



Regd. Office: Syndicate House, Manipal – 576 104

# **42nd Annual Report**

## **2012 – 2013**



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

## NOTICE

NOTICE is hereby given that the 42<sup>nd</sup> ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on **Monday, the 23<sup>rd</sup> September, 2013 at 4.00 p.m.** at Rotary Hall, Ananth Nagar, Manipal – 576 104, Udupi District to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Balance sheet as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors.
2. To appoint a Director in place of Mr. H. N. S. Rao who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. U. Harish P. Shenoy who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration. M/s Chaturvedi & Shah, Chartered Accountants, Mumbai are eligible for reappointment.

By Order of the Board

**Registered Office:**

Syndicate House  
Manipal – 576 104  
Date : 05-08-2013

*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 31<sup>st</sup> 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 31<sup>st</sup> March, 1995 are requested to claim amount from the Registrar of Companies, Karnataka, Bangalore.

Unclaimed dividend for the year ended 31<sup>st</sup> March, 1996, 31<sup>st</sup> March, 1997 and 31<sup>st</sup> 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 31<sup>st</sup> March, 2013 may visit the Company's corporate website: [www.icdslimited.com](http://www.icdslimited.com) or send their queries at least 10 days before the Annual General Meeting to the Secretarial Department at the Registered Office of the Company.
4. The information as required to be provided under the Listing Agreement with the Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder:

A) Name	:	Mr. H. N. S. Rao
Date of Birth	:	04-10-1938
Date of Appointment	:	12-01-2009
Expertise in Specific Functional Areas	:	Retd. Dy. G. M. of Syndicate Bank, He has experience of over 35 years in Nationalised Bank and Financial Institution in various areas like administration, finance, especially in credit management and recovery. He worked as General Manager of the Company over 10 years and his work was focused on credit and recovery besides general administration.
List of other Directorships Held	:	MPL Enterprises Limited Blue Cross Builders and Investors Ltd. Manipal Properties Limited Sri Ramakrishna Theatre Ltd.
Chairman/Member of the Committees of the Board	:	Member – Shareholders Grievance Committee
Chairman/Member of the Committees of the Board of other Companies in which he is Director	:	MPL Enterprises Ltd.

- B) 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  
Committees of the Board of  
other Companies in which he is Director : ICDS Securities Ltd.
5. The register of members and Share Transfer Book will remain closed from Friday, 20<sup>th</sup> September, 2013 to Monday 23<sup>rd</sup> September, 2013 (both days inclusive) in connection with 42<sup>nd</sup> Annual General Meeting.

## DIRECTORS REPORT

The Directors present their 42<sup>nd</sup> ANNUAL REPORT and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS

	<i>(Rs. in '000s)</i>	
	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Income from Operations	3,16,27	1,20,96
Other Income	2,27,33	85,90
Write back of provisions	32,15	43,86
<b>Total Income</b>	<b>5,75,75</b>	<b>2,50,72</b>
<b>Less: Operating Expenses</b>	<b>3,12,04</b>	<b>1,53,13</b>
	<b>2,63,71</b>	<b>97,59</b>
<b>Less: Interest</b>	<b>48,14</b>	<b>54,41</b>
<b>Profit/(Loss) before Depreciation</b>	<b>2,15,57</b>	<b>43,18</b>
<b>Less: Depreciation</b>	<b>7,05</b>	<b>7,13</b>
<b>Profit/(Loss) after Depreciation before Tax</b>	<b>2,08,52</b>	<b>36,05</b>
<b>Less: Provision for Income Tax/(write back)</b>	<b>(1,26,00)</b>	-
<b>Profit/(Loss) after Tax</b>	<b>3,34,52</b>	<b>36,05</b>
<b>Add: (Loss) brought forward</b>	<b>(13,01,75)</b>	<b>(13,37,80)</b>
<b>(Loss) carried forward</b>	<b>(9,67,23)</b>	<b>(13,01,75)</b>

### REVIEW OF OPERATIONS

During the year under review the Company has earned a gross income of Rs.5.76 Crores (Rs.2.51 Crores in the corresponding period of the previous year) from recovery of over dues from HP/Lease/Bills Discounting/Loan Parties, Commission from insurance related activities, service charges earned from telephone bill recovery services, dividend, interest and others. The operating expenses incurred during the reporting period was Rs.3.12 Crores as against Rs.1.53 Crores in the previous year. The accumulated losses which was at Rs.13.02 Crores as on 31<sup>st</sup> March, 2012 has been reduced to Rs.9.67 Crores on 31<sup>st</sup> March,

2013. The total net worth of the Company as on 31<sup>st</sup> March, 2013 went up to Rs.4.93 Crores.

### DIVIDEND

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

### SCHEME OF ARRANGEMENT

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

Out of total liability of Rs.239.10 Crores, payable under the scheme, an amount aggregating to Rs.235.90 Crores has been repaid. Unclaimed amount by the investors as on 31<sup>st</sup> March, 2013 is Rs.3.20 crores. The full details are given herebelow:

*(Rs. in Crores)*

	Amount Payable as per Scheme	Amount Paid as on 31-3-2013	Balance Amount Payable
1 <sup>st</sup> Instalment	57.27	56.98*	0.29
2 <sup>nd</sup> Instalment	51.78	51.78	Nil
3 <sup>rd</sup> Instalment	51.78	51.78	Nil
4 <sup>th</sup> Instalment	35.75	34.88**	0.87
5 <sup>th</sup> Instalment	28.71	28.71	Nil
6 <sup>th</sup> Instalment	13.81	11.77	2.04
<b>Total</b>	<b>239.10</b>	<b>235.90</b>	<b>3.20</b>

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

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

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

## **FUTURE BUSINESS PLANS**

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

## **FEE BASED ACTIVITIES**

In order to generate some income to partly meet the establishment expenses, your Company has been engaged as Corporate Agent for Life and General Insurance Companies. The Company has also taken up distributorship of Sistema Shyam Teleservices Ltd. for their MTS mobile phones and accessories at Coimbatore and Salem areas in the state of Tamilnadu. Besides, your company is acting as collection agent for Fullerton India Credit Ltd. and address verification agent for Tata Teleservices Ltd. at Coimbatore. The company is focusing on collecting over dues from HP/Lease/Loans/Bills discounted parties.

## **SUBSIDIARY COMPANIES**

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

## **DIRECTORS**

Mr. H. N. S. Rao and Mr. U. Harish P. Shenoy retire by rotation in the ensuing Annual General

Meeting and being eligible, offer themselves for reappointment.

## **DIRECTORS RESPONSIBILITY STATEMENT**

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

- 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 31<sup>st</sup> March, 2013 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's Act and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis. The ability of the Company to continue as a going concern depends upon the timely recovery from debtors and future business plan. Management of the Company is hopeful of recovery of dues from debtors and the measures taken by the Company will result in controlling the operating deficits.

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

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

**Foreign exchange earnings and outgo:** NIL



## **AUDITORS**

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

## **CORPORATE GOVERNANCE**

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

## **CONSOLIDATED FINANCIAL STATEMENTS**

As required under Clause 32 of the Listing Agreement, Audited Consolidated Financial

Statements of subsidiary companies form part of this Report.

## **ACKNOWLEDGEMENT**

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

*For and on behalf of the Board of Directors*

*Sd/-*

Place : Manipal

**(T. Mohandas Pai)**

Date : 05-08-2013 *Chairman & Whole-time Director*



# CORPORATE GOVERNANCE REPORT

## Corporate Governance Code

The Directors present the Company's report on Corporate Governance as on 31<sup>st</sup> March, 2013 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 comprised of six Directors, of which one is executive and five non-executives.

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

#### (i) Number of Board Meeting and Attendance of Directors:

The Board met 4 times during 2012-2013. The details are as follows:

Date of Meeting	Board Strength	No. of Directors Present
30 <sup>th</sup> May, 2012	6	5
7 <sup>th</sup> August, 2012	6	5
8 <sup>th</sup> November, 2012	6	4
5 <sup>th</sup> February, 2013	6	6

The last AGM was held on 27<sup>th</sup> August, 2012 and all the six Directors attended the AGM.

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

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

### 3. Audit Committee:

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

Sri Bharath K. Nayak, Chairman

Sri K. M. Udupa, Member

Sri Airody Giridhar Pai, Member

Sri U. Harish P. Shenoy, Member

The role and terms of reference of Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms referred to by the Board of Directors from time to time. During the year Committee met on 30<sup>th</sup> May, 2012, 7<sup>th</sup> August, 2012, 8<sup>th</sup> November, 2012 and 5<sup>th</sup> February, 2013. 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
30 <sup>th</sup> May, 2012	3
7 <sup>th</sup> August, 2012	3
8 <sup>th</sup> November, 2012	3
5 <sup>th</sup> February, 2013	4

### 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 31<sup>st</sup> March, 2013:

- 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 12<sup>th</sup> November, 2010 onwards.

**5. Shareholders/Investors Grievance Committee:**

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

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

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

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

Number of Shareholders Complaints received : 20  
 Number of Shareholders Complaints settled : 20  
 Number not solved to the satisfaction of the shareholders : Nil  
 Number of pending Share transfers : Nil

**6. Annual General Meetings:**

The last three Annual General Meetings were held in Rotary Hall, Manipal – 576 104.

AGM No.	Date	Time	Special Resolution required
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 <sup>st</sup> September, 2010 without remuneration for the time being.
40	19-09-2011	4.00 p.m.	NIL
41	27-08-2012	4.00 p.m.	NIL

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

**Postal Ballot:**

The Notice of 42<sup>nd</sup> Annual General Meeting does not contain any item which required approval by Postal Ballot.

**7. Disclosures:**

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

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

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

**8. Means of Communication:**

a) Quarterly/Half-yearly Financial Results of the Company are forwarded to National Stock Exchange and are made available on the company's Website: [www.icdslimited.com](http://www.icdslimited.com) and also published in News Papers in terms of Clause 41 of the Listing Agreement.

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

In order to generate some income to partly meet the establishment expenses, the company has been engaged as Corporate Agent for life and General Insurance Companies. The company has also taken-up distributorship of Sistema Shyam Teleservices Ltd. for their MTS mobile phones and

accessories at Coimbatore and Salem areas in the state of Tamilnadu. Besides your company is acting as collection agent for Fullerton India Credit Limited and address verification agent for Tata Tele Services Ltd. at Coimbatore. The company is exploring other avenues of generating fee based income.

**Business Review:**

During the year under review, the company recovered/realised an amount of about Rs.356.98 Lakhs 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 such other activities like service charges under Insurance Agency and Telecom Franchise, Dividend Income and Rental Income. It also includes Income Tax refund of Rs.42.62 Lakhs.

**Payment of Public Liabilities:**

In terms of Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka, the Company has paid all six installments of public investments and subsequently filed an affidavit dated 31<sup>st</sup> August, 2010 with the said Court to the effect that the payment of Public investments under the Scheme of Arrangement as 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 to remind those investors who are yet to claim installment due for payment before 30<sup>th</sup> June, 2005 (especially to those who are yet to claim installment pertaining to their investment below Rs.10,000/- in which full face value with interest accrued thereon till 15-07-2002 was payable), advising them to surrender the original investment certificate to the Company. Likewise, there are also investors who had not submitted the original investment certificates to the Company to receive the remaining principal balance and interest accrued till 15-07-2002 on investment with face value of Rs.10,000/- or more but below Rs.20,000 under 4<sup>th</sup> installment and investments of Rs. 20,000 or more under 6<sup>th</sup> Installment.

As on 31<sup>st</sup> March, 2013 out of total liability of Rs.23,910 lakhs, an amount aggregating to Rs.23,590 lakhs has been paid in terms of Scheme of Arrangement. Amount remained unclaimed by the investors as on 31<sup>st</sup> March, 2013 was Rs.320 lakhs. It is found that Cheques issued by the Company in terms of Scheme towards installments have not been presented to the Bank by a few investors. Similarly there were instances where cheques dispatched by the Company to the investors by post have been lost in transit or not reached them. Such cheques have been time barred and became stale. Amount involved in these stale cheques aggregate to Rs.296.64 lakhs. (including investments up to Rs.10,000 is Rs.3.97 Lakhs) The full details of payments are given below:

(Rs. in Lakhs)

Amount Payable as per Scheme	Amount Paid as on 31-03-2013	Balance amount payable
5,727	5,698*	29
5,178	5,178	Nil
5,178	5,178	Nil
3,575	3,488**	87
2,871	2,871	Nil
1,381	1,177	204
23,910	23,590	320

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

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

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

**Transfer of Unclaimed Public Liabilities to Investors Education & Protection Fund (IEPF) formed by the Govt. of India, u/s 205C of the Companies Act, 1956.**

The public liabilities which were not claimed by the investors as on 31<sup>st</sup> March, 2012 pertaining to Installment of category I of the Scheme, i.e. Face value of investment less than Rs.10,000 was Rs.28.54 Lakhs. In addition to that stale/unencashed cheques pertaining to the same category was Rs.3.97 Lakhs. The total amount unpaid as far as category I is concerned is Rs.32.51 Lakhs. The Company has been making efforts to contact the investors to claim these outstanding amounts through branches and individual letters. As per Section 205C of the Companies Act, 1956 the unclaimed investment amount should be remitted to IEPF after the expiry of seven years from the due date. Even though seven year was completed on 30<sup>th</sup> June, 2012 in the interest of the investors, the full amount was not remitted to IEPF. During the year, Company has remitted Rs.2.10 Lakhs to IEPF. The Company has also wrote individual letters to all the investors and also issued notifications in the news papers giving time upto 31<sup>st</sup> August, 2013 to make the claim and informed them if the claim is not received till then, the outstanding amount will be remitted to IEPF and once remitted to IEPF, the investors cannot claim from the fund. In response to the advertisement in news papers and letters sent, the Company has been receiving claims from investors. After 31<sup>st</sup> August, 2013 whatever amount is outstanding in the Books will be remitted to IEPF thereafter. This measure is taken by the Company in the interest of investors.

**Internal Control System:**

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

**Discussion on Financial Performance:**

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

### Human Resource Development:

There has been no material development on the Human Resources front. The number of people employed as on 31<sup>st</sup> March, 2013 was 60 as against the previous year's figure of 63.

### General Shareholder Information:

- a) Annual General Meeting : 42<sup>nd</sup> Annual General Meeting  
 Day & Date : Monday, the 23<sup>rd</sup> September, 2013  
 Time : 4.00 p.m.  
 Venue : Rotary Hall, Ananth Nagar Manipal – 576 104, Udupi District
- b) Financial Calendar : 1<sup>st</sup> April to 31<sup>st</sup> March
- c) Date of Book Closure : 20-09-2013 to 23-09-2013 (both days inclusive)
- d) Dividend : No Dividend has been recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2013.
- e) Registered Office : Syndicate House, Manipal – 576 104
- f) Listing on Stock Exchanges : The equity shares are listed on National Stock Exchange of India Ltd.

**Note:** Annual Listing Fee has been paid upto date.

- g) a) Stock Code : ICDS LTD. EQ. (NSE)  
 b) Dematerialisation of Shares : ISIN No. INE 613B01010  
 c) Email : [cmist@nse.co.in](mailto:cmist@nse.co.in)  
 d) Website : [www.nseindia.com](http://www.nseindia.com)

As on 31<sup>st</sup> March, 2013, 83,91,654 Equity Shares forming 64.42% of the share capital of the Company stands dematerialized (Previous Year: 95,72,614 equity shares forming 73.48%). The decrease in the volume of dematerialized shares is due to re-materialization of 16,66,700 Equity Shares comprising 12.79% of the total capital of the Company as on 31<sup>st</sup> March, 2013.

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](mailto: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 – 600002, as Registrar and Share Transfer Agent under demat and physical form effective March, 2003. Till this date Share Transfers etc. were done in-house once in two weeks. The shareholders/investor's Grievance Committee approves all share transfer and transmission upon its receipt from the Registrars.

### k) Distribution of Equity Shareholding as on 31<sup>st</sup> March, 2013

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 – 5000	4694	82.66	751687	7516870	5.77
5001 – 10000	530	9.33	368942	3689420	2.83
10001 – 20000	226	3.98	315037	3150370	2.42
20001 – 30000	70	1.23	174680	1746800	1.34
30001 – 40000	36	0.63	129852	1298520	1.00
40001 – 50000	14	0.25	61400	614000	0.47
50001 – 100000	25	0.44	184554	1845540	1.42
100001 – and above	84	1.48	11040548	110405480	84.75
<b>Total</b>	<b>5679</b>	<b>100.00</b>	<b>13026700</b>	<b>130267000</b>	<b>100.00</b>

### Pattern of Equity Shareholding as on 31<sup>st</sup> March, 2013

Shareholders	No. of Shares held	Percentage
Foreign Body Corporate	400000	3.07
Directors, Relatives, Friends and Associates	6694103	51.39
Financial Institutions	684813	5.26
Banks	4103	0.03
Other Corporate Bodies	315237	2.42
Others	4928444	37.83
<b>Total</b>	<b>13026700</b>	<b>100.00</b>

### l) Plant Locations: NIL

### m) Company's Website : [www.icdslimited.com](http://www.icdslimited.com)

### n) Address for Investor's Correspondence:

Secretarial Department  
**ICDS Ltd.**  
 Regd. Office: Syndicate House  
 Manipal – 576 104  
 Phone: (0820) 2701500  
 Email: [hnsrao@icdslimited.com](mailto:hnsrao@icdslimited.com)

## DECLARATION

As provided under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSEIL) and Bombay Stock Exchange Ltd., (BSE) all Board Members and Senior Management Personnel affirmed compliance with ICDS Ltd., Code of Conduct and Ethics for the year ended 31<sup>st</sup> March, 2013.

Place : Manipal  
Date : 29-05-2013

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

## WHOLE TIME DIRECTOR/CFO CERTIFICATION

To  
The Board of Directors  
ICDS Ltd.  
Manipal

We Chairman & Whole Time Director appointed in terms of the Companies Act, 1956 and Chief Financial Officer of the Company certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief.
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, laws and regulations.
- b) To the best of our knowledge and belief, no transactions are entered into by the company during the year which

are fraudulent, illegal or violative of the Company's code of conduct.

- c) That we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company.
- d) We have indicated to the Auditors and Audit Committee:
- i) No significant changes have taken place in internal control process during the year.
  - ii) No significant changes in accounting policies during the year.

For ICDS Ltd.

Sd/-  
Chief Financial Officer

Sd/-  
Chairman & Whole-time Director

Place : Manipal  
Date : 29-05-2013

## 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. ('the Company') for the year ended 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

We state that,

- ♦ In respect of share holder grievances received during the year ended March 31, 2013, no shareholder grievances are pending against the Company as on 31<sup>st</sup> March, 2013 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/-  
Place : Mumbai  
Date : May 29, 2013

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ICDS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of ICDS Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. In terms of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India (RBI), we report that,
  - a) the Certificate of Registration is cancelled by Reserve Bank of India on October 09, 2002.
  - b) the Company has not obtained credit rating.
  - c) the Company has repaid all deposits as per the Scheme of Arrangement sanctioned by the Hon'ble High court of Karnataka except to the extent of unclaimed deposits and amount due to investor education and protection fund as explained in Note No. 2.06(a) and (b) of financial statements.

- d) There has been some delay in submitting return on deposits as specified in the First Schedule to the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
3. As required by Section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.

**For CHATURVEDI & SHAH**

*Chartered Accountants*

Firm Registration No.: 101720W

*Sd/-*

**C. D. Lala**

*Partner*

Place : Mumbai

Date : May 29, 2013

Membership No.: 35671

## **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

In terms of the Annexure referred to in our report to the members of **ICDS Limited** ('the Company') for the year ended March 31, 2013 in Paragraph 1 of Report on Other Legal and Regulatory Requirements, we report that :

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) All the fixed assets of the Company other than those under lease have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no discrepancies were noticed on such verification.
  - c) The Company during the year has not disposed substantial portion of fixed assets.
- ii) a) The inventory held by the Company has been physically verified by the

management at the year end. In our opinion, the frequency of such verification is reasonable.

- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) On the basis of our examination of the inventory records, we are of the opinion that the Company *needs to strengthen maintenance of inventory records*. As informed to us there was no material discrepancies noticed on physical verification of inventory as compared to book records.
- iii) a) As per the information and explanation given to us, during the year, the Company has granted interest free unsecured loans aggregating to Rs. 5,700 thousands to one Company listed in the register maintained under Section 301 of the Act. The maximum balance outstanding at any time during the year is Rs.5,700 thousands and balance at the yearend is Rs. Nil.

- b) As per the information and explanation given to us, the terms and condition of loans given by the company are prima-facie not prejudicial to the interest of the company.
  - c) The question of default in repayment of principal amount does not arise as the loan is repaid during the year.
  - d) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, Firms or other parties listed in the Register maintained under Section 301 of the Act. Consequently requirement of Clause (iii) (e), to (g) of paragraph 4 of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of the business with regard to purchase of fixed assets *except in case of its trading operations for purchase and sale of mobile phones and its accessories and maintenance of inventory records*. We are informed that the Company is in the process of strengthening its internal control by implementing appropriate internal control system.
- v) a) 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 and arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- b) 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 Act 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.
- vi) 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 October 15, 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.
- vii) *The company does not have internal audit system.*
- viii) The Central Government has not prescribed maintenance of cost records u/s 209(1)(d) of the Act for the Company.
- ix) a) 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 in case of an amount of Rs.63,85 thousands which was outstanding for more than 6 months as on the date of balance sheet to be remitted to Investor Education and Protection Fund (IEPF) as referred to in Note Nos. 2.06(a) and 2.06(b) of the Financial Statements*. We have been informed by the management of the Company that it is in the process of giving public notification in local news papers of respective branches and in English news paper before remitting the unclaimed/unencashed public liabilities and will remit the same in due course after giving sufficient time to instrument holder to claim their dues as explained in Note Nos. 2.06(a) and 2.06(b) of the Financial Statements.
- b) 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 year 1987-88 to 1997-98	56,172 *	Special Leave Petition before Hon'ble Supreme Court of India

\* net of amount paid under protest Rs.46,232 thousands.

- x) The accumulated loss of the Company is more than fifty percent of networth during the year and the Company has not incurred cash losses during the current year and the previous year.
- xi) 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 July 15, 2002, the Company has repaid all the installments to debenture holders as per the Scheme of Arrangement as sanctioned by the Hon'ble High Court of Karnataka on October 15, 2004.
- xii) In our opinion the Company has maintained adequate documents and records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, Clause 4(xiii) of the Order as amended is not applicable to the Company.
- xiv) 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.
- xv) 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.
- xvi) The Company has not taken any term loans from banks or financial institutions during the year.
- xvii) According to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company, we are of the opinion that, no funds raised on a short-term basis have been used for long-term purpose.
- xviii) 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 Act.
- xix) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered under our report. Accordingly provisions of Clause 4 (xix) of the Order are not applicable to the Company.
- xx) The Company has not raised any money by public issue during the year.
- xxi) During the course of examination of Books of Account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the Management.

**For CHATURVEDI & SHAH**

*Chartered Accountants*

Firm Registration No.: 101720W

*Sd/-*

**C. D. Lala**

*Partner*

Place : Mumbai

Date : May 29, 2013

Membership No.: 35671

## Balance Sheet as at 31st March, 2013

Rs. in Thousands

Particulars	Note No.	March 31, 2013	March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.01	130,267	130,267
Reserves and Surplus	2.02	(28,649)	(61,347)
		<u>101,618</u>	<u>68,920</u>
<b>Non Current Liabilities</b>			
Other long term liabilities	2.03	37,125	37,017
		<u>37,125</u>	<u>37,017</u>
<b>Current Liabilities</b>			
Short term borrowings	2.04	44,813	47,901
Trade payables	2.05	1,606	9,759
Other current liabilities	2.06	62,273	64,593
		<u>108,692</u>	<u>122,253</u>
		<u>247,435</u>	<u>228,190</u>
<b>TOTAL</b>			
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	2.07	3,223	3,965
Non current Investments	2.08	83,639	84,755
Long term loans and advances	2.09	49,678	31,213
Other non current assets	2.10	2,297	297
		<u>138,837</u>	<u>120,230</u>
<b>Current Assets</b>			
Inventories	2.11	1,376	28
Trade receivables	2.12	-	-
Cash and bank balances	2.13	60,782	57,415
Short term loans and advances	2.14	43,614	46,916
Other current assets	2.15	2,826	3,601
		<u>108,598</u>	<u>107,960</u>
		<u>247,435</u>	<u>228,190</u>
<b>TOTAL</b>			
Significant accounting policies and notes to financial statements	1 & 2		

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

As per our report of even date

For **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

Sd/-

**C. D. Lala**

Partner

Membership No.: 35671

Place : Mumbai

Date : May 29, 2013

Sd/-

**H. N. S. Rao**

Director

For and on behalf of the Board

Sd/-

**T. Mohandas Pai**

Chairman & Whole-time Director

Sd/-

**Bharath K. Nayak**

Director

Place : Manipal

Date : May 29, 2013

## Statement of Profit and Loss for the year ended March 31, 2013

Rs. in Thousands

Particulars	Note No.	2012-13	2011-12
Revenue from operations	2.16	31,627	12,096
Other income	2.17	25,948	12,387
<b>Total Revenue</b>		<b>57,575</b>	<b>24,483</b>
<b>Expenses</b>			
Purchases	2.18	14,651	—
Changes in inventories of traded goods	2.19	(1,348)	(28)
Employee benefits expense	2.20	7,936	8,341
Other Expenses	2.21	9,965	6,410
Finance Costs	2.22	4,814	5,442
Depreciation and amortization expense	2.23	705	713
<b>Total Expenses</b>		<b>36,723</b>	<b>20,878</b>
<b>Profit before Tax</b>		<b>20,852</b>	<b>3,605</b>
Tax expense			
Current tax		—	—
Deferred tax		—	—
Reversal of excess provision of tax of earlier year		(12,600)	—
<b>Profit for the year after Tax</b>		<b>33,452</b>	<b>3,605</b>
Earnings per equity share of face value of Rs.10/- each			
Basic and Diluted (in Rupees)	2.24	2.57	0.28
Significant accounting policies and notes to financial statements	1 & 2		

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

As per our report of even date

For **Chaturvedi & Shah**

Chartered Accountants

Firm Registration No.: 101720W

Sd/-

**C. D. Lala**

Partner

Membership No.: 35671

Place : Mumbai

Date : May 29, 2013

Sd/-

**H. N. S. Rao**

Director

For and on behalf of the Board

Sd/-

**T. Mohandas Pai**

Chairman & Whole-time Director

Sd/-

**Bharath K. Nayak**

Director

Place : Manipal

Date : May 29, 2013

## Significant Accounting Policies and Notes to Financial Statements

### Company overview

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

### 1. Significant accounting policies

#### 1.01 Basis of preparation of financial statements

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

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

#### 1.02 Use of Estimates

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

#### 1.03 System of Accounting and income recognition

- a) The accounts are prepared under historical cost convention and all significant items of Income & Expenditure are accounted on accrual system of accounting.
- b) The company recognises income as prescribed by RBI guidelines on Income Recognition.
- c)
  - i) Hire Purchase Income is accounted by sum of digits method to provide a constant periodic rate of return on the net investment outstanding in the contracts.
  - ii) Lease Income is accounted on accrual of lease rentals for the period.
  - iii) Income from bills discounting is accounted on due basis.
  - iv) Brokerage/commission received on sale of mobiles and accessories, insurance agency services has been accounted on accrual basis on certainty of realisation.
  - v) Sale of Mobile and Accessories are recognised on accrual basis net of value added tax.
  - vi) Interest is recognized using the time proportion method based on rates implicit in the transaction.
  - vii) Dividend income is accounted for in the year in which the right to receive the same is established.

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

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

#### 1.05 Depreciation / Amortisation

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

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

**1.06 Investments**

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

**1.07 Inventories**

- a) Stock on hire is valued at agreement values net of recoveries.
- b) Stock of shares and debentures are valued at lower of cost or net realisable value.
- c) Stock of Mobiles and Accessories are valued at lower of cost or net realisable value.

**1.08 Employee Benefits**

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

**1.09 Borrowing cost**

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

**1.10 Taxes on Income**

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

**1.11 Earnings per share**

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

**1.12 Impairment**

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

**1.13 Provisions, Contingent Liabilities and Contingent Assets**

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

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

## 2. Notes to financial statements

### 2.01 Share Capital

Rs. in Thousands

Particulars	March 31, 2013	March 31, 2012
<b>Authorised Capital</b>		
35,000,000 [March 31, 2012 : 35,000,000] Equity Shares of Rs.10 each	<b>350,000</b>	350,000
15,000,000 [March 31, 2012 : 15,000,000] Preference Shares of Rs.10 each	<b>150,000</b>	150,000
	<b>500,000</b>	500,000
<b>Issued, Subscribed and Paid-Up Capital</b>		
13,026,700 [March 31, 2012 : 13,026,700] Equity Shares Rs.10 each fully paid-up	<b>130,267</b>	130,267
<b>Total</b>	<b>130,267</b>	130,267

#### Reconciliation of number of shares

Particulars	March 31, 2013		March 31, 2012	
	No. of Shares	Rs. in Thousands	No. of Shares	Rs. in Thousands
<i>Equity shares :</i>				
Balance as at the beginning of the year	<b>13,026,700</b>	<b>130,267</b>	13,026,700	130,267
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	<b>13,026,700</b>	<b>130,267</b>	13,026,700	130,267

#### Rights, preferences and restrictions attached to shares:

The Company has two classes of shares referred to as equity shares and preference shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The Company has not issued any preference shares as on March 31, 2013.

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

#### Restrictions on the distribution of dividends:

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

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

Name of the Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Teaching Fraternity & Education Trust (including shares held by its trustee Dr. H. Shantaram)	<b>2,104,000</b>	<b>16.15%</b>	2,104,000	16.15%
Music & Fine Arts Education Trust (including shares held by its trustee Sri T. Ranga Pai)	<b>1,476,600</b>	<b>11.34%</b>	1,476,600	11.34%
Mahendra Girdharilal	<b>1,215,023</b>	<b>9.33%</b>	1,215,023	9.33%
The Academy of General Education	<b>868,488</b>	<b>6.67%</b>	868,488	6.67%
Life Insurance Corporation of India	<b>677,001</b>	<b>5.20%</b>	677,001	5.20%

**2.02 Reserves and Surplus**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Securities Premium</b>		
Opening Balance	33,334	33,334
Add: Additions during the year	–	–
Closing Balance	33,334	33,334
<b>Revaluation Reserve</b>		
Opening Balance	35,494	36,248
Less: Transfer to Statement of Profit and Loss	(754)	(754)
Closing Balance	34,740	35,494
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(130,175)	(133,780)
Less: Profit for the Current Year	33,452	3,605
Closing Balance	(96,723)	(130,175)
<b>Total</b>	<b>(28,649)</b>	<b>(61,347)</b>

**2.03 Other long term Liabilities**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Lease/Rent Deposits	37,125	37,017
<b>Total</b>	<b>37,125</b>	<b>37,017</b>

**2.04 Short term Borrowings**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Secured Loans		
Working Capital Loans from Banks	44,813	47,901
<b>Total</b>	<b>44,813</b>	<b>47,901</b>

**Notes:**
**Nature of Security**

The above working capital loan is secured by deposit with banks amounting to Rs.55,000 thousands (March 31, 2012: Rs.55,000 thousands).

**Terms of Repayment**

The above loan is repayable on demand.

**2.05 Trade Payables**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Due to Micro and Small Enterprises*	–	–
Due to other than Micro and Small Enterprises	1,606	9,759
<b>Total</b>	<b>1,606</b>	<b>9,759</b>

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

**2.06 Other Current Liabilities**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Public Liabilities		
Unclaimed		
<i>Amount due to Investor Education and Protection Fund (a)</i>		
– matured deposits	1,094	–
– interest on matured deposits	453	–
– matured debentures	973	–
– interest on matured debentures	99	–
– matured subordinated debts	214	–
– interest on matured subordinated debts	21	–
– Other Public Liabilities	397	–
<i>Others</i>		
– matured deposits	–	1,248
– interest on matured deposits	10,207	10,913
– matured debentures	–	973
– interest on matured debentures	15,383	16,583
– matured subordinated debts	–	214
– interest on matured subordinated debts	3,580	3,388
– Other Public Liabilities (b)	29,664	30,302
Other Payables	25	43
Book Overdraft	–	731
Statutory Dues	163	198
<b>Total</b>	<b>62,273</b>	<b>64,593</b>

**Notes:**

- a) Public Liabilities amounting to Rs.3,251 thousands (includes unencashed stale cheques) relating to Deposits, Non Convertible debentures and Subordinated debts which were lying after adjusting the loans borrowed against them and unclaimed for more than seven years is payable to Investor Education and Protection fund. These Public liabilities are payable against the investments which have completed seven years from the due date on which these investments were scheduled to be paid as per the Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. The first such payment became due for remittance to IPEF on July 31, 2012.
- b) The management is of the opinion that the due date for remittance of unclaimed public liabilities starts after seven years from the due date of the last installment of the instrument as per the Scheme, accordingly the management considers Rs.31,34 thousands outstanding with regard to the first installment is not due for payment to IEPF. The Company is in the process of approaching instrument holders by way of public notification through local news paper and widely circulated English news papers and individual letters to each of them. The Company is yet to remit the same to IEPF and will remit subsequent to the due date to be mentioned in the paper notification. The company will remit the balance (unclaimed/unencashed) public liabilities thereafter.



## Significant accounting policies and notes to Financial Statements

### 2.07 Fixed Assets

Rs. in Thousands

Description of Assets	GROSS BLOCK			DEPRECIATION & LEASE EQUALISATION				NET BLOCK	
	April 01, 2012	Additions	Deductions/ Sale	April 01, 2012		For the year	Deductions/ Sale	March 31, 2013	
				Deprn.	Eqn.			Deprn.	Eqn.
<b>A. OWNED ASSETS</b>									
Land	530	-	530	-	-	-	-	-	530
Buildings	3,327	40	-	1,078	-	55	-	1,133	2,249
Plant & Machinery	1,937	-	-	1,299	-	94	-	1,393	638
Electrical Fittings	1,121	17	28	933	-	46	28	951	188
Furniture & Fittings	7,340	43	33	7,282	-	81	32	7,331	58
Off. Equipments & Computers	9,727	42	70	9,425	-	77	70	9,432	302
Vehicles	276	-	-	276	-	-	-	276	-
<b>Total of 'A'</b>	<b>24,258</b>	<b>142</b>	<b>661</b>	<b>20,293</b>	<b>-</b>	<b>353</b>	<b>130</b>	<b>20,516</b>	<b>3,223</b>
<b>B. ASSETS GIVEN ON LEASE</b>									
Plant & Machinery	612,686	-	-	429,532	183,154	-	-	429,532	183,154
Vehicles	69,500	-	-	69,157	343	-	-	69,157	343
<b>Total of 'B'</b>	<b>682,186</b>	<b>-</b>	<b>-</b>	<b>498,689</b>	<b>183,497</b>	<b>-</b>	<b>-</b>	<b>498,689</b>	<b>183,497</b>
<b>Grand Total of A+B</b>	<b>706,444</b>	<b>142</b>	<b>661</b>	<b>518,982</b>	<b>183,497</b>	<b>353</b>	<b>130</b>	<b>519,205</b>	<b>183,497</b>
Previous Year	706,218	341	115	518,720	183,497	361	99	518,982	183,497

Notes: a) Buildings having carrying value of Rs.50,183 thousands (March 31, 2012 : Rs.51,289 thousands) that are not intended to be occupied substantially for use by, or in the operations of, the company are considered as Investment Property under Non-Current investments in financial statements.

**2.08 Non Current Investments**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Long term Investments (at cost)</b>		
<b>Investment property <sup>a</sup></b>		
Cost of building given on operating lease	67,847	67,847
Less: Accumulated depreciation	17,664	16,558
Net Block	50,183	51,289
<b>Investments in government securities</b>		
National Savings Certificate <sup>b</sup>	–	10
	–	10
<b>Investments in quoted, fully paid-up Equity Shares<sup>c</sup></b>		
<i>Associate Company</i>		
ICDS Securities Ltd.	23,336	23,336
[1,423,350 (March 31, 2012 : 1,423,350) shares of face value Rs.10/- each]		
<i>Others</i>		
Lingapur Estates Ltd.	1,734	1,734
[153,392 (March 31, 2012 : 153,392) shares of face value Rs.10/- each]		
Manipal Finance Corporation Limited	9,181	9,181
[449,163 (March 31, 2012 : 449,163) shares of face value Rs.10/- each]		
	34,251	34,251
<b>Investments in unquoted, fully paid-up Equity Shares</b>		
<i>Wholly owned Subsidiary Companies</i>		
Manipal Hotels Ltd.	500	500
[50,000 (March 31, 2012 : 50,000) shares of face value Rs.10/- each]		
Manipal Properties Ltd. [Refer Note 2.14(a)(ii)]	999	999
[9,989 (March 31, 2012 : 9,989) shares of face value Rs.100/- each]		
	1,499	1,499
<i>Others</i>		
Development Co-op. Bank Ltd.	18	18
[1,200 (March 31, 2012 : 1,200) shares of face value Rs.10/- each]		
Manipal Housing Finance Syndicate Ltd.	9,103	9,103
[729,000 (March 31, 2012 : 729,000) shares of face value Rs.10/- each]		
	9,121	9,121
Less: Provisions for diminution in value of investments <sup>d</sup>	11,415	11,415
<b>Total</b>	<b>83,639</b>	<b>84,755</b>
Aggregate value of quoted investments (net of provision) <sup>d</sup>	23,336	23,336
Market Value of quoted investments <sup>c</sup>	23,336	23,336
Aggregate value of unquoted investments (net of provision) <sup>d</sup>	10,120	10,120

**Notes:**

<sup>a</sup> Investment property includes shares of the face value of Rs. 511/- in Co-operative Housing Society.

<sup>b</sup> National Savings Certificates of the face value of Rs. Nil (March 31, 2012: Rs. 10 thousands) have been lodged with Government Departments.

<sup>c</sup> Market price of the Quoted shares has been taken at face value, in the absence of trading in stock exchanges during the year.

<sup>d</sup> Details of Provisions for diminution in value of investments.

*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Lingapur Estates Ltd.	1,734	1,734
Manipal Finance Corporation Limited	9,181	9,181
Manipal Hotels Ltd.	500	500
<b>Total</b>	<b>11,415</b>	<b>11,415</b>

2.09 **Long term Loans and Advances**

*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Unsecured</b>		
Rent and other deposits	496	1,089
Less: Provision	–	(154)
	496	935
Advance taxes (net of Provisions)	49,136	30,278
VAT Input Credit	46	–
<b>Total</b>	<b>49,678</b>	<b>31,213</b>

2.10 **Other non-current Assets**

*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Deposit with banks maturing after 12 months	2,297	297
<b>Total</b>	<b>2,297</b>	<b>297</b>

2.11 **Inventories**

*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Stock on Hire (At agreement value less amount received and unmatured hire charges)		
Under Hire Purchase Agreements		
Considered Good	–	–
Considered Doubtful	148,652	160,798
	148,652	160,798
Less: Provision	(148,652)	(160,798)
	–	–
Other Inventories (Valued at lower of cost or net realisable value)		
Shares and Debentures [Refer Annexure No. 1]	298	28
Stock of Mobiles and Accessories	1,078	
	1,376	28
<b>Total</b>	<b>1,376</b>	<b>28</b>

**2.12 Trade Receivables**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months		
Considered Good	-	-
Considered Doubtful	2,032	6,403
Less : Provision for doubtful debts	(2,032)	(6,403)
	-	-
Others – Considered Good	-	-
<b>Total</b>	-	-

**2.13 Cash and Bank Balances**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Cash and cash equivalents</b>		
Cash on hand	133	388
Cheques, drafts and stamps on hand	312	22
Balances with banks		
in current accounts	3,078	1,710
in deposit accounts	1,000	-
	4,523	2,120
<b>Other bank balances</b>		
Deposit with banks maturing between 3 to 12 months	1,259	295
Margin Deposit with banks [pledged as security against working capital loan]	55,000	55,000
	56,259	55,295
<b>Total</b>	60,782	57,415

**2.14 Short Term Loans and Advances**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Demerger receivables (secured)</b>		
Considered good		
from Others	36,490	37,690
from wholly owned subsidiaries [Refer Note (a)(ii)]	4,145	5,397
Considered doubtful		
from wholly owned subsidiaries [Refer Note (b)]	20,248	23,988
from others	101,005	101,006
	161,888	168,081
Less: Provision	(121,253)	(124,994)
	40,635	43,087

Particulars	March 31, 2013	March 31, 2012
Secured Loans		
Considered good	–	–
Considered doubtful	27,990	68,870
	27,990	68,870
Less: Provision	(27,990)	(68,870)
	–	–
Unsecured Loans		
Considered good	1,006	2,121
Considered doubtful	34,675	34,696
	35,681	36,817
Less: Provision	(34,675)	(34,696)
	1,006	2,121
Other Receivables	150	–
LIC Group Gratuity Fund Asset (net)	1,823	1,708
<b>Total</b>	<b>43,614</b>	<b>46,916</b>

**Notes:**

a) **Demerger receivable:**

- i) Demerger receivable represents Rs.36,490 thousands (March 31, 2012: Rs.37,690 thousands) from MPL Enterprises Ltd. pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their Orders dated April 09, 1999 and August 25, 2000 respectively. The balance is considered good for recovery in the opinion of the management, as the value of the property vested in MPL Enterprises Ltd. is adequate.
- ii) Investment of Rs.999 thousands (March 31, 2012: Rs.999 thousands) and demerger receivable of Rs.4,145 thousands (March 31, 2012: Rs.5,397 thousands) being amount due from Manipal Properties Limited a subsidiary, on account of scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide its Order dated April 09, 1999 and August 25, 2000 respectively is considered good for recovery in the opinion of the management, as the present market value of the property vested in Manipal Properties Limited is adequate and in view of long term involvement with the said Company.

- b) Demerger receivables considered doubtful includes Rs.7,812 thousands (March 31, 2012: Rs.7,797 thousands) due from Manipal Hotels Ltd. and Rs.12,436 thousands (March 31, 2012 : Rs.16,191 thousands) due from Manipal Properties Ltd., the wholly owned subsidiary companies.

2.15 **Other Current Assets**

*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Interest accrued on term deposits	2,690	3,601
Accrued Income	136	–
<b>Total</b>	<b>2,826</b>	<b>3,601</b>

2.16 **Revenue from operations**

*Rs. in Thousands*

Particulars	2012-13	2011-12
Hire purchase income	25	6
Interest on loans and advances	1,850	444
Bad debts recovered	13,633	8,770
Service charges and commission	1,950	2,876
Sale of Mobiles and Accessories	14,169	–
<b>Total</b>	<b>31,627</b>	<b>12,096</b>

**2.17 Other Income**
*Rs. in Thousands*

Particulars	2012-13		2011-12	
Dividend received from Non Current Investments		1,213		1,968
Others		146		90
Interest on term deposit		5,557		5,182
Other interest		4,262		66
Profit on sale of owned / leased assets		1,024		17
Profit on sale of shares and securities		1,582		–
Rent Received		1,277		1,221
Sundry balances written back		7,535		–
Excess provision for gratuity reversed [Refer Note No. 2.28 (c) (vi)]		112		1,365
Excess provision for non performing assets written back	61,314		3,021	
Less: Bad Debts written off	58,099	3,215	562	2,459
Miscellaneous income		25		19
<b>Total</b>		<b>25,948</b>		<b>12,387</b>

**2.18 Purchases**
*Rs. in Thousands*

Particulars	2012-13	2011-12
Purchase of trade goods		
<i>Mobiles and Accessories</i>		
Handsets	2,366	–
Rechargeable Vouchers	2,209	–
Electronic Charge	10,028	–
Others	48	–
<b>Total</b>	<b>14,651</b>	<b>–</b>

**2.19 Charges in inventories of traded goods**
*Rs. in Thousands*

Particulars	2012-13	2011-12
Stock at the beginning of the year		
Mobiles and Accessories	–	–
Shares and securities	28	–
(a)	28	–
Stock at the end of the year		
Mobiles and Accessories	1,078	–
Shares and securities	298	28
(b)	1,376	28
<b>Total</b>	<b>(a – b)</b>	<b>(28)</b>

**2.20 Employee Benefits Expense**
*Rs. in Thousands*

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Salaries, wages and bonus	<b>6,638</b>	7,107
Contribution to provident and other funds [Refer Note No. 2.28]	<b>857</b>	855
Gratuity	–	18
Staff Welfare expenses	<b>441</b>	361
<b>Total</b>	<b>7,936</b>	8,341

**2.21 Other Expenses**
*Rs. in Thousands*

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Rent, rates and taxes	<b>1,537</b>	1,951
Printing and stationery	<b>205</b>	206
Directors sitting fees	<b>27</b>	30
Travelling and conveyance	<b>1,225</b>	1,550
Postage, telegram and telephones	<b>379</b>	455
Insurance	<b>14</b>	28
<i>Repairs and Maintenance:</i>		
Buildings	<b>658</b>	425
Vehicles	<b>40</b>	45
Others	<b>369</b>	421
Advertisement and Business Promotion	<b>313</b>	307
Legal and Professional Charges	<b>4,493</b>	448
<i>Auditors Remuneration:</i>		
Audit Fees	<b>140</b>	138
Tax Audit Fees	<b>28</b>	28
Certification	<b>28</b>	28
Service Charges	<b>196</b>	145
Loss on sale of Assets	–	13
Sundry balances written off	<b>116</b>	–
Sundry Expenses	<b>197</b>	192
<b>Total</b>	<b>9,965</b>	6,410

**2.22 Finance Costs**
*Rs. in Thousands*

Particulars	2012-13	2011-12
Interest on working capital loan from bank	4,741	4,892
Interest on delay in payment of taxes	3	468
Bank charges	70	82
<b>Total</b>	<b>4,814</b>	<b>5,442</b>

**2.23 Depreciation and amortization expense**
*Rs. in Thousands*

Particulars	2012-13	2011-12
Depreciation on tangible assets	353	361
Depreciation on investment property	1,106	1,106
Less: Transfer from revaluation reserve	(754)	(754)
<b>Total</b>	<b>705</b>	<b>713</b>

**2.24 Calculation of Earning per Share**
*Rs. in Thousands*

Sl. No.	Particulars	2012-13	2011-12
a.	Nominal value per share (in Rs.)	10	10
b.	Net Profit available for equity shareholders (Rupees in thousands)	33,452	3,605
c.	Weighted Average No. of Equity Shares (Nos.)	13,026,700	13,026,700
d.	Basic / Diluted EPS of Rs.10/- each (in Rs.)	2.57	0.28

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

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



**2.26 Contingent Liabilities**
*Rs. in Thousands*

Particulars	March 31, 2013	March 31, 2012
Guarantee issued in favour of bankers	320	320
Claims against the company/disputed liabilities not acknowledged as debt/liabilities	1,058	1,058
Income Tax *	102,404	130,333

\* Income tax demand represents Rs.102,404 thousands (March 31, 2012 : Rs.102,404 thousands) in respect of Block assessment held for the period from 1987-88 to 1997-98 following the Order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed an Special Leave Petition (SLP) with Hon'ble Supreme Court of India against the Order of Hon'ble High Court of Karnataka. The Company has deposited Rs.46,232 thousands (March 31, 2012: Rs.40,222 thousands) against the said demanded Tax. The Company has offered one of its immovable property as security which is free of any encumbrances. Based on the decisions of the Appellate authorities/Courts and the interpretations of other relevant provisions, the Company has been legally advised that the demands raised on account of block assessment and disallowance of depreciation would get vacated and accordingly no provision is considered necessary.

**2.27 Deferred Tax**

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

**2.28 Employee Benefits**

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

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

**Brief description of the Plans :**

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

*Rs. in Thousands*

Sl. No.	Particulars	2012-13	2011-12
i.	Provident and pension fund	561	573
ii.	Employee state insurance	186	214
<b>Total</b>		<b>747</b>	<b>787</b>

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

*Rs. in Thousands*

Sl. No.	Particulars	2012-2013	2011-12
i.	<i>Change in Defined Benefit Obligation</i>		
	Opening defined benefit obligation	2,989	3,064
	Current service cost	134	137
	Interest cost	239	245
	Actuarial loss / (gain)	(59)	46
	Benefits paid	(69)	(503)
	Closing defined benefit obligation	3,234	2,989
ii.	<i>Change in fair value of plan assets</i>		
	Opening fair value of plan assets	4,697	4,755
	Expected return on plan assets	426	410
	Actuarial gain / (loss)	-	-
	Contributions by employer	3	35
	Benefits paid	(69)	(503)
	Closing fair value of plan assets	5,057	4,697
iii.	<i>Actual return on plan assets</i>	426	410
iv.	<i>The major category of plan assets as a percentage of the fair value of total plan assets are as follows:</i>		
	Investment with Insurer managed funds	100%	100%
v.	<i>Amount recognised in the balance sheet</i>		
	Present Value (PV) of obligations as at year end	3,234	2,989
	Less: Fair value of plan assets as at year end	5,057	4,697
	Net (asset) / liability recognised	(1,823)	(1,708)
vi.	<i>Expenses recognised in the Statement of profit and loss</i>		
	Current service cost	134	137
	Interest on defined benefit obligation	239	245
	Expected return on plan assets	(426)	(410)
	Past service cost	-	-
	Net actuarial loss / (gain) recognised in the current year	(59)	46
	Total expense	(112)	18
vii.	<i>Principal actuarial assumptions used</i>		
	Discount rate (p.a.)	8.00%	8.00%
	Expected rate of return on plan assets (p.a.)	9.07%	8.62%
	Rate of increase in compensation levels	3.50%	3.50%

Sl. No.	Particulars	2012-2013	2011-12
	Mortality table	LIC (1994-96)	LIC (1994-96)
	Retirement age	58 Years	58 Years
viii.	<i>Experience adjustments</i>		
	Defined benefit obligation	3,234	2,989
	Plan assets	5,057	4,697
	Deficit / (surplus)	(1,823)	(1,708)
	Experience adjustments on plan liabilities	(59)	46
	Experience adjustments on plan assets	-	-
ix.	<i>Excess provision for gratuity reversed as on April 1, 2011</i>	-	-
	Opening defined benefit obligation as per Books	-	4,429
	Opening present value of defined benefit obligation as per LIC Statement	-	(3,064)
	Excess provision reversed in the statement of profit and loss	-	1,365
x.	<i>Data for defined gratuity benefit obligation and fair value of planned assets are as under</i>		
	Present value of defined benefit obligations at the end of the year	3,234	2,989
	Fair value of plan assets at the end of the year	5,057	4,697
	Net (assets) / liability at the end of year	(1,823)	(1,708)

**Notes:**

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

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

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

**Details of the Transactions :**
*Rs. in Thousands*

Sl. No.	Particulars	2012-13	2011-12
a.	Reimbursement of expenses during the year		
	– Wholly Owned Subsidiaries		
	Manipal Properties Limited	93	731
	Manipal Hotels Limited	15	14
	– Associate Companies		
	Bluecross Builders and Investors Limited	18	–
b.	Advances recovered during the year		
	– Wholly owned subsidiaries		
	Manipal Properties Limited	5,100	2,753
c.	Investment in Equity Shares during the year		
	– Associate Companies		
	ICDS Securities Limited	–	11,908
d.	Rent/Interest/Finance Charges received from related parties		
	– Wholly owned subsidiaries		
	Manipal Properties Limited (Net of Income reversal of Rs.3,102 thousands. March 31, 2012: Rs. 3,205 thousands.)	345	356
e.	Outstanding balances		
	<i>Due from / (To)</i>		
	– Wholly owned subsidiaries		
	Manipal Hotels Limited (gross)	7,812	7,797
	Manipal Properties Limited (gross)	16,581	21,588
	– Associate companies		
	Bluecross Builders and Investors Limited	41	23
f.	Provisions made on balance receivable including income reversal		
	– Wholly owned subsidiaries		
	Manipal Hotels Limited	7,812	7,797
	Manipal Properties Limited	24,867	26,037
g.	Provision for Diminution in value of Investments		
	– Wholly owned subsidiaries		
	Manipal Hotels Limited	500	500

2.30 The Company has identified two reportable segments viz Financial Services (recovery of loans and advances) and Sale of Mobiles and Accessories. Others include Marketing of the insurance products of life and general insurance companies. Segments have been identified and reported taking into account nature of products and services, the differing risks and returns and the internal business reporting systems. Accordingly segment reporting disclosures as envisaged in Accounting Standard (AS-17) on Segmental Reporting, issued by the ICAI are given below:

*Rs. in Thousands*

Particulars	2012-13			
	Financial Services (Recovery activities)	Trading Activities	Others	Total
<b>Segment Revenue</b>				
External Turnover	15,508	14,169	1,950	31,627
Inter segment turnover	–	–	–	–
<b>Net Turnover</b>	<b>15,508</b>	<b>14,169</b>	<b>1,950</b>	<b>31,627</b>
<b>Segment Results</b>	<b>(5,230)</b>	<b>(883)</b>	<b>1,017</b>	<b>(5,096)</b>
Interest income				9,819
Dividend Income				1,359
Other Income				14,770
<b>Profit before tax</b>				<b>20,852</b>
Taxes				(12,600)
<b>Profit after tax</b>				<b>33,452</b>
<b>Other Information</b>				
Segment Assets	176,525	1,171	484	178,180
Segment Liabilities	145,817	–	–	145,817
Capital Expenditure				142
Depreciation and Lease Equalisation (net)				705
Non-cash expenses				116
Provisions written back (net)				(3,215)

**Notes:**

- a) The Company has identified and applied reportable segment as per AS 17 – “Segment Reporting” for the first time during the year. In view of the same, the disclosure of corresponding previous year figures in respect of segment reporting is not given.
  - b) Interest expenditure and interest income of company are not shown separately for financial services since the same is integral part of financial business.
  - c) Geographical segment is not relevant for the company since it is not involved in exports.
- 2.31 The Company has entered into certain cancellable operating lease agreements mainly for office premises and same has been charged to Statement of Profit and Loss amounting to Rs. 297 thousands (March 31, 2012 : Rs.253 thousands).
- 2.32 In the opinion of the management, loans and advances, current and non current assets are good and recoverable and no provision is considered necessary.
- 2.33 Figures of the previous year wherever necessary, have been reworked, regrouped, reclassified and rearranged to conform with those of the current year.

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

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

Place : Mumbai  
Date : May 29, 2013

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

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

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

Place : Manipal  
Date : May 29, 2013

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES AS AT 31<sup>ST</sup> MARCH, 2013**

*(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	March 31, 2013	March 31, 2013
3.	Date from which they became Subsidiary Company	5-Aug-92	23-Dec-00
4.	Number of equity shares held by ICDS Ltd. at the end of the financial year of the Subsidiary Company	50000	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 31 <sup>st</sup> March, 2013	<b>(15,652)</b>	<b>(344,747)</b>
	b) For the previous financial years of the Subsidiary Company since it became the Holding Company's Subsidiary	<b>1,222,059</b>	<b>255,898</b>
	2. Dealt with in the Holding Company's accounts		
	a) For the financial years ended 31 <sup>st</sup> March, 2013	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 31 <sup>st</sup> March, 2013	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 31 <sup>st</sup> March, 2013	N.A.	N.A.
	a) Fixed Assets	N.A.	N.A.
	b) Investments	N.A.	N.A.
	c) Money Lent	N.A.	N.A.
	d) Money borrowed other than those for meeting Current Liabilities	N.A.	N.A.

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

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

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

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

Place : Manipal

Date : 29th May, 2013

**Disclosure:**

Sl. No.	In the accounts of	Disclosure of Loans and Advances and Investments in its own shares by their Subsidiaries, Associates (as certified by the Management) as required by Clause 32 of Listing Agreement.	As at 31-03-2013
1	Parent (ICDS Ltd.)	<p>Loans and advances in the nature of loans to subsidiaries by name and amount</p> <p>Loans and advances in the nature of loans to associates by name and amount</p> <p>Loans and advances in the nature of loans where there is</p> <p>(i) no repayment schedule or repayment beyond seven years or</p> <p>(ii) no interest or interest below Section 372A of Companies Act by name and amount</p> <p>Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount</p>	<p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p>
2	Subsidiary Manipal Hotels Ltd. Manipal Properties Ltd.	<p>Loans and advances in the nature of loans to parent by name and amount</p> <p>Loans and advances in the nature of loans to associates by name and amount</p> <p>Loans and advances in the nature of loans where there is</p> <p>(i) no repayment schedule or repayment beyond seven years or</p> <p>(ii) no interest or interest below Section 372A of Companies Act by name and amount.</p> <p>Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount</p>	<p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p>
3	Parent (ICDS Ltd.)	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	Nil
<p><b>Note :</b> 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.</p>			



## Cash Flow Statement for the year ended March 31, 2013

	<i>Rupees in Thousands</i>	
Particulars	2012-13	2011-12
<b>(A) Cash Flow from operating activities</b>		
<b>Profit before tax</b>	<b>20,852</b>	3,605
Adjustments for:		
Depreciation and amortization expense	705	713
Interest expenses	4,741	4,892
Loss on sale/Discard of fixed assets	–	13
Profit on sale of fixed assets	(1,024)	(17)
Profit on sale of shares and securities	(1,582)	–
Interest on term deposits	(5,557)	(5,182)
Dividends	(1,359)	(2,058)
Excess Provision written back	(61,314)	(3,021)
Excess provision for gratuity reversed	(112)	(1,365)
Sundry balances written back	(7,535)	–
Sundry balances written off	116	–
Bad debts written off	58,099	562
<i>Operating profit before working capital changes</i>	<b>6,030</b>	(1,858)
<i>Adjustments for change in working capital</i>		
(Increase )/ decrease in loans & advances and other assets	5,762	27,419
(Increase )/ decrease in Inventories	(330)	862
Increase/(decrease) in Trade Payables and other liabilities	(1,535)	(4,929)
<i>Cash generated from operations</i>	<b>9,927</b>	21,494
Less: Interest paid	(5,882)	(8,155)
Income Tax (paid)/refunded	(6,258)	(11,445)
<b>Net cash from/(used in) operating activities</b>	<b>(2,213)</b>	1,894
<b>(B) Cash Flow from Investing activities</b>		
Purchase of Fixed and Leased Assets	(142)	(341)
Sale of Fixed & Leased Assets	1,555	20
Purchase of Investments	–	(11,908)
Sale of Investments	1,582	–
Decrease/(increase) in restricted deposits/bank balances	(2,964)	3,312
Interest received	6,468	3,918
Dividend received	1,359	2,058
<b>Net cash from/(used in) investing activities</b>	<b>7,858</b>	(2,941)

Particulars	Rupees in Thousands	
	2012-13	2011-12
<b>(C) Cash Flow from Financing activities</b>		
Proceeds/(redemption) of debentures	–	(16)
Proceeds/(redemption) of Subordinated debts	–	(5)
Proceeds/(payment) of Public Deposits	<b>(154)</b>	(111)
Increase/(decrease) of Bank Borrowing	<b>(3,088)</b>	(61)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(3,242)</b>	<b>(193)</b>
<b>Net Increase/(Decrease) in Cash equivalents (A+B+C)</b>	<b>2,403</b>	(1,240)
Cash and Cash Equivalents at Beginning of the Year	<b>2,120</b>	3,360
<b>Cash and Cash Equivalents at End of the Year</b>	<b>4,523</b>	<b>2,120</b>

**Notes:**

1. The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements as referred to in Section 211(3C) of the Companies Act, 1956.
2. Previous figures have been reworked, regrouped and reclassified wherever necessary.

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

As per our report of even date

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

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

Place: Mumbai  
Date : May 29, 2013

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

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

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

Place: Manipal  
Date : May 29, 2013

## SCHEDULE TO THE BALANCE SHEET OF ICDS LIMITED

(As required in terms of Paragraph 9BB of

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

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

(Rs. in '000)

	Particulars	Amount Outstanding	Amount Overdue
	<b>Liabilities side:</b>		
1)	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>		
	a) Debentures : Secured		
	: Unsecured *	16,455	16,455
	(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 *	11,754	11,754
	g) Other Loans (subordinated debts, working capital loans) *	48,628	3,815
2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
	a) In the form of Unsecured debentures		
	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 *	11,754	11,754
	<b>Assets side:</b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
3)	<b>Break up of Loans and Advances including bills receivables (other than those included in (4) below):</b>		
	a) Secured	–	
	b) Unsecured	1,006	
4)	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities:</b>		
	i) Lease assets including lease rentals under sundry debtors:		
	a) Financial lease	–	
	b) Operating lease	488	
	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 30<sup>th</sup> December, 2004.

(Rs. in '000)

	Particulars	Amount (net of provisions)		
		Amount Outstanding	Amount Overdue	Total
5)	<b>Break-up of Investments:</b>			
	<b>Current Investments: (Stock in trade considered)</b>			
	1. <b>Quoted:</b>			
	i) Shares: a) Equity	–		
	b) Preference	–		
	ii) Debentures and Bonds	–		
	iii) Units of Mutual Bonds	–		
	iv) Government Securities	–		
	v) Others	–		
	2. <b>Unquoted:</b>			
	i) Shares: a) Equity	–		
	b) Preference	–		
	ii) Debentures and Bonds	–		
	iii) Units of Mutual Bonds	–		
	iv) Government Securities	–		
	v) Others	–		
	<b>Long Term Investments: (net of provisions)</b>			
	1. <b>Quoted:</b>			
	i) Shares: a) Equity	23,336		
	b) Preference	–		
	ii) Debentures and Bonds	–		
	iii) Units of Mutual Bonds	–		
	iv) Government Securities	–		
	v) Others	–		
	2. <b>Unquoted:</b>			
	i) Shares: a) Equity	10,120		
	b) Preference	–		
	ii) Debentures and Bonds	–		
	iii) Units of Mutual Bonds	–		
	iv) Government Securities (excluding interest accrued)	–		
	v) Others: Interest accrued but not due on investments/ deposits	2,826		
6)	<b>Borrower group-wise classification of all leased assets, stock on hire and loans and advances including debtors: (refer note no. 1)</b>			
	<b>Category</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	1. Related Parties			
	(a) Subsidiaries	–	–	–
	(b) Companies in the same group	–	–	–
	(c) Other related parties	–	41	41
	2. Other than related parties	–	52,616	52,616
	<b>Total</b>		<b>52,657</b>	<b>52,657</b>

7)	<b>Investor group-wise classification of all invests (current and long term) in shares and securities (both quoted and unquoted):</b>		
	<b>Category</b>	<b>Market Value/ Break-up or fair value of NAV</b>	<b>Book Value (Net of Provisions)</b>
	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 )	23,336	23,336
	2. Other than related parties (lower of fair value or cost)	9,121	9,121
	<b>Total</b>	<b>33,456</b>	<b>33,456</b>
8)	<b>Other Information</b>		
	<b>Particulars</b>		<b>Amount</b>
	i) Gross Non-Performing Assets		338,860
	a) Related Parties		-
	b) Other than related parties		338,860
	ii) Net Non-Performing Assets		-
	a) Related Parties		-
	b) Other than related parties		-
	iii) Assets acquired in satisfaction of debt		1,515
	<b>Note:</b>		
	1) The demerger receivables of Rs.2,95,29 thousands (Rs.41.45 thousands net of provisions) from Manipal Properties Ltd., Rs.3,64,90 thousands from MPL Enterprises Ltd. are not shown in the above statement (item no. 6 & 8) as the same are not in the nature of loans and advances in the opinion of the management in view of prudence.		
	2) Loans and advances, stock on hire are shown at net of provisions.		
	3) Matured Debentures are not shown as public deposits in line with the disclosure requirements.		
	4) Stock in trade of shares are shown at cost or market value whichever is less and are considered as current investments.		

**Details of Stock of Shares and Debentures as on March 31, 2013**
*Rs. in Thousands*

Name of the Company	March 31, 2013		March 31, 2012	
	Nos.	Amount (Rs. in '000)	Nos.	Amount (Rs. in '000)
<b>Quoted Shares:</b>				
EPIC	100	–	100	–
HDFC Bank Ltd.	180	–	36	–
Kirloskar Electric Ltd.	1,000	1	1,000	1
Panama Petro	200	–	200	–
Reliance Capital Ltd.	21	–	21	–
Reliance Capital Ltd.	800	1	800	1
Reliance Capital Venture	37	–	37	–
Reliance Communications	447	–	447	–
Reliance Communications	750	1	750	1
Reliance Industries Limited	894	1	894	1
Reliance Industries Limited	1,500	2	1,500	2
The Sandur Manganese & Iron Ores Ltd.	5,950	6	5,950	6
Twinstar Industries	100	–	100	–
Ultramarine & Pigments Ltd.	1,000	1	1,000	1
Sesa Goa	49,791	50	11,791	12
Perfect – Octave Media	200	–	200	–
Uniworth Ltd.	750	1	750	1
Libord Infotech	200	–	200	–
Piramal Glass	7	–	7	–
GTN Industries	200	–	200	–
Aspinwall & Company Ltd.	232,800	232	–	–
Absolute Aromatics Ltd.	1,600	2	1,600	2
<b>Sub Total</b>	<b>298,527</b>	<b>298</b>	<b>27,583</b>	<b>28</b>
<b>Unquoted Shares:</b>				
Adam Comsof	200	0	200	0
ICES Software	200	0	200	0
Cimmco Birla Limited	6	0	6	0
J K Pharmachemicals	100	0	100	0
Jalpac India	100	0	100	0
Mukesh Steels Limited	100	0	100	0
Namtech Elect	100	0	100	0
Nova Iron	240	0	1,000	0

Name of the Company	March 31, 2013		March 31, 2012	
	Nos.	Amount (Rs. in '000)	Nos.	Amount (Rs. in '000)
<b>Unquoted Shares:</b>				
Murugappa Holding Ltd. (Parry Agro Inds)	66	0	33	0
Precision Elect	25	0	25	0
Sanghi Poly	200	0	200	0
SM Dyechem Limited	6	0	6	0
Summit Securities Ltd.	1	0	1	0
CMS Infotech	500	0	500	0
Adhunik Synthetics Ltd.	2,000	0	2,000	0
Anjana Explosives Ltd.	–	0	133,900	0
ATN Ind.	100	0	100	0
Genelac Ltd.	2,000	0	2,000	0
Golden Shrimp Hatchery Ltd.	320,000	0	349,900	0
Jayant Vitamins Ltd.	563	0	563	0
Parsurampuriah Synthetics Ltd.	624	0	624	0
Patheja Forgings & Auto Parts Mfr. Ltd.	10,000	0	10,000	0
Praman Capital Market Services Ltd.	191,500	0	191,500	0
The Peria Karamalai Tea & Prod. Co. Ltd.	1,000	0	1,000	0
The Vijaykumar Mills Ltd.	8,000	0	8,000	0
Wartyhully Estates Ltd.	1,100	0	1,100	0
Datar Switch Gears	100	0	100	0
Mega Centre Super Markets Ltd.	20,000	0	20,000	0
Nagarjuna Granites Ltd.	100	0	100	0
Pampasar Distilleries Ltd.	100	0	100	0
Universal Print Systems Ltd.	5,000	0	5,000	0
<b>Sub Total</b>	<b>564,031</b>	<b>0</b>	<b>728,558</b>	<b>0</b>
<b>Quoted Debentures:</b>				
Jayant Vitamins Ltd.	5,403	0	5,403	0
<b>Sub Total</b>	<b>5,403</b>	<b>0</b>	<b>5,403</b>	<b>0</b>
<b>Grand Total</b>	<b>867,961</b>	<b>298</b>	<b>761,544</b>	<b>28</b>

**Notes:**

1. Some of the shares and debentures and other securities mentioned above were initially pledged as security by the borrower against loans and advances granted by the Company. Same have been taken into stock at nominal value after adjusting the loans against which shares were pledged.
2. The stock of shares and debentures are valued at cost or net realisable value whichever is lower. In case of shares / debentures where market value is not available are taken at nominal value.

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ICDS LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ICDS Limited ("the Company") and its subsidiaries (collectively referred to as 'the Group') which comprise the consolidated Balance Sheet as at March 31, 2013 and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the

consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Basis of Qualification

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

*In the case of Manipal Hotels Limited (MHL), the Auditors have expressed their inability to opine on the ultimate recoverability of short term loans and advances of Rs.94,89 thousands (net of provision) as stated in Note 2.14(b) of the financial statements. Auditors have further commented that a provision for the same would have eroded the Networth of*



*the MHL and thereby raising a doubt over the "Going Concern Assumption". The accounts of the MHL, however have been prepared on a "going concern basis" in view of Management perception as stated in Note 2.14(b).*

- ii. *If the observation made in paragraph (i) above had been considered, the profit of the group for the year under consideration would have been Rs.209,18 thousands as against the reported profit of Rs.304,07 thousands and the accumulated losses would have been Rs.684,19 thousands as against reported accumulated loss of Rs.589,30 thousands.*

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:-*

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013,
- b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### **Other Matter**

We did not audit the financial statements/financial information of subsidiaries, whose financial statements/financial information reflect total assets (net) of Rs.418,50 thousands as at March 31, 2013, total revenue of Rs.49,27 thousands and net decrease in cash flows amounting to Rs.9,30 thousands for the year ended on that date and an associate in which the share of loss of the Group for the year is Rs.30,47 thousands, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management of the Company and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of other auditors.

Our opinion is not qualified in respect of this matter.

For **CHATURVEDI & SHAH**

*Chartered Accountants*

Firm Registration Number : 101720W

*Sd/-*

**C. D. Lala**

*Partner*

Place : Mumbai

Date : May 29, 2013

Membership No.: 35671

## Consolidated Balance Sheet as at March 31, 2013

		<i>Rupees in Thousands</i>	
Particulars	Note No.	March 31, 2013	March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.01	130,267	130,267
Reserves and surplus	2.02	<u>9,144</u>	<u>(20,509)</u>
		<b>139,411</b>	<b>109,758</b>
<b>Non current liabilities</b>			
Other long term liabilities	2.03	<u>37,125</u>	<u>37,017</u>
		<b>37,125</b>	<b>37,017</b>
<b>Current liabilities</b>			
Short term borrowings	2.04	44,813	47,901
Trade payables	2.05	1,606	9,759
Other current liabilities	2.06	<u>64,166</u>	<u>66,497</u>
		<b>110,585</b>	<b>124,157</b>
<b>TOTAL</b>		<u><b>287,121</b></u>	<u><b>270,932</b></u>
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets			
Tangible assets	2.07	32,244	33,150
Non current investments	2.08	85,620	89,783
Long-term loans and advances	2.09	51,403	33,158
Other non-current assets	2.10	<u>2,297</u>	<u>297</u>
		<b>171,564</b>	<b>156,388</b>
<b>Current assets</b>			
Inventories	2.11	1,376	28
Trade receivables	2.12	441	388
Cash and bank balances	2.13	61,956	59,519
Short term loans and advances	2.14	48,958	51,008
Other current assets	2.15	<u>2,826</u>	<u>3,601</u>
		<b>115,557</b>	<b>114,544</b>
<b>TOTAL</b>		<u><b>287,121</b></u>	<u><b>270,932</b></u>
Significant accounting policies and notes to financial statements	1 & 2		
The notes referred to above form an integral part of the financial statements			
As per our report of even date		For and on behalf of the Board	
For <b>Chaturvedi &amp; Shah</b>		Sd/-	
Chartered Accountants		<b>T. Mohandas Pai</b>	
Firm Registration No.: 101720W		Chairman & Whole-time Director	
Sd/-	Sd/-	Sd/-	
<b>C. D. Lala</b>	<b>H. N. S. Rao</b>	<b>Bharath K. Nayak</b>	
Partner	Director	Director	
Membership No.: 35671			
Place : Mumbai		Place : Manipal	
Date : May 29, 2013		Date : May 29, 2013	

## Consolidated Statement of Profit and Loss for the year ended March 31, 2013

*Rupees in Thousands*

Particulars	Note No.	2012-13	2011-12
Revenue from operations	2.16	31,282	11,740
Other income	2.17	27,660	15,780
<b>Total Revenue</b>		<b>58,942</b>	<b>27,520</b>
<b>Expenses</b>			
Purchases	2.18	14,651	–
Changes in inventories of traded goods	2.19	(1,348)	(28)
Employee benefits expense	2.20	7,936	8,341
Other Expenses	2.21	11,012	7,350
Finance costs	2.22	4,814	5,441
Depreciation and amortization expense	2.23	869	877
<b>Total expenses</b>		<b>37,934</b>	<b>21,981</b>
<b>Profit before tax</b>		<b>21,008</b>	<b>5,539</b>
Tax expense			
Current tax		154	47
Reversal of excess provision of tax of earlier year	–	(12,600)	–
<b>Profit for the period after Tax</b>		<b>33,454</b>	<b>5,492</b>
Share of profit/(loss) of associate		(3,047)	(1,419)
<b>Profit for the year</b>		<b>30,407</b>	<b>4,073</b>
Earnings per equity share of par value Rs.10/- each			
Basic & Dilutive (in Rupees)	2.27	2.57	0.31
Significant accounting policies and notes to financial statements	1 & 2		

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

As per our report of even date

For **Chaturvedi & Shah**

*Chartered Accountants*

Firm Registration No.: 101720W

Sd/-

**C. D. Lala**

*Partner*

Membership No.: 35671

Place : Mumbai

Date : May 29, 2013

Sd/-

**H. N. S. Rao**

*Director*

For and on behalf of the Board

Sd/-

**T. Mohandas Pai**

*Chairman & Whole-time Director*

Sd/-

**Bharath K. Nayak**

*Director*

Place : Manipal

Date : May 29, 2013

# Significant Accounting Policies and Notes to Consolidated Financial Statements

## Company overview

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

## 1. Significant accounting policies

### 1.01 Principles of Consolidation

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

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

1.02 Investments other than in subsidiaries and associates are accounted as per Accounting Standard – 13 “Accounting for Investments”.

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

a) The subsidiary companies considered in consolidation are:

Name of the company	Country of Incorporation	Extent of holding & Voting Power	
		As on March 31, 2013	As on March 31, 2012
a) Manipal Hotels Ltd.	India	100.00%	100.00%
b) Manipal Properties Ltd.	India	99.89%	99.89%

b) The financial statements of the Company and its subsidiaries and associates used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e., Year ended March 31, 2013.

1.04 **Other significant accounting policies**

These policies are set out under “Significant Accounting Policies” as given in the Company’s separate financial statements.

2. **Notes to financial statements**

2.01 **Share Capital**

*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Authorised Capital</b>		
35,000,000 [March 31, 2012 : 35,000,000] Equity Shares of Rs.10 each	350,000	350,000
15,000,000 [March 31, 2012 : 15,000,000] Preference Shares of Rs.10 each	150,000	150,000
	500,000	500,000
<b>Issued, Subscribed and Paid-Up Capital</b>		
13,026,700 [March 31, 2012 : 13,026,700] Equity Shares Rs.10 each fully paid-up	130,267	130,267
<b>Total</b>	<b>130,267</b>	<b>130,267</b>

**Reconciliation of number of shares**

Particulars	March 31, 2013		March 31, 2012	
	No. of Shares	Rupees in thousands	No. of Shares	Rupees in thousands
<i>Equity shares :</i>				
Balance as at the beginning of the year	13,026,700	130,267	13,026,700	130,267
Add: Shares issued during the year	–	–	–	–
Balance as at the end of the year	13,026,700	130,267	13,026,700	130,267

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

The Company has two classes of shares referred to as equity shares and preference shares having par value of Rs.10/- each. Each holder of equity shares is entitled to one vote per share. The Company has not issued any preference shares as on March 31, 2013.

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

**Restrictions on the distribution of dividends:**

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

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

Name of the Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Teaching Fraternity & Education Trust (including shares held by its trustee Dr H. Shantaram)	2,104,000	16.15%	2,104,000	16.15%
Music & Fine Arts Education Trust (including shares held by its trustee Sri T. Ranga Pai)	1,476,600	11.34%	1,476,600	11.34%
Mahendra Girdharilal	1,215,023	9.33%	1,215,023	9.33%
The Academy of General Education	868,488	6.67%	868,488	6.67%
Life Insurance Corporation of India Ltd.	677,001	5.20%	677,001	5.20%

**2.02 Reserves and surplus**
*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Securities Premium</b>		
Opening Balance	33,334	33,334
Add: Additions during the year	–	–
Closing Balance	33,334	33,334
<b>Revaluation Reserve</b>		
Opening Balance	35,494	36,248
Less: Transfer to Statement of Profit and Loss	(754)	(754)
Closing Balance	34,740	35,494
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(89,337)	(93,410)
Less: Profit/(Loss) for the current year	30,407	4,073
Closing Balance	(58,930)	(89,337)
<b>Total</b>	<b>9,144</b>	<b>(20,509)</b>

**2.03 Other long term liabilities**
*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
Lease/Rent Deposits	37,125	37,017
<b>Total</b>	<b>37,125</b>	<b>37,017</b>

**2.04 Short term borrowings**
*Rupees in Thousands*

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Secured Loans		
Working Capital Loans from Banks	<b>44,813</b>	47,901
<b>Total</b>	<b>44,813</b>	47,901

**Notes:**
**Nature of security**

The above working capital loan is secured by deposit with banks amounting to Rs.55,000 thousands (March 31, 2012: Rs.55,000 thousands).

**Terms of repayment**

The above loan is repayable on demand.

**2.05 Trade payable**
*Rupees in Thousands*

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Due to Micro and small enterprises*	–	–
Due to other than Micro and small enterprises	<b>1,606</b>	9,759
<b>Total</b>	<b>1,606</b>	9,759

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

**2.06 Other current liabilities**
*Rupees in Thousands*

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
Public Liabilities		
Unclaimed		
<i>Amount due to Investor Education and Protection Fund (a)</i>		
- matured deposits	<b>1,094</b>	–
- interest on matured deposits	<b>453</b>	–
- matured debentures	<b>973</b>	–
- interest on matured debentures	<b>99</b>	–
- matured subordinated debts	<b>214</b>	–
- interest on matured subordinated debts	<b>21</b>	–
- Other public liabilities	<b>397</b>	–
<i>Others</i>		
- matured deposits	–	1,248
- interest on matured deposits	<b>10,207</b>	10,913
- matured debentures	–	973
- interest on matured debentures	<b>15,383</b>	16,583
- matured subordinated debts	–	214
- interest on matured subordinated debts	<b>3,580</b>	3,388
- Other Public Liabilities (b)	<b>29,664</b>	30,345

Particulars	March 31, 2013	March 31, 2012
Other payables	25	–
Book overdraft	–	731
Rent deposits	1,525	1,525
Other current liabilities	368	379
Statutory dues	163	198
<b>Total</b>	<b>64,166</b>	<b>66,497</b>

**Notes:**

- a) Public Liabilities amounting to Rs.3,251 thousands (includes unencashed stale cheques) relating to Deposits, Non Convertible debentures and Subordinated debts which were lying after adjusting the loans borrowed against them and unclaimed for more than seven years is payable to Investor Education and Protection fund. These Public liabilities are payable against the investments which have completed seven years from the due date on which these investments were scheduled to be paid as per the Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. The first such payment became due for remittance to IPEF on July 31, 2012.
- b) The management is of the opinion that the due date for remittance of unclaimed public liabilities starts after seven years from the due date of the last installment of the instrument as per the Scheme, accordingly the management considers Rs.31,34 thousands outstanding with regard to the first installment is not due for payment to IEPF. The Company is in the process of approaching instrument holders by way of public notification through local news paper and widely circulated English news papers and individual letters to each of them. The Company is yet to remit the same to IEPF and will remit subsequent to the due date to be mentioned in the paper notification. The company will remit the balance (unclaimed/unencashed) public liabilities thereafter.

**2.08 Non current investments**

*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Long term Investments (at cost)</b>		
<b>Investment property <sup>a</sup></b>		
Cost of building given on operating lease	67,847	67,847
Less: Accumulated depreciation	17,664	16,558
Net Block	50,183	51,289
<b>Investments in government securities</b>		
National Savings Certificate <sup>b</sup>	–	10
	–	10
<b>Investments in quoted, fully paid-up Equity Shares<sup>c</sup></b>		
<i>Associate Company</i>		
ICDS Securities Ltd. [Refer Note No. 2.30] [1,423,350 (March 31, 2012 : 1,423,350) shares of face value Rs.10/- each]	26,316	29,363
<i>Others</i>		
Lingapur Estates Ltd. [153,392 (March 31, 2012 : 153,392) shares of face value Rs.10/- each]	1,734	1,734
Manipal Finance Corporation Limited [449,163 (March 31, 2012 : 449,163) shares of face value Rs.10/- each]	9,181	9,181
	37,231	40,278



*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
<b>Investments in unquoted, fully paid-up Equity Shares<sup>c</sup></b>		
<i>Associate Company</i>		
Blue Cross Builders & Investors Ltd. [Refer Note No. 2.30] [99,970 (March 31, 2012: 99,970) shares of face value of Rs.10/- each]	–	–
<i>Others</i>		
Development Co-op. Bank Ltd. [1,200 (March 31, 2012 : 1,200) shares of face value Rs.10/- each]	18	18
Manipal Housing Finance Syndicate Ltd. [729,000 (March 31, 2012 : 729,000) shares of face value Rs.10/- each]	9,103	9,103
	<b>9,121</b>	9,121
Less: Provisions for diminution in value of investments <sup>d</sup>	<b>10,915</b>	10,915
<b>Total</b>	<b>85,620</b>	89,783

Aggregate value of quoted investments (net of provision) <sup>d</sup> 26,316 29,363

Market Value of quoted investments <sup>c</sup> 26,316 29,363

Aggregate value of unquoted investments (net of provision) <sup>d</sup> 9,121 9,121

**Notes:**

- <sup>a</sup> Investment property includes shares of the face value of Rs.511/- in Co-operative Housing Society.
- <sup>b</sup> National Savings Certificates of the face value of Rs. Nil thousands (March 31, 2012: Rs.10 thousands) have been lodged with Government Departments.
- <sup>c</sup> Market price of the Quoted shares has been taken at face value, in the absence of trading in stock exchanges during the year.
- <sup>d</sup> Details of Provisions for diminution in value of investments.

*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
Lingapur Estates Ltd.	1,734	1,734
Manipal Finance Corporation Limited	9,181	9,181
<b>Total</b>	<b>10,915</b>	10,915

**2.09 Long term loans and advances**

*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
Rent and other deposits	496	1,089
Less: Provision	–	(154)
	496	935
Advance taxes (net of Provisions)	50,861	32,223
VAT Input Credit	46	–
<b>Total</b>	<b>51,403</b>	33,158

## Significant accounting policies and notes to financial statements

### 2.07 Fixed Assets

Rupees in Thousands

Description of Assets	GROSS BLOCK			DEPRECIATION & LEASE EQUALISATION				NET BLOCK	
	April 01, 2012	Additions	Deductions/sale	April 01, 2012		For the year	Deductions/sale	March 31, 2013	
				Deprn.	Eqn.			Deprn.	Eqn.
<b>A. OWNED ASSETS</b>									
Land	21,996	-	530	-	-	-	-	21,466	21,996
Buildings	13,381	40	-	3,413	-	219	-	9,789	9,968
Plant & Machinery	1,937	-	-	1,299	-	94	-	544	638
Electrical Fittings	1,121	17	28	933	-	46	28	159	188
Furniture & Fittings	7,340	43	33	7,282	-	81	32	19	58
Office Equipments & Computers	9,727	42	70	9,425	-	77	70	267	302
Vehicles	276	-	-	276	-	-	-	-	-
<b>Total of 'A'</b>	<b>55,778</b>	<b>142</b>	<b>661</b>	<b>22,628</b>	-	<b>517</b>	<b>130</b>	<b>32,244</b>	<b>33,150</b>
<b>B. ASSETS GIVEN ON LEASE</b>									
Plant & Machinery	612,686	-	-	429,532	183,154	-	-	429,532	183,154
Vehicles	69,500	-	-	69,157	343	-	-	69,157	343
<b>Total of 'B'</b>	<b>682,186</b>	-	-	<b>498,689</b>	<b>183,497</b>	-	-	<b>498,689</b>	<b>183,497</b>
<b>Grand Total of A+B</b>	<b>737,964</b>	<b>142</b>	<b>661</b>	<b>521,317</b>	<b>183,497</b>	<b>517</b>	<b>130</b>	<b>521,704</b>	<b>33,150</b>
<b>Previous Year</b>	<b>737,738</b>	<b>341</b>	<b>115</b>	<b>520,891</b>	<b>183,497</b>	<b>525</b>	<b>99</b>	<b>521,317</b>	<b>33,150</b>

#### Notes:

- Buildings having carrying value of Rs.50,183 thousands (March 31, 2012 : Rs.51,289 thousands) that are not intended to be occupied substantially for use by, or in the operations of, the company are considered as Investment Property under Non-Current Investments in financial statements.
- Land represents proportionate undivided share of land for the office premises owned by Manipal Properties Ltd.
- Fixed Assets includes Land & Building of Manipal Properties Ltd., which are in the process of getting it transferred in their name as per the Scheme of Arrangement (as sanctioned by the Hon'ble High Court of Karnataka vide order dated 25<sup>th</sup> August, 2000).

**2.10 Other non-current assets**
*Rupees in Thousands*

<b>Particulars</b>	<b>March 31, 2013</b>	March 31, 2012
Deposit with banks maturing after 12 months	<b>2,297</b>	297
<b>Total</b>	<b>2,297</b>	297

**2.11 Inventories**
*Rupees in Thousands*

<b>Particulars</b>	<b>March 31, 2013</b>	March 31, 2012
Stock on Hire (At agreement value less amount received and unmatured hire charges)		
Under Hire Purchase Agreements		
Considered Good	–	–
Considered Doubtful	<b>148,652</b>	160,798
	<b>148,652</b>	160,798
Less: Provision	<b>(148,652)</b>	(160,798)
Other Inventories (Valued and as certified by the Management)		
Shares and Debentures [ Refer Annexure No. 1 ]	<b>298</b>	28
Stock of Telephone sets	<b>1,078</b>	
	<b>1,376</b>	28
<b>Total</b>	<b>1,376</b>	28

**2.12 Trade Receivables**
*Rupees in Thousands*

<b>Particulars</b>	<b>March 31, 2013</b>	March 31, 2012
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months		
Considered Good	–	–
Considered Doubtful	<b>2,032</b>	6,403
Less : Provision for doubtful Advances	<b>(2,032)</b>	(6,403)
	–	–
Debts outstanding for a period not exceeding six months		
Considered Good	<b>441</b>	388
<b>Total</b>	<b>441</b>	388

**2.13 Cash and bank balances**
*Rupees in Thousands*

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Cash and cash equivalents</b>		
Cash on hand	133	388
Cheques, drafts and stamps on hand	312	22
Balances with banks		
in current accounts	4,252	3,814
in deposit accounts	1,000	–
	<b>5,697</b>	<b>4,224</b>
<b>Other bank balances</b>		
Deposit with banks maturing between 3 to 12 months	1,259	295
Term Deposit with banks [pledged as security against working capital loan]	55,000	55,000
	<b>56,259</b>	<b>55,295</b>
<b>Total</b>	<b>61,956</b>	<b>59,519</b>

**2.14 Short term loans and advances**
*Rupees in Thousands*

<b>Particulars</b>	<b>March 31, 2013</b>	<b>March 31, 2012</b>
<b>Demerger receivables (secured)</b>		
Considered good		
from Others	36,490	37,690
Considered doubtful		
from others	101,005	101,006
	<b>137,495</b>	<b>138,696</b>
Less: Provision	(101,005)	(101,006)
	<b>36,490</b>	<b>37,690</b>
<b>Secured Loans</b>		
Considered good	–	–
Considered doubtful	27,990	68,870
	<b>27,990</b>	<b>68,870</b>
Less: Provision	(27,990)	(68,870)
	<b>–</b>	<b>–</b>
<b>Unsecured Loans</b>		
Considered good [Refer Note (b)]	10,495	11,610
Considered doubtful	39,375	39,396
	<b>49,870</b>	<b>51,006</b>
Less: Provision	(39,375)	(39,396)
	<b>10,495</b>	<b>11,610</b>
Other Receivables	150	–
LIC Group Gratuity Fund Asset (net)	1,823	1,708
<b>Total</b>	<b>48,958</b>	<b>51,008</b>

**Notes:**

a) Demerger receivable:

- i) Demerger receivable represents Rs.36,490 thousands (March 31, 2012: Rs.37,690 thousands) from MPL Enterprises Ltd. pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their Orders dated April 09, 1999 and August 25, 2000 respectively. The balance is considered good for recovery in the opinion of the management, as the value of the property vested in MPL Enterprises Ltd. is adequate.
- ii) The Company has provided for Rs.7,812 thousands (March 31, 2012 : Rs.7,797 thousands) towards amount recoverable from Manipal Hotels Limited and Rs.12,436 thousands (March 31, 2012 : Rs.16,191 thousands) towards amount recoverable 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 books.

- b) Unsecured Short term Loans includes Rs.9,489 thousands(March 31, 2012 : Rs.9,489 thousands) which represents advances given on Capital account by Manipal Hotels Ltd. ("MHL" / subsidiary company) to a venture in hotel industry, the balance of which is subject to confirmation. The capital advance as stated in the balance sheet (net of provisions) is considered good and recoverable. The subsidiary Company's ability to continue as a "Going Concern" largely depends upon the recovery of the aforesaid amount. The accounts have been prepared on a "Going Concern" basis on the assumption that the company will be able to recover the advance.

2.15 **Other current assets**

*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
Interest accrued on term deposits	2,690	3,601
Accrued Income	136	
<b>Total</b>	<b>2,826</b>	<b>3,601</b>

2.16 **Revenue from operations**

*Rupees in Thousands*

Particulars	2012-13	2011-12
Hire purchase income	25	6
Interest on loans and advances	1,505	88
Bad debts recovered	13,633	8,770
Service charges and commission	1,950	2,876
Sale of Mobiles and Accessories	14,169	-
<b>Total</b>	<b>31,282</b>	<b>11,740</b>

2.17 **Other income**

*Rupees in Thousands*

Particulars	2012-13	2011-12
Dividend received from		
Non Current Investments	1,213	1,968
Others	146	90
Interest on term deposit	5,557	5,182
Other interest	4,348	80
Profit on sale of owned / leased assets	1,024	17
Profit on sale of shares and securities	1,582	-
Rent	6,118	5,542
Sundry Balances written back	7,535	-
Excess provision for gratuity reversed [Refer Note No. 2.28 (c)]	112	1,365
Excess provision for non performing assets written back	-	1,518
Miscellaneous income	25	18
<b>Total</b>	<b>27,660</b>	<b>15,780</b>

**2.18 Purchases**
*Rupees in Thousands*

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Purchase of traded goods		
MTS Mobiles and Accessories		
Handsets	<b>2,366</b>	—
Rechargeable Vouchers	<b>2,209</b>	—
Electronic Charge	<b>10,028</b>	—
Others	<b>48</b>	—
<b>Total</b>	<b>14,651</b>	—

**2.19 Changes in inventories of traded goods**
*Rupees in Thousands*

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Stock at the beginning of the year		
MTS Mobiles and Accessories	—	—
Shares and securities	<b>28</b>	—
(a)	<b>28</b>	—
Stock at the end of the year		
MTS Mobiles and Accessories	<b>1,078</b>	
Shares and securities	<b>298</b>	28
(b)	<b>1,376</b>	28
<b>Total</b>	<b>(a-b) (1,348)</b>	<b>(28)</b>

**2.20 Employee benefits expense**
*Rupees in Thousands*

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Salaries, wages and bonus	<b>6,638</b>	7,107
Contribution to provident and other funds [ Refer Note No. 2.28 ]	<b>857</b>	855
Gratuity	—	18
Staff welfare expenses	<b>441</b>	361
<b>Total</b>	<b>7,936</b>	8,341

**2.21 Other Expenses**
*Rupees in Thousands*

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
Rent, rates and taxes	<b>1,848</b>	2,262
Printing and stationery	<b>205</b>	206
Directors sitting fees	<b>27</b>	30
Travelling and conveyance	<b>1,225</b>	1,550
Postage, telegram and telephones	<b>379</b>	455
Insurance	<b>14</b>	28
<i>Repairs and Maintenance:</i>		
Buildings	<b>812</b>	433
Vehicles	<b>40</b>	45

*Rupees in Thousands*

Particulars	2012-13	2011-12
Others	369	421
Advertisement and Business Promotion	313	307
Legal & Professional Charges	4,523	475
<i>Auditors Remuneration:</i>		
Audit Fees	163	161
Tax Audit Fees	28	28
Certification	28	28
Service Charges	196	145
Loss on sale of Assets	–	13
Bad Debts written off (net)	525	–
Sundry balances written off	116	562
Sundry Expenses	201	201
<b>Total</b>	<b>11,012</b>	<b>7,350</b>

**2.22 Finance Costs**

*Rupees in Thousands*

Particulars	2012-13	2011-12
Interest on working capital loan from bank	4,741	4,892
Interest on delay in payment of taxes	3	467
Bank charges	70	82
<b>Total</b>	<b>4,814</b>	<b>5,441</b>

**2.23 Depreciation and amortization expense**

*Rupees in Thousands*

Particulars	2012-13	2011-12
Depreciation on tangible assets	517	525
Depreciation on investment property	1,106	1,106
Less: Transfer from revaluation reserve	(754)	(754)
<b>Total</b>	<b>869</b>	<b>877</b>

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

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

## 2.25 Contingent liabilities and commitments

*Rupees in Thousands*

Particulars	March 31, 2013	March 31, 2012
Contingent liabilities:		
Guarantee issued in favour of bankers	320	320
Share in outstanding bank guarantees furnished by banks by Associate *	10,120	8,720
Claims against the company/disputed liabilities not acknowledged as debt/liabilities	1,334	1,334
Income Tax **	102,404	130,333

\* ICDS Securities Limited ("associate") has given Bank guarantees to National Stock Exchange in respect of regular operation which are issued against 50% margin comprising of 25% of Term deposit margin and 25% collateral security of land and building. Amount restricted to the extent of shares held by the Company in associate.

\*\* Income tax demand represents Rs.102,404 thousands (March 31, 2012: Rs.102,404 thousands) in respect of Block assessment held for the period from 1987-88 to 1997-98 following the Order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed an Special Leave Petition (SLP) with Hon'ble Supreme Court of India against the Order of Hon'ble High Court of Karnataka. The Company has deposited Rs.46,232 thousands (March 31, 2012: Rs.40,222 thousands) against the said demanded Tax. The Company has offered one of its immovable property as security which is free of any encumbrances. Based on the decisions of the Appellate authorities/Courts and the interpretations of other relevant provisions, the Company has been legally advised that the demands raised on account of block assessment and disallowance of depreciation would get vacated and accordingly no provision is considered necessary.

## 2.26 Deferred tax

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

## 2.27 Calculation of Earning per share

Sl. No.	Particulars	2012-13	2011-12
a.	Nominal value per share (in Rupees)	10	10
b.	Net Profit available for equity share holders (Rupees in thousands)	33,454	4,073
c.	Weighted Average No. of Equity Shares (Nos.)	13,026,700	13,026,700
d.	Basic / Diluted EPS of Rs.10/- each (in Rupees)	2.57	0.31

## 2.28 Employee Benefits

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



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

Brief description of the Plans :

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

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

*Rupees in Thousands*

SI. No.	Particulars	2012-13	2011-12
i.	Provident and pension fund	561	573
ii.	Employee state insurance	186	214
<b>Total</b>		<b>747</b>	<b>787</b>

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

*Rupees in Thousands*

SI. No.	Particulars	2012-13	2011-12
i.	<i>Change in Defined Benefit Obligation</i>		
	Opening defined benefit obligation	2,989	3,064
	Current service cost	134	137
	Interest cost	239	245
	Actuarial loss / (gain)	(59)	46
	Benefits paid	(69)	(503)
	Closing defined benefit obligation	3,234	2,989
ii.	<i>Change in fair value of assets</i>		
	Opening fair value of plan assets	4,697	4,755
	Expected return on plan assets	426	410
	Contributions by employer	3	34
	Benefits paid	(69)	(502)
	Closing fair value of plan assets	5,057	4,697
iii.	Actual return on plan assets	426	410

*Rupees in Thousands*

Sl. No.	Particulars	2012-13	2011-12
iv.	The major category of plan assets as a percentage of the fair value of total plan assets are as follows:		
	Investment with Insurer managed funds	<b>100%</b>	100%
v.	<i>Amount recognised in the balance sheet</i>		
	Present value of obligations as at year end	<b>3,234</b>	2,989
	Less: Fair value of plan assets as at year end	<b>5,057</b>	4,697
	Net (asset) / liability recognised	<b>(1,823)</b>	(1,708)
vi.	<i>Expenses recognised in the Statement of Profit and Loss</i>		
	Current service cost	<b>134</b>	137
	Interest on defined benefit obligation	<b>239</b>	245
	Expected return on plan assets	<b>(426)</b>	(410)
	Net actuarial loss / (gain) recognised in the current year	<b>(59)</b>	46
	Total expense charged to statement of profit and loss	<b>(112)</b>	18
vii.	<i>Principal actuarial assumptions used</i>		
	Discount rate (p.a.)	<b>8.00%</b>	8.00%
	Expected rate of return on plan assets (p.a.)	<b>9.07%</b>	8.62%
	Rate of increase in compensation levels	<b>3.50%</b>	3.50%
	Mortality table	<b>LIC (1994-96)</b>	LIC (1994-96)
	Retirement age	<b>58 Years</b>	58 Years
viii.	<i>Experience adjustments</i>		
	Defined benefit obligation	<b>3,234</b>	2,989
	Plan assets	<b>5,057</b>	4,697
	Deficit / (surplus)	<b>(1,823)</b>	(1,708)
	Experience adjustments on plan liabilities	<b>(59)</b>	46
ix.	<i>Excess provision for gratuity reversed as on April 1, 2011</i>		
	Opening defined benefit obligation as per Books	-	4,429
	Opening present value of defined benefit obligation as per LIC Statement	-	(3,064)
	Excess provision reversed in the statement of profit and loss	-	1,365

*Rupees in Thousands*

Sl. No.	Particulars	2012-13	2011-12
x.	Data for defined gratuity benefit obligation and fair value of planned assets are as under :		
	Present value of defined benefit obligations at the end of the year	3,234	2,989
	Fair value of plan assets at the end of the year	5,057	4,697
	Net (assets) / liability at the end of year	(1,823)	(1,708)

**Notes:**

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

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

Associate Companies/Institutions	ICDS Securities Limited The Canara Land Investments Limited Bluecross Builders and Investors Limited
Key Management Personnel and their Relatives	T. Mohandas Pai – Chairman and Whole-time Director  T. Ashok Pai – Relative of Director

**Details of the transactions :**

*Rupees in Thousands*

Sl. No.	Particulars	2012-13	2011-12
a.	Investment in Equity Shares		
	– Associate Companies		
	ICDS Securities Limited	–	11,908
b.	Reimbursement of Expenses		
	– Associate Companies		
	Bluecross Builders and Investors Limited	18	–
c.	Outstanding balances as at 31-03-2013		
	Due from / (To)		
	– Associate companies		
	Bluecross Builders and Investors Limited	41	23

2.30 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:

*Rupees in Thousands*

Particulars	2012-13	2011-12
<b>Name of the Associate : ICDS Securities Limited</b>		
Ownership interest (%)	40.00%	40.00%
Original cost of investments	23,336	23,336
Amount of Goodwill / (Capital Reserve) (net)	1,138	1,138
Share of post acquisition profits	2,980	6,027
Carrying cost of investments	26,316	29,363
<b>Name of the Associate : Blue Cross Builders and Investors Limited</b>		
Ownership interest (through Manipal Properties Limited) (%)	47.60%	47.60%
Original cost of investments	1,001	1,001
Amount of Goodwill *	-	-
Share of post acquisition loss *	(1,001)	(1,001)
Carrying cost of investments **	-	-

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

\*\* Valuation of investments in Bluecross Builders and Investors Limited on the basis of provisional Financial Statements for the year ended March 31, 2013 in the absence of Audited financial statements of the Associate Companies.

2.31 **Consolidated Segment Information**

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

*Rupees in Thousands*

Revenue	Financial Services (Recovery activities)	Trading Activities	Rent on Premises	Others	Eliminations	Consolidated
External Sales	15,508	14,169	4,841	1,950		36,468
	23,213	-	4,335	-		27,548
Inter segment Sales	345	-	-	-	(345)	-
	1,859	-	-	-	(1,859)	-
Total Revenue	15,853	14,169	4,841	1,950	(345)	36,468
	25,072	-	4,335	-	(1,859)	27,548
<b>RESULT</b>						
Segment result	(5,230)	(883)	(277)	1,001	3,578	(1,811)
	(3,701)	-	233	(15)	(2,423)	(5,906)

Revenue	Financial Services (Recovery activities)	Trading Activities	Rent on Premises	Others	Eliminations	Consolidated
Interest Income						9,905
Dividend Income						5,262
<i>Other Income</i>						1,359
						2,058
						11,555
						4,125
<b>Profit before tax</b>						<b>21,008</b>
						<b>5,539</b>
Income Taxes						12,446
						(47)
Share of loss of associate						(3,047)
						(1,419)
<b>Net Profit</b>						<b>30,407</b>
						<b>4,073</b>

Other Information	Financial Services (Recovery activities)	Trading Activities	Rent on Premises	Others	Eliminations	Consolidated
Segment Assets	198,124	1,171	30,602	10,008		239,905
	<i>192,515</i>		<i>41,166</i>	–		<i>233,681</i>
Segment Liabilities	145,817	–	1,887	6		147,710
	<i>228,190</i>		<i>1,904</i>	–		<i>230,094</i>
Capital Expenditure						142
Depreciation and Lease	705		164	–		869
Equalisation (net)	713		164			877
Other Non Cash expenses						116
Excess provision written back (net)	3,215		–	–	(3,740)	(525)
	<i>4,386</i>		–	–	<i>(1,503)</i>	<i>2,883</i>

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

- 2.32 The Company has entered into certain cancellable operating lease agreements mainly for office premises and same has been charged to Statement of Profit and Loss amounting to Rs.297 thousands (March 31, 2012 : Rs.253 thousands).
- 2.33 In the opinion of the management, loans and advances, current and non current assets are good and recoverable and no provision is considered necessary.
- 2.34 Figures of the previous year wherever necessary, have been reworked, regrouped, reclassified and rearranged to conform with those of the current year.

---

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

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

Place: Mumbai  
Date : May 29, 2013

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

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

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

Place: Manipal  
Date : May 29, 2013

## Consolidated Cash Flow Statement for the year ended March 31, 2013

Rupees in Thousands

	2012-13	2011-12
<b>(A) Cashflow From operating activities</b>		
<b>Profit before tax</b>	21,008	5,539
Adjustments for:		
Depreciation and amortization expense	869	877
Interest expenses	4,741	4,892
Loss on sale/Discard of fixed assets	-	13
Profit on sale of fixed assets	(1,024)	(17)
Profit on sale of shares	(1,582)	-
Interest on term deposits	(5,557)	(5,182)
Other interests	(86)	(14)
Dividends	(1,359)	(2,058)
Excess Provision written back	(57,574)	(1,518)
Excess provision for gratuity reversed	(112)	(1,365)
Sundry balances written back	(7,535)	-
Sundry balances written off	116	-
Bad debts written off	-	562
Provision/write offs	58,099	-
<i>Operating profit before working capital changes</i>	<u>10,004</u>	<u>1,729</u>
<i>Adjustments for change in working capital</i>		
(Increase)/ Decrease in Trade receivables	(53)	(105)
(Increase)/ decrease in short term loans & advances and other assets	5,782	27,419
(Increase)/ decrease in Inventories	(330)	862
Increase/(decrease) in Trade Payables and other liabilities	(6,537)	(5,567)
<i>Cash generated from operations</i>	<u>8,846</u>	<u>24,338</u>
Less: Interest paid	(5,882)	(8,155)
Income Tax (paid)/refunded	(6,193)	(11,221)
<b>Net cash from/(used in) operating activities</b>	<u>(3,229)</u>	<u>4,962</u>
<b>(B) Cash flow from Investing activities</b>		
Purchase of Fixed and Leased Assets	(142)	(341)
Sale of Fixed & Leased Assets	1,555	20
Sale of Investments	1,582	-
Purchase of Investments	-	(11,908)
Decrease/(increase) in restricted deposits/bank balances	(2,964)	3,312
Interest received	6,554	3,932
Dividend received	1,359	2,058
<b>Net cash from/(used in) investing activities</b>	<u>7,944</u>	<u>(2,927)</u>
<b>(C) Cash flow from Financing activities</b>		
Proceeds/(Redemption) of debentures	-	(16)
Proceeds/(Redemption) of Subordinated debts	-	(5)
Proceeds/(Payment) of Public Deposits	(154)	(1,359)
Increase/(Decrease) of Bank Borrowing	(3,088)	(61)
<b>Net Cash from/(used in) Financing Activities</b>	<u>(3,242)</u>	<u>(1,441)</u>
<b>Net Increase/(Decrease) in Cash equivalents (A+B+C)</b>	<u>1,473</u>	<u>594</u>
Cash and Cash Equivalents at Beginning of the Year	<u>4,224</u>	<u>3,630</u>
<b>Cash and Cash Equivalents at End of the Year</b>	<u><u>5,697</u></u>	<u><u>4,224</u></u>

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

2. Previous year figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

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

As per our report of even date

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

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

Place: Mumbai  
Date: May 29, 2013

Place: Manipal  
Date: May 29, 2013

# MANIPAL HOTELS LIMITED

Twenty fifth Annual Report and Accounts for the year ended 31<sup>st</sup> March, 2013

## 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 fifth Annual Report and Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2013.

## REVIEW OF OPERATIONS

During the year under report company did not do any worthwhile business and incurred a net loss of Rs.15,652/-.

## DIRECTORS

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

Particulars regarding conservation of energy and technology absorption : Nil

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

## DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that

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

## AUDITORS

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

For and on behalf of the Board

Place : Manipal  
Date : 25-05-2013

Sd/-  
**T. MOHANDAS PAI**  
Director

Sd/-  
**T. SATISH U. PAI**  
Director

## AUDITORS REPORT TO THE SHAREHOLDERS

To the Members of MANIPAL HOTELS LIMITED, CHENNAI

### Report on the Financial Statements

We have audited the accompanying financial statements of Manipal Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

*We are unable to comment on the ultimate recoverability of the amounts stated in Note 6 to the Balance Sheet under the head "Short term loans and advances" amounting in total Rs.94,88,931 (net of provisions). (P. Y. Rs.94,88,931 net of provisions). The net worth of the Company would have been fully eroded, had the Company made full provision for these amounts and thereby raising a doubt about the Company to continue as a going concern. The account, however has been prepared on a "going concern basis" in view of management perception as detailed in Note No. 9.03 of the Financial Statements.*

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the Basis of Qualified Opinion paragraph, the financial statements give the information required by the Act 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 March 31, 2013;
- 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 for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by Section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - in our opinion, the Balance Sheet, Statement of Profit and Loss, 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 March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Sd/-  
**Ananthanarayana Pai K.**  
Partner (M.No.: 24541)  
Place : Manipal  
Date : 25-05-2013

Place of Signature : Manipal  
Date : 25-05-2013

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Issued to the Members of MANIPAL HOTELS LIMITED) REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF EVEN DATE

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

- The Company does not own any fixed assets and therefore the question of commenting on the fixed assets, as required under Clause 4(i) of the Order does not arise.
- The Company does not hold any inventory at any time during the year under audit. Therefore the provisions of Clause 4(ii) of the Order not applicable to the Company.
- According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of Clause 4(iii) of the Order are not applicable to the Company.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, in respect of the expenses incurred and there are no continuing failures to correct major weakness in internal control system.
- In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
  - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that needed to be entered into the register.
  - For the reasons given in 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



# MANIPAL HOTELS LIMITED

the immediate preceding financial year. Had the Company made full provision (as stated under the paragraph "Basis of Qualified Opinion" in the main Report) for the amounts stated therein, it would have accumulated losses more than its Net worth.

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

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

Sd/-  
**Ananthanarayana Pai K.**  
Partner (M.No.: 24541)  
Place : Manipal  
Date : 25-05-2013

Place of Signature : Manipal  
Date : 25-05-2013

## BALANCE SHEET AS ON 31-03-2013

Particulars	Note No.	31-03-2013		31-03-2012	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES :</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	1	5,00,000		5,00,000	
b) Reserves & Surplus	2	12,06,407	17,06,407	12,22,059	17,22,059
<b>2. Current Liabilities</b>					
Other Current Liabilities	3	78,17,765	78,17,765	78,02,565	78,02,565
<b>TOTAL</b>		<b>95,24,172</b>	<b>95,24,172</b>	<b>95,24,624</b>	<b>95,24,624</b>
<b>II. ASSETS :</b>					
<b>1. Non-current assets</b>					
Non-current investments	4	1,100	1,100	1,100	1,100
<b>2. Current assets</b>					
a) Cash and Cash Equivalents	5	34,141		34,593	
b) Short term loans and advances	6	94,88,931	95,23,072	94,88,931	95,23,524
<b>TOTAL</b>		<b>95,24,172</b>	<b>95,24,172</b>	<b>95,24,624</b>	<b>95,24,624</b>

## OTHER DISCLOSURES TO ACCOUNTS

The notes are an integral part of these financial statements

Sd/-  
**T. MOHANDAS PAI**  
Director

Sd/-  
**T. SATISH U. PAI**  
Director

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

Sd/-  
**CA ANANTHANARAYANA PAI K.**  
Partner (M.No. 024541)  
Place : Manipal  
Date : 25-05-2013

Place : Manipal  
Date : 25-05-2013

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-03-2013

Particulars	Note No.	2012-13		2011-12	
		Rs.	Rs.	Rs.	Rs.
<b>I. Revenue:</b>					
Revenue from Operations		-	-	-	-
Other Income		-	-	-	-
<b>TOTAL REVENUE</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>II. EXPENSES</b>					
Other Expenses	7	15,652		15,001	
<b>TOTAL EXPENSES</b>		<b>15,652</b>		<b>15,001</b>	
<b>Profit (Loss) Before Exceptional, Extraordinary Items and Tax</b>		<b>(15,652)</b>		<b>(15,001)</b>	
Exceptional Items		-	-	-	-
<b>Profit (Loss) before Extraordinary Items and Tax</b>		<b>(15,652)</b>		<b>(15,001)</b>	
Extraordinary Items		-	-	-	-
<b>Profit (Loss) before tax</b>		<b>(15,652)</b>		<b>(15,001)</b>	
Tax expense		-	-	-	-
<b>Profit (Loss) for the year</b>		<b>(15,652)</b>		<b>(15,001)</b>	
Earning per Equity Share (Equity share of Rs.10/- each)	8				
Basic in Rs.Ps. (Negative)		(0.31)		(0.30)	
Diluted in Rs.Ps. (Negative)		(0.31)		(0.30)	
<b>OTHER DISCLOSURES TO ACCOUNTS</b>					
	9				

The notes are an integral part of these financial statements

Sd/-  
**T. MOHANDAS PAI**  
Director

Sd/-  
**T. SATISH U. PAI**  
Director

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

Sd/-  
**CA ANANTHANARAYANA PAI K.**  
Partner (M.No. 024541)  
Place : Manipal  
Date : 25-05-2013

Place : Manipal  
Date : 25-05-2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	2012-2013		2011-2012	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net Profit/(Loss) before tax		(15,652)		(15,001)
Adjustment required		-		-
<b>Operating profit before working capital changes</b>		<b>(15,652)</b>		<b>(15,001)</b>
Adjustment for changes in Working Capital				
Increase/(Decrease) in other Current Liabilities		15,200		14,773
<b>Cash generated from operations</b>		<b>(452)</b>		<b>(228)</b>
Taxes Refund/(Paid)		-		-
<b>Net Cash used in operating activities</b>		<b>(452)</b>		<b>(228)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Net Increase / (Decrease) in Cash and Cash Equivalents		(452)		(228)
<b>Cash and Cash Equivalents (Opening Balance)</b>		<b>34,593</b>		<b>34,821</b>
<b>Cash and Cash Equivalents (Closing Balance)</b>		<b>34,141</b>		<b>34,593</b>

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

Sd/-  
**T. MOHANDAS PAI**  
Director

Sd/-  
**T. SATISH U. PAI**  
Director

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

Sd/-  
**CA ANANTHANARAYANA PAI K.**  
Partner (M.No. 024541)  
Place : Manipal  
Date : 25-05-2013

Place : Manipal  
Date : 25-05-2013

# MANIPAL HOTELS LIMITED

NOTES TO ACCOUNTS FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2013

	31-03-2013 Rs.	31-03-2012 Rs.
<b>NOTE 1:</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital:		
25,00,000 Equity Shares of Rs.10/- each	2,50,00,000	2,50,00,000
4,00,000 Redeemable Cumulative Preference Shares of Rs.100 each	4,00,00,000	4,00,00,000
	<u>6,50,00,000</u>	<u>6,50,00,000</u>
Issued, Subscribed & Paid-up Capital:		
50,000 (P.Y. 50,000) Equity Shares of Rs.10/- each fully paid-up	500,000	500,000
	<u>5,00,000</u>	<u>5,00,000</u>

**Note 1.01: Reconciliation of number of shares**

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Amount (Rs.)	Number of Shares	Amount (Rs.)
Equity Shares at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Adjustments during the year (Additions/ Deductions)	-	-	-	-
Equity Shares at the close of the year	<u>50,000</u>	<u>5,00,000</u>	<u>50,000</u>	<u>5,00,000</u>

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

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

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Amount (Rs.)	Number of Shares	Amount (Rs.)
Equity Shares				
50000 (P.Y. 50000) Equity Shares of Rs.10/- each held by holding co. ICDS Ltd. and its nominees	50,000	5,00,000	50,000	5,00,000

**Note 1.03: Shares held by holding Company**

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Percentage	Number of Shares	Percentage
Equity shares				
ICDS Ltd. being holding company and its nominees	50000	100.00	50000	100.00

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

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Percentage	Number of Shares	Percentage
Equity shares				
ICDS Ltd. being holding company and its nominees	50000	100.00	50000	100.00

**NOTE 2:**

	31-03-2013		31-03-2012	
	Rs.	Rs.	Rs.	Rs.
<b>RESERVES &amp; SURPLUS</b>				
Surplus in Statement of Profit & Loss				
Balance at the beginning of the year	12,22,059	12,37,060	12,37,060	15,001
Profit/(Loss) for the Year	<u>12,06,407</u>	<u>12,22,056</u>	<u>12,22,056</u>	<u>12,22,059</u>
Less: Appropriations	-	12,08,407	-	12,22,059
	-	<u>12,06,407</u>	-	<u>12,22,059</u>

**NOTE 3:**

	31-03-2013		31-03-2012	
	Rs.	Rs.	Rs.	Rs.
<b>OTHER CURRENT LIABILITIES</b>				
(Also refer Note No. 3.01)				
Amount due to Related Party to Holding Company (ICDS Limited)	78,12,147	77,96,947	78,12,147	77,96,947
Liabilities for expenses	5,618	5,618	78,02,565	78,02,565
	<u>78,17,765</u>	<u>78,02,565</u>	<u>78,17,765</u>	<u>78,02,565</u>

**Note 3.01:** 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 & Medium Enterprises Development Act, 2005. Hence the further disclosure requirements as required under Micro, Small & Medium Enterprises Development Act, 2005 and also as per Schedule VI to the Companies Act, 1956 does not arise.

**NOTE 4:**

	31-03-2013		31-03-2012	
	Rs.	Rs.	Rs.	Rs.
<b>NON CURRENT INVESTMENTS</b>				
Investment in equity Instruments				
Unquoted Shares (Non trade) (at cost)				
11 Shares of Rs.100/- each held in Manipal Properties Ltd.	1,100	1,100	1,100	1,100
(P.Y. 11 shares of Rs.100 each)	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>
Aggregate amount of unquoted investments	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>

**NOTE 5:**

	31-03-2013		31-03-2012	
	Rs.	Rs.	Rs.	Rs.
<b>CASH AND CASH EQUIVALENTS</b>				
a) Cash in hand	-	-	-	-
b) Balance with banks in Current Accounts	34,141	34,593	34,593	34,593
	<u>34,141</u>	<u>34,593</u>	<u>34,593</u>	<u>34,593</u>

**NOTE 6:**

	31-03-2013		31-03-2012	
	Rs.	Rs.	Rs.	Rs.
<b>Short term Loans and Advances (Unsecured)</b>				
(balance after provisions considered good)				
Advances on Capital Account	1,35,18,333	1,35,18,333	1,35,18,333	1,35,18,333
Less: Provision made for Doubtful assets	47,00,000	88,18,333	47,00,000	88,18,333
Other Advances	<u>6,70,598</u>	<u>6,70,598</u>	<u>6,70,598</u>	<u>6,70,598</u>
	<u>94,88,931</u>	<u>94,88,931</u>	<u>94,88,931</u>	<u>94,88,931</u>

**NOTE 7:**

	31-03-2013		31-03-2012	
	Rs.	Rs.	Rs.	Rs.
<b>OTHER EXPENSES</b>				
Legal and Professional Charges	9,582	9,071	9,582	9,071
Remuneration to Auditors For Statutory Audit	5,618	5,618	5,618	5,618
Miscellaneous Expenses	452	452	452	452
	<u>15,652</u>	<u>15,141</u>	<u>15,652</u>	<u>15,141</u>

**NOTE 8:**

<b>EARNING PER SHARE</b>			
Loss as per Profit and Loss Account - A	(15,852)	(15,001)	(15,001)
Number of Equity Shares of Rs.10 each - B	50,000	50,000	50,000
Earning per Share (A/B) in Rs. Ps. : Basic (Negative)	(0.31)	(0.30)	(0.30)
	Diluted (Negative)	(0.31)	(0.30)

**NOTE 9:**

**OTHER DISCLOSURES TO ACCOUNTS (YEAR ENDING 31ST MARCH, 2013)**

**9.01 Significant Accounting Policies :**

**Basis of Accounting:** The accounts have been prepared to comply in a 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 management's 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 provision 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 limiting differences being the difference between the taxable income and accounting income that originates 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 Disclosures as to segment reporting not applicable.

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

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

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

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

**9.03 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.)			
<b>Details of transactions are as follows:</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>Current Year</b>	<b>Previous Year</b>	<b>Rs.</b>

Amount received from Holding company towards meeting expense	15,200	13,567	
M/s ICDS Limited			
Amount due to Holding Company	78,12,147	77,96,947	
M/s ICDS Limited			
Investment held in Associate Companies			
Manipal Properties Ltd. - 11 equity shares of Rs.100/- each	1100	1100	

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

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

**9.04 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 31<sup>st</sup> March, 2013.**

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

**9.06 There are no contingent liabilities.**

**9.07 Previous years amounts regrouped/rearranged wherever necessary.**

<i>Sd/-</i> <b>T. MOHANDAS PAI</b> <i>Director</i>	<i>Sd/-</i> <b>T. SATISH U. PAI</b> <i>Director</i>	As per our report of even date For <b>Pai Nayak &amp; Associates</b> <i>Chartered Accountants</i> Firm Registration No.: 009090S
--	---	---

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

Place : Manipal  
Date : 25-05-2013

Place : Manipal  
Date : 25-05-2013

# MANIPAL PROPERTIES LIMITED

Fourteenth Annual Report and Accounts for the year ended 31<sup>st</sup> March, 2013

## BOARD OF DIRECTORS

1. Sri T. Satish U. Pai
2. Sri H. N. S. Rao
3. Sri K. Govindraya S. Kamath

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fourteenth Annual Report and Audited Balance sheet of the Company as at 31<sup>st</sup> March, 2013.

## REVIEW OF OPERATIONS

During the year under report Company earned a total income of Rs.49,26,977/- incurred an expenditure of Rs.51,17,714/- and incurred a net profit after tax of Rs.3,45,127/-

## DIRECTORS

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

Mr. S. Panduranga Kini, Director resigned from the Board owing to personal reasons and Mr. K. Govindraya S. Kamath, appointed as an additional director pursuant to Section 260 of the Companies Act, 1956 to hold office upto the date of this Annual General Meeting. The Board recommends his appointment as Director in the ensuing annual general meeting and also places on record its sincere appreciation to the active involvement and support extended by Mr. S. Panduranga Kini during his tenure as Director in the Company.

Particulars regarding conservation of energy and technology absorption: Nil

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

## SECRETARIAL COMPLIANCE CERTIFICATE

The Company appointed Mr. S. Ramachandra Bhat, Practicing Company Secretary for the certificate of compliance under Section 383A (1) of the Companies Act, 1956 for the financial year 2012-2013. The Certificate is attached with the Directors' Report.

## DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that:

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

## AUDITORS

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

For and on behalf of the Board

Place : Manipal  
Date : 25-05-2013

Sd/-  
H. N. S. RAO  
Director

Sd/-  
T. SATISH U. PAI  
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 31<sup>st</sup> March, 2013. 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 5<sup>th</sup> May, 2012, 24<sup>th</sup> August, 2012, 30<sup>th</sup> November, 2011 and 30<sup>th</sup> March, 2013 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 14<sup>th</sup> Annual General Meeting for the financial year ended on 31-3-2012 was held on Monday, the 27<sup>th</sup> day of August, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there has not been any instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.

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

Place : Manipal  
Date : 20-05-2013

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

## ANNEXURE - A

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

### Registers as maintained by the Company:-

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

## ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31<sup>st</sup> March, 2013 within the stipulated time period without any delay in filing:

1. Form 66 In respect of Compliance Certificate u/s 383 A vide SRN P89036909 dated 24-08-2012.
2. Form 23AC XBRL and 23ACA XBRL in respect of Annual Report containing Directors Report, Auditors Report, Balance Sheet and Profit and Loss Account for the financial year ended 31<sup>st</sup> March, 2012 vide SRN Q04576084 dtd. 19-12-2012.
3. Form 20B in respect of Annual Return u/s 159 vide SRN P91839290 dtd. 25-10-2012.
4. Form 23B notifying acceptance of appointment to the office of Auditor was filed with ROC Office vide SRN S13949169 dtd. 3-9-2012.

Place : Manipal  
Date : 20-05-2013

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

# MANIPAL PROPERTIES LIMITED

To the Members of MANIPAL PROPERTIES LIMITED, CHENNAI

**Report on the Financial Statements**

We have audited the accompanying financial statements of Manipal Properties Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India of the state of affairs of the Company as at March 31, 2013,

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date;
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement don't with by this Report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Pal Nayak & Associates  
Chartered Accountants  
Registration Number: 0090908

Sd/-  
Ananthanarayana Pal K  
Partner  
M. No.: 24541

Place of Signature : Manipal  
Date : 25-05-2013

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT  
(referred to the Members of MANIPAL PROPERTIES LIMITED)**

**"REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF EVEN DATE**

As required by the Companies (Auditors' 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:

- i) in respect of its fixed assets,
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) 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.
  - c) 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.
- ii) The Company does not hold any inventory at any time during the year under audit. Therefore the provisions of Clause 4(i) of the Order not applicable to the Company.
- iii) 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(ii) of the Order are not applicable to the Company.
- iv) 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 weaknesses in internal control system.
- v) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956,
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that needed to be entered into the register.
  - b) For the reasons given in sub-clause (a) above, the provisions of sub-clause (b) of Clause (v) of Part 4 of the Order is not applicable.
- vi) The Company has not accepted any amount as deposits from the public. Therefore para 4 (v) of the order not applicable.

- vii) 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(vi) of the order relating to Internal audit not applicable to the Company.
- viii) The maintenance of cost records under Section 208(1)(d) of the Companies Act, 1956 is not applicable to the Company, since no such records prescribed by the Central Government.
- ix) 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(x)(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/ Customs Duty/ Excise Duty/ Cess and therefore giving information as required under Clause 4(x)(b) of the order does not arise.
- x) The Company has accumulated losses as at the end of the year, but the same is less than 50% of its networth. The Company has not incurred cash losses during the financial year under audit & in the immediate preceding financial year. However the Company has incurred loss during the year, due to the fact that the Company has made due provision for the diminution in the value of investments. We have considered such provision as non cash item, for the purpose of arriving at the conclusion under this paragraph.
- xi) 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(c) of the order does not arise.
- xii) 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.
- xiii) In our opinion, the Company is not a child fund or non/mutual benefit fund/society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv) The Company is not dealing in shares, securities, debentures and other investments. Therefore the question of giving comments as required under para 4(xiv) of the order does not arise. However the Company has maintained proper records for shares held as investments and the same have held in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) On the basis of verification of books of accounts and according to the information and explanations given to us, the Company has not availed any term loans. Therefore the question of commenting on utilization therein does not arise.
- xvii) According to the information and explanation given to us and on the basis of overall examination of the balance sheet of the Company, we report that short term funds (of the nature "Current Liabilities") have been used for Long Term Investment in Fixed Assets & Investments to the extent of Rs.2,81,10,527 (P. Y. Rs.2,89,30,236).
- 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 issue 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 by the Company was noticed or reported during the year.

For Pal Nayak & Associates  
Chartered Accountants  
Registration Number: 0090908

Sd/-  
Ananthanarayana Pal K  
Partner  
M. No.: 24541

Place of Signature : Manipal  
Date : 25-05-2013

**BALANCE SHEET AS ON 31-03-2013**

Particulars	Note No.	31-03-2013		31-03-2012	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES :</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	1	10,00,000		10,00,000	
b) Reserves & Surplus	2	(89,229)	9,10,771	2,55,898	12,55,898
<b>2. Current liabilities</b>					
Other current liabilities	3		3,14,15,575		3,33,32,031
<b>TOTAL</b>			<b>3,23,26,346</b>	<b>3,23,26,346</b>	<b>3,45,87,929</b>
<b>II. ASSETS :</b>					
<b>1. Non-current assets</b>					
a) Fixed Assets	4	2,90,21,298		2,91,85,184	
b) Non-current Investments	5	-	29,021,298	10,00,950	30,186,134
<b>2. Current assets</b>					
a) Trade Receivable	6	4,40,738		3,88,224	
b) Cash and Cash Equivalents	7	11,39,617		20,68,995	
c) Short term loans and advances	8	17,24,683	33,05,048	19,44,576	44,01,795
<b>TOTAL</b>			<b>3,23,26,346</b>	<b>3,23,26,346</b>	<b>3,45,87,929</b>
<b>OTHER DISCLOSURES TO ACCOUNTS</b>					
15					

The Notes are an integral part of these financial statements

Sd/-  
H. N. S. RAO  
Director

Place: Manipal  
Date : 25-05-2013

As per our report of even date  
Sd/-  
For Pal Nayak & Associates  
Chartered Accountants  
Firm Registration No.: 0090908

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

Place : Manipal  
Date : 25-05-2013



# MANIPAL PROPERTIES LIMITED

NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	31-03-2013 Rs.	31-03-2012 Rs.
--	-------------------	-------------------

**NOTE 9: (also Refer Note below)**

<b>OPERATING INCOME</b>		
Rent on Premises	48,41,053	43,21,348

Note: Rent represents Income earned on renting of premises on given on cancelable operating lease.

**NOTE 10:**

<b>OTHER INCOME</b>		
Interest on Income Tax refund	85,924	14,150
	<u>85,924</u>	<u>14,150</u>

**NOTE 11:**

<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation on Tangible Assets (Refer Note: 4)	1,63,686	1,63,686
	<u>1,63,686</u>	<u>1,63,686</u>

**NOTE 12:**

<b>FINANCE COST</b>		
Interest Paid (to Holding Company)	34,46,767	35,61,135
	<u>34,46,767</u>	<u>35,61,135</u>

**NOTE 13:**

<b>OTHER EXPENSES</b>		
Legal and Consultancy Charges	19,430	17,668
Rates and Taxes	3,10,924	3,10,924
Repairs and Maintenance - Bulding	1,54,433	8,253
Remuneration to Auditors	16,854	16,684
For Statutory Audit	843	828
For Consultancy	3,927	9,922
Miscellaneous Expenses	5,09,111	3,63,269

**NOTE 14:**

<b>EARNING PER SHARE</b>		
Profit (Loss) for the year as per statement of profit and loss account	-345,127	2,00,103
Number of Equity Shares of Rs. 10 each	10,900	10,000
Earning per share (A/B) i.e. Rs. Ps. : Basic (P.Y.: Positive)	(34.51)	20.01
	(34.51)	20.01

**NOTE: 15**

**OTHER DISCLOSURES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013**

15.01 **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/misestimated.

**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. All 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 substantially enacted at the Balance Sheet date, on the timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax is recognised, subject to the considerations of prudence.

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

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

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

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

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

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

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

15.03 List of Related Parties with whom transactions are taken place during the year Holding Company: M/s ICDS Limited, Manipal Associate Concern: M/s Blue Cross Builders and Investors Limited, Manipal M/s Manipal Hotels Ltd., Chennai

**Details of transactions are as follows**

	Rs. Current Year	Rs. Previous Year
<b>A Interest to Holding Company</b>		
M/s ICDS Limited	34,46,767	35,61,135
<b>B Amount due to Holding Company</b>		
M/s ICDS Limited	2,95,29,044	3,14,34,333
<b>C Amount repaid to Holding Company (net of TDS)</b> (after considering the interest charged and net off, amount received for meeting expenses)	50,07,381	20,22,410
<b>D Investment held in Equity Shares of Associate Concern:</b>		
M/s Blue Cross Builders and Investors Limited (No. of Shares held: 99970 of Rs.10 each [P.Y. 99970 shares of Rs.10 each]) (All the shares were Purchased from third party)	10,00,950	10,00,950
<b>E Amount Provided for: (of Associate concern)</b> Provisions for diminution in the value of investments i.e. 99970 equity shares of Rs.10 each in M/s Blue Cross Builders and Investors Limited	10,00,950	-
<b>F Investment by Holding Company &amp; Associate Concerns</b>		
Number of Equity shares of Rs.100 each of the company		
Held by i. Holding Company viz: ICDS Ltd.	9989	(P.Y. 9989)
ii. Associate Company viz: Manipal Hotels Ltd.	11	(P.Y. 11)

No amount pertaining to the related parties has been provided for as doubtful debts/advances or written off/ written back during the year, other than the amounts disclosed in item E above.

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

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

15.06 There are no contingent Liabilities.

15.07 Previous Years amounts were regrouped/rearranged wherever necessary.

As per our report of even date

Sd/- <b>H. N. S. RAO</b> Director	Sd/- <b>T. SATISH U. PAI</b> Director	For <b>Pai Nayak &amp; Associates</b> Chartered Accountants Firm Registration No.: 009090S
		Sd/- <b>CA ANANTHANARAYANA PAI K.</b> Partner (M.No. 024541)

Place: Manipal Date : 25-05-2013 Place : Manipal Date : 25-05-2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	2012-2013 (190,737)	2011-2012 247,208
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) before tax	(190,737)	247,208
Adjustment for:		
Interest income	(85,924)	(14,150)
Depreciation	1,63,686	1,63,686
Diminution in value of investments	10,00,950	-
Interest Paid	34,46,767	35,61,135
	<u>48,25,679</u>	<u>37,10,871</u>
<b>Operating profit before working capital changes</b>	43,34,942	39,58,079
Adjustment for changes in Working Capital		
Decrease/(increase) in Advances and Receivables	(52,514)	(1,04,569)
Increase/(Decrease) in Trade and Other Payables	(19,16,458)	13,03,268
	<u>(19,69,970)</u>	<u>11,98,679</u>
<b>Operating profit before working capital changes</b>	23,65,972	51,56,756
Taxes Refund/(Paid)	65,493	2,23,991
<b>Net Cash flow from/(used in) operating activities</b>	24,31,485	53,80,749
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Net cash flow from investing activities	85,924	14,150
	<u>85,924</u>	<u>14,150</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(34,46,767)	(35,61,135)
Net cash flow from investing activities	(34,46,767)	(35,61,135)
Net Increase / (Decrease) in Cash and Cash Equivalents	(929,378)	18,33,764
Cash and Cash equivalents(Opening Balance)	20,68,996	2,35,231
Cash and Cash equivalents(Closing Balance)	(11,39,617)	20,68,996

Previous Year's figure 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, 2008.

As per our report of even date

Sd/- <b>T. SATISH U. PAI</b> Director	Sd/- <b>H. N. S. RAO</b> Director	For <b>Pai Nayak &amp; Associates</b> Chartered Accountants Firm Registration No.: 009090S
		Sd/- <b>CA ANANTHANARAYANA PAI K.</b> Partner (M.No. 024541)

Place: Manipal Date : 25-05-2013 Place : Manipal Date : 25-05-2013



Regd. Office: Syndicate House, Manipal – 576 104

PROXY FORM

FORTYSECOND ANNUAL GENERAL MEETING

I/We ..... of ..... in the District of ..... being a member/members of the above named Company, hereby appoint ..... of ..... in the District of ..... or failing him ..... of ..... in the District of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held at 4.00 p.m. on Monday, the 23rd September, 2013 and at any adjournment thereof.

Signed this ..... day of ..... 2013.

Folio No. :

No. of Shares :

Strike out whichever is not desired.

Affix Re. 1/- Revenue Stamp

(Signature)

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

CUT HERE



Regd. Office: Syndicate House, Manipal – 576 104

ATTENDANCE SLIP

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

Full Name of the Member attending (IN BLOCK LETTERS) .....

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

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

I hereby record my presence at the Fortysecond Annual General Meeting of the Members of the Company to be held on Monday, the 23rd September, 2013 at 4.00 p.m. at the Rotary Hall, Anant Nagar, Manipal – 576 104.

Regd. Folio No.:

No. of Shares held:

Member's/Proxy's Signature

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

CUT HERE

**BOOK-POST**

*If undelivered please return to :*



Syndicate House  
MANIPAL – 576 104

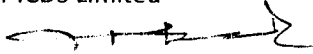


**Annexure A**

Format of covering letter of Annual Audit Report to be filed with the Stock Exchanges

1.	Name of the Company	ICDS Limited
2.	Annual Financial Statement for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit Observation	Un-Qualified/Matter of Emphasis
4.	Frequency of Observation	Whether appeared first time.../repetitive.../since how long period... Not Applicable
5.	To be signed by- <ul style="list-style-type: none"> <li>• CEO-Managing Director</li> <li>• CFO</li> <li>• Auditor of the Company</li> <li>• Audit Committee Chairman</li> </ul>	

For ICDS Limited



T Mohandas Pai  
Chairman & Whole-time-Director



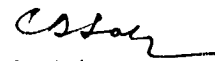
Bharath K Nayak  
Chairman of Audit Committee / CFO



For Chaturvedi & Shah

Chartered Accountants

Firm Registration No.101720W



C D Lala  
Partner

Membership No.35671



Place: Mumbai  
Date: 21/11/13

*Regd. and Admn. Offices:*

Syndicate House, P.B. No. 46, Upendra Nagar, Manipal – 576 104  
Phones : EPABX : 0820-2571121 (11 Lines) Fax : 0820-2571137