, Advances on Capital Account and other advances includes Rs. 94,89 thousand (P.Y. Rs. 94,89 thousand) which represent advance to a venture in hotel industry, the balance of which is subject to confirmation. The advances in Capital account & other advances as stated in the Balance Sheet (Net of Provisions) is considered good & 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.

12. Other Public Liabilities includes unencashed stale cheques relating to Deposits, Non-Convertible debentures and Subordinated debts which are lying unpaid after adjusting deposits/debentures with loans borrowed against it. Out of the above amount of Rs.3,14,21 thousands are lying more than one year. The Company has initiated followup action for payment of the above said liabilities.

13. 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	Chairman & Whole-time Director
T. Ashok Pai	Relative of Director
H. N. S. Rao	Director

(Rs. in Thousands)

Details of transactions are as follows:		2010-11	2009-10
A.	Purchase and other services from related parties - Associate Companies The Canara Land Investments Limited	-	8
B.	Advance/reimbursement given during the year - Associate Companies MPL Enterprises Limited Bluecross Builders and Investors Limited	1,119 27	3,121 952
C.	Intercorporate deposit received/Paid during the year - Associate Companies MPL Enterprises Limited	36,775	-
D.	Advance/reimbursement recovered during the year - Associate Companies MPL Enterprises Limited Bluecross Builders and Investors Limited	67,719	127,830 11,685
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 thousands) Bluecross Builders and Investors Limited (Net of Income reversal of Rs.78,08 thousands, PY: Nil)	-	63 1,534 7,808
F.	Outstanding balances as at 31st March, 2011 Due from - Associate Companies MPL Enterprises Limited Bluecross Builders and Investors Limited	62,977 (37)	12,58,00 (64)
G.	Provisions made on the balances from related parties - Associate Companies MPL Enterprises Limited	-	108,488

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	141,932	2,815		144,747
	<i>181,537</i>	<i>3,367</i>		<i>184,904</i>
Inter segment Sales	1,345	–	(1,345)	–
	<i>2,902</i>	<i>–</i>	<i>(2,902)</i>	<i>–</i>
Total Revenue	143,277	2,815	(1,345)	144,747
	<i>184,439</i>	<i>3,367</i>	<i>(2,902)</i>	<i>184,904</i>
RESULT				
Segment result	124,042	(34)	751	124,759
	<i>163,293</i>	<i>(149)</i>	<i>(84)</i>	<i>163,060</i>
Income Taxes and FBT (net credit)	(9,600)	10		(9,590)
	<i>(3,000)</i>	<i>(2)</i>	<i>–</i>	<i>(3,002)</i>
Profit Share of Associates	–	–	–	(272)
	<i>–</i>	<i>–</i>	<i>–</i>	<i>858</i>
Net Profit				114,897
	<i>–</i>	<i>–</i>	<i>–</i>	160,916
Other Information				
Segment Assets *	208,988	41,564		250,552
	<i>163,099</i>	<i>41,482</i>		<i>204,581</i>
Segment Liabilities*	367,504	1,782		369,286
	<i>437,599</i>	<i>1,915</i>		<i>439,514</i>
Capital Expenditure	–	–		–
	<i>–</i>	<i>–</i>		<i>–</i>
Depreciation & Lease equalisation (net)	802	164		966
	<i>876</i>	<i>164</i>		<i>1,040</i>
Other Non-Cash Expenses	–	–		–
	<i>–</i>	<i>–</i>		<i>–</i>
Excess provision written back	76,108	–	(1,135)	74,973
	<i>121,730</i>	<i>–</i>	<i>(2,620)</i>	<i>119,110</i>
Provisions/Write offs	944	–	–	944
	<i>2,687</i>	<i>–</i>	<i>–</i>	<i>2,687</i>

* 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

Details	(Rs. in '000)	
	2010–11	2009–10
a) Net Profit available for equity shareholder Numerator used for calculation	114,897	160,916
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.	8.82	12.35

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.2,73 thousands (P.Y. Rs.2,67 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.34 thousands (P.Y. Rs.32 thousands) to LIC of India for its demands including the amounts pertaining to previous years and has charged of Rs.1,38 thousands (P.Y Rs.26 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

Sd/- Bharath K. Nayak
Director

Sd/- U. Harish P. Shenoy
Director

Sd/- H. N. S. Rao
Director

Sd/- A. Giridhar Pai
Director

Place : Mumbai
Date : 28th May, 2011

For and on behalf of the Board

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

Sd/- K. M. Udupa
Director

Place : Manipal
Date : 28th May, 2011



COSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03- 2011

(Rs. in Thousands)

Description	2010-11		2009-2010	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities				
Profit before tax		124,759		163,060
Adjustments for:				
Depreciation	966		1,040	
Lease equalisation	-		-	
Interest expenses	4,647		4,820	
Loss on sale/discard of Assets	103		52	
Profit on sale of Fixed Assets	(264)		(202)	
Interest from investments	-		(185)	
Dividends	(1,021)		(891)	
Loss/(Profit) on sale of investments	-		-	
Excess Provisions for NPA Written Back	(74,973)		(119,110)	
Provision/write-offs under R.B.I. Norms	944		2,687	
		(69,598)		(111,789)
Operating profit before working capital changes		55,161		51,271
Adjustments for Increase/decrease in working capital				
Decrease/(Increase) in Trade and other receivables	29,351		169,559	
Increase/(Decrease) in Trade Payables	(9,222)		(27,320)	
		20,129		142,239
Cash generated from operations		75,290		193,510
Less: Interest Paid		(79,083)		(40,004)
Income tax (paid) / refund		(11,472)		(1,637)
Fringe benefit tax paid		-		-
Net cash from/(used in) operating activities		(15,265)		151,869
(B) Cash Flow from Investing Activities				
Purchase of Fixed and Leased Assets	(245)		(21)	
Sale of Fixed & Leased Assets	805		258	
Interest received	-		185	
Dividend received	1,021		891	
Net Cash from/(used in) Investing Activities		1,581		1,313
(C) Cash Flow from Financing Activities				
Proceeds/(Redemption) of debentures	(59)		(140,113)	
Proceeds/(Redemption) of Subordinated debts	(14)		(46,374)	
Proceeds/(Payment) of Public Deposits	(68)		(336)	
Increase/(Decrease) in Bank Borrowings	17,695		3,866	
Net Cash from/(used in) Financing Activities		17,554		(182,957)
Net Increase/(Decrease) in Cash Equivalents		3,870		(29,775)
Cash & Cash Equivalents (Opening Balance)		58,664		88,439
Cash & Cash Equivalents (Closing Balance)		62,534		58,664

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.5,83,35 thousand (P.Y. Rs.5,50,00 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 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**
 Chairman & Whole-time Director

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

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

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

Sd/- **K. M. Udupa**
 Director

Sd/- **U. Harish P. Shenoy**
 Director

Sd/- **A. Giridhar Pai**
 Director

Place : Mumbai
 Date : 28th May, 2011

Place : Manipal
 Date : 28th May, 2011

MANIPAL HOTELS LIMITED

Twenty Third Annual Report and Accounts for the year ended 31st March, 2011

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 Third Annual Report and Audited Balance Sheet of the Company as at 31st March, 2011.

REVIEW OF OPERATIONS

During the year under report Company did not do any worthwhile business and incurred a net loss of Rs.7,823/-.

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

DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that

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

AUDITORS

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

For and on behalf of the Board

Place : Manipal
Date : 28-05-2011

T. MOHANDAS PAI
Director

T. SATISH U. PAI
Director

AUDITORS REPORT TO THE SHAREHOLDERS

To the Members,
MANIPAL HOTELS LIMITED

We have audited the attached Balance Sheet of Manipal Hotels Limited (the Company) as at 31st March 2011, 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 and Loss Account & 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, 2011 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, 2011 from being appointed as Director in terms of Clause (g) of Sub-Section 1 of Section 274 of the Companies Act, 1956.

- f. 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.9489 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.
 - g. 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 thereon, 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, 2011.
 - 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 Company does not own any fixed assets and therefore the question of commenting on the fixed assets, as required under Clause 4(i) of the Order does not arise.
 - The Company does not hold any inventory at any time during the year under audit. Therefore the provisions of Clause 4(ii) of the Order not applicable to the Company.
 - According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of Clause 4(iii) of the Order are not applicable to the Company.
 - In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, in respect of the expenses incurred and there are no continuing failures to correct major weakness in internal control system.
 - In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that needed to be entered into the register.
 - For the reasons given in Sub-Clause (a) above, the provisions of Sub-Clause (b) of Clause (v) of Para 4 of the Order is not applicable.
 - The Company has not accepted any amount as deposits from the public. Therefore Para 4 (vi) of the Order not applicable.
 - The Company is not a listed Company. The paid-up capital and reserves of the Company does not exceed Rs.50 lakhs at any time during the year. The average annual turnover of the Company for the immediately preceding 3 consecutive financial years, does not exceed Rs.5 crores. Therefore the provisions of Clause 4(vii) of the Order relating to internal audit not applicable to the Company.
 - The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company, since no such records prescribed by the Central Government.
 - According to the information and explanations given to us, in respect of statutory and other dues, the Company has been regular in depositing undisputed statutory dues as detailed in Clause 4(ix)(a) of the order, with the appropriate authorities. According to information and explanations given to us, there are no disputed liabilities remaining unpaid, on account of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess and therefore giving information as required under Clause 4(ix)(b) of the Order does not arise.
 - The Company does not have accumulated losses as at the end of the year and the Company has incurred cash losses during the financial year under audit & in the immediate preceding financial year.
 - On the basis of audit conducted by us and according to the information & explanations given to us, the Company has not availed loans from Banks & Financial Institutions. Therefore the question of reporting therein as required by Para 4(xi) of the Order does not arise.
 - According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the question of reporting therein as required by Para 4(xii) of the Order does not arise.

MANIPAL HOTELS LIMITED

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

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

Place: MANIPAL
Date : 27-05-2011

Ananthanarayana Pai K.
Partner
M.No.: 24541

BALANCE SHEET AS AT MARCH 31, 2011

	Sch. No.	As at 31-03-2011		As at 31-03-2010	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		5,00,000		5,00,000
Reserves and Surplus	2		12,37,060		12,44,913
Total			<u>17,37,060</u>		<u>17,44,913</u>
APPLICATION OF FUNDS					
Investments					
	3		1,100		1,100
Current Assets, Loans and Advances					
	4				
Cash and Bank Balances		34,821		35,049	
Loans & Advances (net of provisions)		94,88,931		94,88,931	
		<u>95,23,752</u>		<u>95,23,980</u>	
Less: Current Liabilities and Provisions					
	5				
Current Liabilities		77,87,792		77,80,167	
Provisions		-		-	
		<u>77,87,792</u>		<u>77,80,167</u>	
Net Current Assets, Loans and Advances			17,35,960		17,43,813
Total			<u>17,37,060</u>		<u>17,44,913</u>
Notes on Accounts	7				

T. MOHANDAS PAI **T. SATISH U. PAI**
Director Director

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

ANANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place : Manipal
Date : 27-05-2011

Place : Manipal
Date : 27-05-2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Sch. No.	2010-11		2009-10	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Other Income		-		-	
EXPENDITURE					
Operative and Other Expenses	6		7,853		7,771
Profit/(Loss) before Tax			<u>(7,853)</u>		<u>(7,771)</u>
Less: Provision for Current & Deferred Tax			-		-
Profit (Loss) after Tax			<u>(7,853)</u>		<u>(7,771)</u>
Balance of Profit Brought Forward			12,44,913		12,52,684
Profit carried to Balance Sheet			<u>12,37,060</u>		<u>12,44,913</u>
Basic/Diluted Earning per Share of Rs.10 each (in Rupees)					
			(0.16)		(0.16)
(Refer Note No. 4 of Schedule 7)					
Notes on Accounts	7				

T. MOHANDAS PAI **T. SATISH U. PAI**
Director Director

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

ANANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place: Manipal
Date : 27-05-2011

Place: Manipal
Date : 27-05-2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-2011		2009-2011	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) before tax		(7,853)		(7,771)
Operating profit before working capital changes		<u>(7,853)</u>		<u>(7,771)</u>
Adjustment for changes in Working Capital				
Decrease/(Increase) in Advances and Receivables		-		(3,87,500)
Increase/(Decrease) in Trade and Other Payables		7,625		(5,42,457)
Cash generated from operations		<u>(228)</u>		<u>(1,62,728)</u>
Taxes Refund/(Paid)		-		-
Net Cash used in operating activities		<u>(228)</u>		<u>(1,62,728)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Net Increase / (Decrease) in Cash and Cash Equivalents				
		(228)		(1,62,728)
Cash and Cash Equivalents (Opening Balance)		<u>35,049</u>		<u>1,97,777</u>
Cash and Cash Equivalents (Closing Balance)		<u>34,821</u>		<u>35,049</u>

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

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

T. MOHANDAS PAI **T. SATISH U. PAI**
Director Director

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

ANANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place: Manipal
Date : 27-05-2011

Place: Manipal
Date : 27-05-2011

MANIPAL HOTELS LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31-03-2011		As at 31-03-2010	
	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		12,37,060		12,44,913
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				
<i>(Unsecured)</i>				
Cash and Bank Balances				
Balance with a Scheduled Bank in Current Account		34,821		35,049
		34,821		35,049
Loans and Advances (Unsecured)				
(balance after provisions considered good)				
Advances recoverable in cash or in kind		6,70,598		6,70,598
Advances on Capital Account		1,35,18,333		1,35,18,333
		1,41,88,931		1,41,88,931
Less : Provision made for doubtful assets		47,00,000		47,00,000
		94,88,931		94,88,931
Total (Considered good)		95,23,752		95,23,980
SCHEDULE - 5				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Due to Holding Company (ICDS Ltd.)		77,83,380		77,75,755
Expenses outstanding		4,412		4,412
Total		77,87,792		77,80,167
SCHEDULE - 6				
OPERATIVE AND OTHER EXPENSES				
Legal and Professional Charges		3,071		3,071
Remuneration to Auditors				
For Statutory Audit		4,412		4,412
Miscellaneous Expenses		370		288
Total		7,853		7,771

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	7783	7776
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 or 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. 7,853	Loss Rs. 7,771
(c) Earning per share (b/a) (Basic & Diluted) [Annualised]	Rs. (0.16)	Rs. (0.16)
- 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, 2011.
- 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	31-03-2011		

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	1737	Total Assets	1737
Sources of Funds			
Paid-up Capital	500	Reserves and Surplus	1237
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	Nil	Investments	1
Net Current Assets	1736	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.	(0.16)		
(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

T. MOHANDAS PAI
Director

T. SATISH U. PAI
Director

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

ANANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place: Manipal
Date : 27-05-2011

Place: Manipal
Date : 27-05-2011

MANIPAL PROPERTIES LIMITED

Twelfth Annual Report and Accounts for the year ended 31st March, 2011

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 Twelfth Annual Report and Audited Balance Sheet of the Company as at 31st March, 2011.

REVIEW OF OPERATIONS

During the year under report Company earned a total income of Rs.28,14,633/- incurred an expenditure of Rs.28,40,813 and incurred a net loss of Rs.26,180/-.

DIRECTORS

During the year Mr. H. N. S. Rao 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 2010-2011. 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/-	Sd/-
Date : 28-05-2011	H. N. S. RAO	T. SATISH U. PAI
	Director	Director

COMPLIANCE CERTIFICATE

To

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

Dear Sir,

I have examined the registers, records, books and papers of Manipal Properties Ltd. as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. 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 8th May, 2010, 30th August, 2010, 21st November, 2010 and 22nd March, 2011 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 12th Annual General Meeting for the financial year ended on 31-3-2010 was held on Saturday, the 25th day of September, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

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

Place: Manipal
Date : 25-05-2011

Sd/-
Sadananda S. Kamath
Practicing Company Secretary
ACS-535; CP No.: 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 2011 within the stipulated time period without any delay in filing:

1. Form 66 in respect of Compliance Certificate u/s 383 A vide SRN P53376679 dated 01-10-2010.
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, 2010 vide SRN P53382354 dtd.01-10-2010.
3. Form 20B in respect of Annual Return u/s 159 vide SRN P59096859 dtd.08-11-2010.

Sd/-
Sadananda S. Kamath
Practicing Company Secretary
ACS-535; CP No.: 4477

Place: Manipal
Date : 25-05-2011

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 2011, 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, 2011 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, 2011 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.1017 thousands (P. Y. Rs.144 thousands) (as against reported figures of loss Rs.16 thousands (P. Y. Loss Rs.143 thousands)) and accumulated losses would have been Rs.945 thousands (P. Y. Rs. 929 thousands) (as against the reported figure of accumulated profit Rs.56 thousands (P. Y. accumulated profit Rs. 72 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, 2011
 - 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 :
- In respect of its fixed assets,
 - The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no discrepancies were noticed on such verification.
 - The Company has not disposed off the Fixed Assets during the year under audit. Therefore the question of commenting on going concern (in consequence of disposal of fixed assets) does not arise.
 - The Company does not hold any inventory at any time during the year under audit. Therefore the provisions of Clause 4(ii) of the Order not applicable to the Company.
 - According to the information and explanations given to us, the Company has not granted/ taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of Clause 4(iii) of the Order are not applicable to the Company.
 - In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase & sale of fixed assets and in respect of the income earned and there are no continuing failures to correct major weakness in internal control system.
 - In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that needed to be entered into the register.
 - For the reasons given in Sub-Clause (a) above, the provisions of Sub-Clause (b) of Clause (v) of Para 4 of the Order is not applicable.
 - The Company has not accepted any amount as deposits from the public. Therefore Para 4 (vi) of the order not applicable.
 - The Company is not a listed company. The paid up capital and reserves of the company does not exceed Rs.50 lakhs at any time during the year. The average annual turnover of the Company for the immediately preceding 3 consecutive financial years, does not exceed Rs. 5 Crores. Therefore the provisions of clause 4(vii) of the order relating to internal audit not applicable to the Company.
 - The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company, since no such records prescribed by the Central Government.
 - According to the information and explanations given to us, in respect of Statutory and other dues, the Company has been regular in depositing undisputed statutory dues as detailed in Clause 4(ix)(a) of the order, with the appropriate authorities. According to information and explanations given to us, there are no disputed liabilities remaining unpaid, on account of Income Tax/ Sales Tax/ Wealth Tax / Service Tax / Custom Duty / Excise Duty / Cess and therefore giving information as required under Clause 4(ix)(b) of the order does not arise.
 - The Company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during the financial year under audit & in the immediate preceding financial year.

- On the basis of audit conducted by us and according to the information & explanations given to us, the Company has not availed loans from Banks & Financial Institutions. Therefore the question of reporting therein as required by Para 4(xi) of the order does not arise.
- According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- The Company is not dealing in shares, securities, debentures and other investments. Therefore the question of giving comments as required under Para 4(xiv) of the order does not arise. However the Company has maintained proper records for shares held as investments and the same have held in its own name.
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- On the basis of verification of books of accounts and according to the information and explanations given to us, the Company has not availed any term loans. Therefore the question of commenting on utilization therein does not arise.
- According to the information and explanation given to us and on the basis of overall examination of the Balance Sheet of the Company, we report that short term funds (of the nature "Current Liabilities") have been used for Long Term Investment in Fixed Assets & Investments to the extent of Rs.292.94 Lakhs (P. Y. Rs. 294.42 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: 009090S

Place: MANIPAL
Date : 27-05-2011

Ananthanarayana Pai K.
Partner
M.No.: 24541

BALANCE SHEET AS AT MARCH 31, 2011

	Sch. No.	As at 31-03-2011		As at 31-03-2010	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	10,00,000		10,00,000	
Reserves and Surplus	2	55,795		71,778	
Total		10,55,795		10,71,778	
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	3	3,15,19,995		3,15,19,995	
Less : Depreciation		21,70,925		20,07,039	
Net Block		2,93,49,070		2,95,12,956	
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		2,35,231		2,66,952	
Sundry Debtors – Income Receivable		2,83,635		1,70,469	
Loans and Advances		22,15,672		19,18,972	
		27,34,538		23,56,393	
Less:					
Current Liabilities & Provisions:	5				
Current Liabilities		3,20,28,763		3,17,98,521	
Provisions		-		-	
		3,20,28,763		3,17,98,521	
			(2,92,94,225)		(2,94,42,128)
Total		10,55,795		10,71,778	
Notes on Accounts	7				

T. SATISH U. PAI
Director

H. N. S. RAO
Director

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

ANANTHANARAYANA PAI K.
Partner (M.No. 024541)

Place: Manipal
Date : 27-05-2011

Place: Manipal
Date : 27-05-2011

MANIPAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Sch. No.	2010-2011 Rs.	2009-2010 Rs.
INCOME			
Rent (TDS Rs. 2,86,503 P.Y. Rs. 6,22,320)		28,11,427	31,83,095
Misc. Income		3,206	-
Interest on Income Tax refund (TDS Rs. Nil P.Y. Rs. Nil)		-	1,84,427
		<u>28,14,633</u>	<u>33,67,522</u>
EXPENDITURE			
Interest to Holding Company		20,96,105	28,17,998
Administrative and Other Expenses	6	5,80,822	5,26,763
		<u>26,76,927</u>	<u>33,44,761</u>
Profit/(loss) Before Depreciation		1,37,706	22,761
Less: Depreciation		1,63,886	1,63,886
Profit/(Loss) Before Tax		<u>(26,180)</u>	<u>(1,41,125)</u>
Less: Provision for Taxation			
Current Tax		-	-
Provision for Taxation no longer required		(10,197)	-
Pertaining to earlier years		-	2,317
Profit/(Loss) after Tax		<u>(15,983)</u>	<u>(1,43,442)</u>
Balance of Profit Brought Forward		71,778	2,15,220
Profit Carried to Balance Sheet		<u>55,795</u>	<u>71,778</u>
Basic/Diluted Earning per Share of Rs.100 each (in Rupees) (Refer Note No. 6 of Schedule 7)		<u>(1.60)</u>	<u>(14.34)</u>
Notes on Accounts	7		
T. SATISH U. PAI Director	H. N. S. RAO Director	As per our report of even date For Pai Nayak & Associates Chartered Accountants Registration No.: 009090S	
		ANANTHANARAYANA PAI K. Partner (M.No. 024541) Place : Manipal Date : 27-05-2011	

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31-03-2011 Rs.	As at 31-03-2010 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	10,00,000	10,00,000
(Of the above, 9989 Shares are held by Holding Company ICDS Limited and 11 shares by its subsidiary Manipal Hotels Ltd. and their nominees)		
SCHEDULE - 2		
RESERVES AND SURPLUS		
Surplus - Balance in Profit and Loss Account	55,795	71,778
SCHEDULE - 4		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Balance with a Scheduled Bank in Current Account	2,35,231	2,66,952
Income Receivable (due for less than 6 months) (unsecured and considered good)	2,83,635	1,70,469
Loans & Advances: (unsecured and considered good)		
Advance Income Tax and Tax deducted at source (net of provisions)	<u>22,15,672</u>	<u>19,18,972</u>
	<u>27,34,538</u>	<u>23,56,393</u>

SCHEDULE - 3 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 31-3-2010 Rs.	Additions Rs.	Sale/Tfr Rs.	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.	Additions Rs.	Sale/Tfr Rs.	As at 31-03-2011 Rs.	As at 31-03-2011 Rs.	As at 31-03-2010 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	20,07,039	1,63,886	-	21,70,925	78,83,425	80,47,311
Total	3,15,19,995	-	-	3,15,19,995	20,07,039	1,63,886	-	21,70,925	2,93,49,070	2,95,12,956
Previous year	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

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

	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
SCHEDULE - 5		
CURRENT LIABILITIES		
Due to Holding Company (ICDS Ltd.)	3,02,51,722	2,98,88,244
Rent Deposit	15,25,000	11,50,000
Expenses outstanding	13,236	13,236
Other Liabilities	238,805	7,47,041
	<u>3,20,28,763</u>	<u>3,17,98,521</u>
PROVISIONS		
Total Current Liabilities & Provisions	<u>3,20,28,763</u>	<u>3,17,98,521</u>
SCHEDULE - 6	2010-11	2009-10
ADMINISTRATIVE AND OTHER EXPENSES	Rs.	Rs.
Rates and Taxes	3,08,524	3,09,774
Repairs and Maintenance - Building	2,40,511	1,71,714
Remuneration to Auditors		
for Statutory Audit	13,236	13,236
for Consultation	828	828
Legal and Consultation Charges	10,918	27,168
Miscellaneous Expenses	6,805	4,043
	<u>5,80,822</u>	<u>5,26,763</u>

SCHEDULE - 7 NOTES ON ACCOUNTS

1. Significant Accounting Policies :

Basis of Accounting & Revenue Recognition:

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.

Income of the nature "Rent" and "Interest" is recognised on time proportion method. However, Interest on refund of income tax is recognised in the year of receipt.

Use of Estimates:

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

Fixed Assets & Depreciation:

Fixed Assets are stated at Original Cost less Depreciation.

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

Investments:

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

Borrowing costs:

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

Tax on Income:

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

Cash Flow Statement:

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

Segment Reporting:

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