



Regd. Office: Syndicate House, Manipal – 576 104

38th Annual Report

2008 – 2009

Whole-time Director : T. Mohandas Pai

Directors : Dr. K. Mohandas Pai
H. N. S. Rao

General Manager : P. R. Nayak

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

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

Bankers : SYNDICATEBANK
CORPORATION BANK
ICICI BANK LTD.

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

NOTICE

NOTICE is hereby given that the 38th ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on Wednesday, the 30th September, 2009 at 4.00 p.m. at the Rotary Golden Jubilee Children's Sports Complex, Near to Sonia Clinic, Anant Nagar, Manipal – 576 104, Udupi District to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date and reports of the Board of Directors and Auditors.
2. To appoint a Director in place of Dr. K. Mohandas Pai who retires by rotation and does not offer himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration. M/s Chaturvedi & Shah, Chartered Accountants, Mumbai are eligible for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT Mr. Bharath K. Nayak, who has consented to act as a Director if appointed, be and is hereby appointed as a Director of the Company in place of Dr. K. Mohandas Pai, who retires at this Annual General Meeting and does not offer himself for re-appointment, in respect of which the Company has received a notice in writing pursuant to Section 257 (1) of the Companies Act, 1956 and that Mr. Bharath K. Nayak's period of office shall be liable to determination by the retirement of Directors by rotation.”

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. H. N. S. Rao, who was appointed as an Additional Director by the Board of Directors at its meeting held on 12th January, 2009 and who ceases to hold office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

By Order of the Board

Registered Office:
Syndicate House
Manipal – 576 104
Date: 30-07-2009

Sd/-
T. Mohandas Pai
Whole-time Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND THE PROXY NEED NOT BE A MEMBER.
2. The Company has transferred unclaimed dividend declared upto the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government. Those who have not encashed their dividend warrants, for whatever reason, for the period to and including 31st March, 1995 are requested to claim amount from the Registrar of Companies, Karnataka, Bangalore. Unclaimed dividend for the year ended 31st March, 1996, 31st March, 1997 and 31st December, 1997 has been transferred by the Company to "Investor Education and Protection Fund" set up by the Central Government and no claims shall lie against the fund or the Company in respect of the amounts so transferred.
3. Members who wish to obtain any information on the Company or view the accounts for the Financial Year ended 31st March, 2009 may visit the Company's corporate website www.icdslimited.com or send their queries at least 10 days before the Annual General Meeting to the Secretarial Department at the Registered Office of the Company.
4. The information as required to be provided under the Listing Agreement with the Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed is given hereunder:

A.	Name	:	Mr. Bharath K. Nayak
	Date of Birth	:	11-04-1964
	Professional Qualification	:	Chartered Financial Analyst (CFA) from the Institute of Chartered Financial Analysts of India, Hyderabad, A.P.
	Membership	:	Member of the Council of Chartered Financial Analysts.
	Expertise in specific functional areas	:	He has got vast experience in Financial Management, Forex Management, Fund Raising and Fund Management, Financial Accounting, Budgeting, Tax Planning and Administration. He is also advising the Top Management on strategic planning and implementation. He has experience of over 24 years in the field and has served many Companies in various capacities.
	List of other directorships held	:	Blue Cross Builders and Investors Ltd. Manipal Entertainment Network Ltd. Canara Security Press Ltd. Manipal Digital Systems Pvt. Ltd. Zeta Cyber Solutions Pvt. Ltd.
	Chairman/Member of the Committees of the Board	:	Nil
	Chairman /Member of the Committees of the Board of other Companies in which he is Director.	:	Nil
B.	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 Limited
Manipal Properties Limited
- Chairman/Member of the Committees of the Board : Member –Audit Committee
Member – Shareholders Grievance Committee
- Chairman / Member of the Committees of the Board of other Companies in which he is Director. : MPL Enterprises Ltd.

5. The Register of Member and Share Transfer Book will remain closed from 25th September, 2009 to 30th September, 2009 (both days inclusive) in connection with 38th Annual General Meeting.

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

Item No. 4

Mr. Bharath K. Nayak is professionally qualified Chartered Financial Analyst (CFA) from the Institute of Chartered Financial Analysts of India, Hyderabad, A.P. and he is a member of the ' Council of Chartered Financial Analysts'. He has got vast experience in the areas of Financial Management, Forex Management, Fund Raising and Fund Management, Financial Accounting, Budgeting, Tax Planning and Administration. He is also advising the Top Management on strategic planning and implementation. He has experience of over 24 years in the field and has served many Companies in various capacities.

Company has received a Notice from a member proposing Mr. Nayak's candidature for the office of the Director in writing along with the required deposit of Rs. 500/- pursuant to Section 257(1) of the Companies Act, 1956.

The Board of Directors is of the opinion that it would be in the best interest of the Company to avail of Mr. Bharath K. Nayak's expertise and that his appointment will be of immense benefit to the Company. No Director of the Company other than Mr. Bharath K. Nayak is interested in the Resolution.

Item No. 5

Mr. H. N. S. Rao has been appointed as an Additional Director by the Board of Directors, at its meeting held on 12th January, 2009 and he holds the office up to this Annual General Meeting. Mr. H. N. S. Rao retired as Dy. General Manager of Syndicate Bank in the month of July, 1996 and joined the Company during 1996 and he had been in service of the Company as General Manager till his appointment as Director.

His continuation on the Board will enable the Company to gain from his considerable experience and expertise in relation to the Company's business. The Company has received a Notice in writing from a member under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/- proposing the candidature of Mr. H. N. S. Rao for the office of Director. The Board recommends his appointment.

No Director of the Company other than Mr. H. N. S. Rao is interested in the Resolution.

By Order of the Board

Registered Office:
Syndicate House
Manipal – 576 104
Date: 30-07-2009

Sd/-
T. Mohandas Pal
Whole-time Director

DIRECTORS' REPORT

The Directors present their THIRTY EIGHTH ANNUAL REPORT and Audited Statement of Accounts for the year ended 31st March, 2009.

(Rs. in '000s)

FINANCIAL RESULTS	31st March,	31st March,
	2009	2008
Income from Operations	5,03,20	7,94,56
Other Income	83,26	1,25,69
Writeback of provisions	4,99,53	11,78,92
Total Income	10,85,99	20,99,17
Less: Operating Expenses	2,28,29	5,24,11
	8,57,70	15,75,06
Less: Interest	27,60	19,82
Profit/(Loss) before Depreciation	8,30,10	15,55,24
Less: Depreciation	36,73	35,18
Profit/(Loss) after Depreciation	7,93,37	15,20,06
Less: Bad debts written off	77	1,94
Profit/(Loss) before Tax	7,92,60	15,18,12
Less: Fringe Benefit Tax	1,57	1,61
Profit/(Loss) after Tax	7,91,03	15,16,51
Add: (Loss) brought forward	(48,76,18)	(63,92,69)
(Loss) carried forward	(40,85,15)	(48,76,18)

REVIEW OF OPERATIONS

The Company has not done any financing activity during the year to comply with the undertaking given to the Hon. High Court of Karnataka. The Company is continuing the fee based activities like Insurance, Broking and Retailing for both Life and General Insurance and also providing other services like collection of telephone bills for Telephone Service Provider. Besides, the company is focussing on collecting overdues from HP/Lease/Loans/Bills discounted parties. During the year under review the company has recovered Rs. 4.26 crores from collection of dues from HP/Lease/Bills Discounting/Loan overdues, and over Rs. 6.00 crores from demerger receivables and from other fee based activities etc.

DIVIDEND

Since the Company has carried forward losses the Directors express their inability to declare Dividend.

SCHEME OF ARRANGEMENT

During the period under review, your Company has successfully completed the repayment of fifth installment

of Public Deposits, Debentures & Subordinated Debts amounting to Rs. 28.70 crores and thereby repaid the entire principal amount as envisaged in the Scheme sanctioned by the Hon. High Court of Karnataka. The 6th and final installment aggregating Rs. 13.80 crores pertaining to payment of interest upto 15-07-2002 as envisaged in the Scheme would be completed on or before 30th June, 2010.

INSURANCE BUSINESS

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

COST REDUCTION AND ECONOMY MEASURES

In order to minimize the establishment cost, the Company adopted various measures such as closing of unviable branches, reduction in work force, etc. Cost reduction and economy measures are being continued.

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

1. It is noted with profound grief that Sri K. K. Pai, Chairman and Director of the Company since 1990, passed away on 14th January, 2009. Your Directors wish to pay rich tributes to Sri K. K. Pai for his contribution through continuous and valuable guidance to the Company throughout his long association especially during its critical phase. He was one of the oldest associates of Dr. T. M.A. Pai, founder of Manipal. He had involved himself in all the progressive and economic development and social activities initiated by Dr. T. M.A. Pai and his contribution is significant. The Board wishes to place on record its sincere appreciation for the valuable services rendered by late Sri K. K. Pai as Chairman of the Company.
2. Dr. K. Mohandas Pai retires in the ensuing Annual General Meeting and owing to health reasons does not offer himself for reappointment. Dr. Pai a close associate of Dr. T.M.A. Pai has been the director of this company for over a period of three and half decades. He has contributed immensely by his

knowledge and wisdom to the growth of the company. The Board places on record its deep gratitude and appreciation for the precious time and very valuable guidance provided to the Company by Dr. Pai during his long association.

Meanwhile, the Company has received notice under Section 257 of the Companies Act, 1956 from a member proposing Mr. Bharath K. Nayak's candidature for Directorship in place of Dr. K. Mohandas Pai, retiring Director.

3. Mr. H. N. S. Rao, was appointed as an additional director of the Company. He continued to be Director till the date of forthcoming Annual General Meeting. Company has received notice from a member proposing him to the position of Director at the meeting.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- ii) appropriate accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2009 and of the profit of the Company for the year ended as on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis. The ability of the Company to continue as a going concern depends upon the timely recovery from debtors and future business plan. Management of the Company is hopeful of recovery of dues from debtors and the measures taken by the Company will result in controlling the operating deficits.

AUDITORS' REMARKS

With regard to Auditors observations in Para 3(g) and (h), explanations given in the relevant Notes 3 to 5 and 11 of Schedule 'O' of the Notes to Accounts are self-explanatory.

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

Particulars regarding conservation of energy and technology absorption: NIL

Foreign exchange earnings and outgo: NIL

AUDITORS

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

CORPORATE GOVERNANCE

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

CONSOLIDATED FINANCIAL STATEMENTS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

	Sd/-	Sd/-
Place: Manipal	(T. Mohandas Pai)	(H. N. S. Rao)
Date : 30-07-2009	Whole-time Director	Director

CORPORATE GOVERNANCE REPORT 2009

1. Corporate Governance Code

The Directors present the Company's report on Corporate Governance as on 31st March, 2009 as required under Clause 49 of the Listing Agreement.

1. Philosophy:

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

2. Board of Directors:

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

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

i) Number of Board Meetings and Attendance of Directors:

The Board met 5 times during 2008-2009.

The details are as follows:

Date of Meeting	Board Strength	No. of Directors Present
7 th May, 2008	3	3
30 th July, 2008	3	2
25 th October, 2008	3	3
12 th January, 2009	4	2
29 th January, 2009	3	3

The last AGM was held on 26th September, 2008 and 2 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 K. K. Pai*	Non-Executive	3	Yes	5	3 (C)
2	Sri T. Mohandas Pai	Promoter Executive	4	Yes	3	2 (M)
3.	Dr K. Mohandas Pai	Non-Executive	5	No	NIL	2 (M)
4.	Sri H. N. S. Rao**	Non-Executive	1	No	3	2 (M)

*Sri K. K. Pai, Chairman and Director on the Board of the Company expired on 14th January, 2009.

**Sri H. N. S. Rao appointed as Additional Director on the Board of the Company at its meeting held on 12th January, 2009.

3. Audit Committee:

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

Sri K. K. Pai, Chairman (till 14th January, 2009)

Sri T. Mohandas Pai

Dr. K. Mohandas Pai

Sri H. N. S. Rao (Since 12th January, 2009)

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 7th May, 2008, 30th July, 2008, 25th October, 2008 and 29th January, 2009. Mr. H. N. S. Rao, Director is the Compliance Officer.

Attendance of the Directors at the Audit Committee Meeting:

Meeting held on	No. of Members Present
7 th May, 2008	3
30 th July, 2008	2
25 th October, 2008	3
29 th January, 2009	3

4. Remuneration Committee:

Sri T. Mohandas Pai is the only Whole-time Director of the Company and he does not draw any remuneration and none of the other Directors draw any remuneration. Therefore this committee has not been formed.

Details of remuneration for the year ended 31st March, 2009:

- i) Whole-time Director: Nil
 ii) Non-Executive Directors:
 Non-Executive Directors stopped drawing any remuneration by way of sitting fees for attending Board/Committee Meetings.

5. Shareholders/Investors Grievance Committee:

The Committee, comprising all the three members of the Board, approves transfer, transmission, issue of duplicate Debenture Certificates and sub-ordinated Debts, review and redress shareholders grievances/complaints on matters relating to transfer of shares, debentures, sub-ordinated debts, non-receipt of Balance Sheet, non-receipt of Dividend Warrants etc. The Committee met 12 times during the year under report.

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

Sl. No.	Name	Status	No. of Meetings Attended
1.	Sri K. K. Pal (Till 14th Jan. 2009)	Chairman/ Non-Executive	10
2.	Sri T. Mohandas Pai	Whole-time Director	8
3.	Dr. K. Mohandas Pai	Director	12
4.	Sri H. N. S. Rao (Since 12th Jan. 2009)	Director	1

Mr. H. N. S. Rao, Director is the Compliance Officer.
 Number of Shareholders Complaints received : 61
 Number of Shareholders Complaints settled : 61
 Number not solved to the satisfaction of the shareholders : Nil
 Number of pending Share transfers : Nil

6. Annual General Meetings:

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

AGM No.	Date	Time	Special Resolution required
35	18-08-2006	4.00 p.m.	NIL
36	24-08-2007	4.00 p.m.	NIL
37	26-09-2008	4.00 p.m.	NIL

All the resolutions as set out in the respective notices were passed by the shareholders. No special resolution was required to be put through the Postal Ballot.

Postal Ballot:

The Notice of 38th Annual General Meeting does not contain any item which requires approval by Postal Ballot.

7. Disclosures:

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

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

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

8. Means of Communication:

- a) Quarterly/Half yearly Financial Results of the

Company are forwarded to National Stock Exchange and are also made available on the company's Website www.icdslimited.com.

- b) Company has not made any presentations to any Institutional Investors/Analyst during the year.

Management Discussion and Analysis Report:

Review of Operations:

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

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

Business Review:

During the year under review, the company recovered/realised a total amount of Rs.10.84 crores from various sources such as Recovery of Bad and Doubtful Debts, Receivables from MPL Enterprises Ltd., and Manipl Universal Learning Pvt. Ltd. The figure also includes fee based income earned from other activities such as service charges under Insurance Agency and Telecom Franchise, Dividend Income, Tax Refunds etc.

Payment of Public Investment

In terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka,

Company has repaid first four instalments of public liabilities. The fifth instalment is in progress and would be completed on or before 30th June, 2009. As on 31st March, 2009 out of total liability of Rs. 239.06 crores, an amount aggregating to Rs. 205.12 crores has been repaid. The details are given below:

1 st Instalment	Rs. 56.86 crores *
2 nd Instalment	Rs. 51.78 crores
3 rd Instalment	Rs. 51.78 crores
4 th Instalment	Rs. 34.62 crores**
5 th Instalment	Rs. 10.08 crores
Total :	Rs. 205.12 crores

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

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

Internal Control System:

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

Discussion on Financial Performance:

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

Human Resource Development:

There has been no material development on the Human Resources relation front. The number of people employed as on 31st March, 2009 was 115 as against the previous year's figure of 123.

9. General Shareholder Information:

a) Annual general meeting	: 38 th Annual General Meeting
Date	: 30 th September, 2009
Time	: 4.00 p.m.
Venue	: Rotary Golden Jubilee Children's Sports Complex, Anant Nagar Manipl – 576 104

- b) Financial Calendar : 1st April to 31st March
 c) Date of Book Closure : 25-09-2009 to 30-09-2009 (both days inclusive)
 d) Dividend : No Dividend has been recommended by the Board of Directors for the year ended 31st March, 2009.
 e) Registered Office : Syndicate House, Manipal – 576 104.
 f) Listing Stock Exchanges : The equity shares are listed on National Stock Exchange of India Ltd.

Note: Annual Listing Fee has been paid upto date.

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

As on 31st March, 2009–37,52,359 Equity Shares forming 28.81% share capital of the Company stands dematerialised.

- h) Market Price Data : Not Available.

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

- i) Registrar and Share Transfer Agent for Physical and Demat Shares:

Cameo Corporate Services Ltd.
Subramanian Building
No.1, Club House Road
Chennai – 600 002
Phone: (044-28460390)

- j) Share Transfer System:

As directed by SEBI, Company has appointed Cameo Corporate Services Ltd., V Floor, Subramanian Building, No.1 Club House Road, Chennai – 600 002, as Registrar and Share Transfer Agent under demat and physical form effective March, 2003. Till this date Share Transfers etc. were done in-house

once in two weeks. The shareholders/ investor's Grievance Committee approves all share transfer and transmission upon its receipt from the Registrars.

k) Distribution of Equity Shareholding as on 31st March, 2009:

No. of Shares held	No. of Shareholders	No. of Shares	Percentage
1-500	4728	759327	5.83
501-1000	533	372194	2.86
1001-2000	233	326667	2.50
2001-3000	69	172126	1.32
3001-4000	39	140906	1.08
4001-5000	17	75002	0.58
5001-10000	29	208622	1.60
10001 and above	85	10971856	84.23
TOTAL	5733	13026700	100.00

Pattern of Equity Shareholding as on 31st March, 2009:

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

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

DECLARATION

As provided under Clause 49 of the Listing Agreement with National Stock Exchange of India Limited (NSEIL), all Board Members and Senior Management Personnel affirmed compliance with ICDS Ltd., Code of Conduct and Ethics for the year ended 31st March, 2009.

For ICDS LTD.

Sd/-

Place : Manipal
Date : 29-05-2009

T. Mohandas Pai
Whole-time Director

CERTIFICATE**To : The Members of ICDS Limited**

We have examined the Compliance of the conditions of Corporate Governance by ICDS Ltd. For the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

- the Company has not published the quarterly/ half yearly results in the news paper.

- all the members of the Audit Committee are not non-executive directors, as the Audit Committee consists of one Whole-time Director.
- the Company has not appointed Company Secretary after resignation of the company secretary on 30-01-06.
- the Company does not have the internal audit system.

We state that,

- In respect of share holder grievances received during the year ended March 31, 2009, no shareholder grievances are pending against the Company as on 31st March, 2009 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

Sd/-
(C. D. Lala)

Place: Mumbai
Date : 29-05-2009

Partner
Membership No.: 35671

AUDITORS' REPORT

TO THE MEMBERS OF ICDS LIMITED

We have audited the attached Balance Sheet of ICDS Limited ('The Company') as at 31st March, 2009, the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
3. Further to our comments in the Annexure referred to in paragraph (2) above, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) in our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 except for *non-disclosure of information in respect of actuarial valuation as required under Accounting Standard 15 – Employee Benefits (Revised 2005), referred to in Note No. 20(d) of Schedule 'O'*.
 - e) on the basis of written representations received from the Directors of the Company and for the reasons stated in Note No. 15 of Schedule 'O', we state that none of the Directors of the Company is disqualified in terms of Section 274(1)(g) of the Companies Act, 1956.
 - f) in terms of directives issued by RBI, we state that,
 - i) the Certificate of Registration is cancelled by Reserve Bank of India on 9th October 2002.
 - ii) the Company has not obtained credit rating.
 - iii) the capital adequacy ratio is negative.

- iv) the Company's net owned funds are negative as a result all the loans, advances and Investments have exceeded exposure limits stipulated by Reserve Bank of India.
- v) the Company is repaying matured/ unpaid deposits as per the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka (refer Note No. 1 of Schedule 'O').
- g) *The Company has prepared its accounts on "going concern basis", despite the erosion of its entire networth, as the liabilities of the Company have been restructured by the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka which is under implementation (refer Note No. 3 of Schedule 'O').*
- h) *Subject to the comments in para (g) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon and in particular Note Nos. 4 & 5 relating to demerger receivables and Note No. 11 of Schedule 'O' in respect of pending receipt*

of details from various branches of banks, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2009;
- ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For CHATURVEDI & SHAH
Chartered Accountants

Place: Mumbai
Date : 29-05-2009

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

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (2) of our report of even date)

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

order dated 15th October 2004. Accordingly the Company has already repaid first four installments and during the year started repaying fifth installment of these liabilities. We are informed by the management that there are no orders by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

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

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

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

Name of the Statute	Nature of Dues	Years to which it pertains	Amount (Rs. in 000's)	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of depreciation on leased assets	Block assessment for the period from 1987-88 to 1997-98	15,35,50	Special Leave Petition before Hon'ble Supreme Court of India
-do-	-do-	AY 1991-92	34,29	-do-
-do-	-do-	AY 1992-93	1,41,60	-do-
-do-	-do-	AY 1993-94	47,90	-do-
-do-	-do-	AY 1995-96	2,17,22	-do-
-do-	Dispute on Sale of Property.	AY 1993-94	42,04	CIT (Appeals) disposed off.
Service Tax Act	Service tax on Hire Charges	Upto 2001	1,61	Stay Order of Hon'ble High Court of Judicature at Madras dated 29th August 2001 in favour of the members of The Equipment Leasing Association (India).
UP State Commercial Tax	Trade Tax	AY 1989-90 to 1990-91	35,00	Trade Tax Department, Hapur, Gaziabad

10. The net worth of the Company has been eroded. The Company has not incurred cash losses during the current year and the previous year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, banks. In respect of matured debentures and interest accrued thereon upto 15-07-2002, the Company has already paid first four installments and now is in the process of paying fifth installment to debenture holders as per the scheme of arrangement as sanctioned by the Hon'ble High Court of Karnataka on 15th October, 2004.
12. In our opinion the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 is not applicable to the Company.
14. The Company has maintained proper records for transactions and contracts in respect of trading in shares and other investments and timely entries have been made in those records. We also report that the Company has held the shares, securities, debentures and other securities in its own name except, certain shares which are held in the name of the erstwhile Manipal Investments Limited which was merged with the Company as explained in the Note No. 12 of Schedule 'O'.
15. As per information and explanations given to us, the Company has not given any guarantees to Banks or Financial Institutions except for the guarantees given as referred to in Note No. 8 of Schedule 'O'. The terms and conditions of the above guarantees are not prima facie prejudicial to the interest of the Company.
16. The Company has not taken any term loans from banks or financial institutions during the year.
17. The Company has not raised any short-term funds during the year. Hence the question of using short-term funds for long-term purpose does not arise.
18. During the year Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. As per our verification and on the basis of information and explanations given to us the Company has created security or charge in respect of debentures issued.
20. The Company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For CHATURVEDI & SHAH
Chartered Accountants

Sd/-

(C. D. Lala)

Partner

Membership No.: 35671

Place: Mumbai
Date : 29-05-2009

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in '000)

Description	Schedules	As at 31-03-2009		As at 31-03-2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders Funds:					
Share Capital	A	130,267		130,267	
Reserves & Surplus	B	<u>71,090</u>		<u>71,844</u>	
			201,357		202,111
Loan Funds:					
Secured Loans	C	26,401		20,461	
Unsecured Loans	D	<u>-</u>		<u>3,111</u>	
			26,401		23,572
Total			<u>227,758</u>		<u>225,683</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	E	776,288		806,456	
Less: Depreciation		<u>532,724</u>		<u>555,680</u>	
		243,564		250,776	
Less: Lease Equalisation		<u>183,497</u>		<u>183,497</u>	
			60,067		67,279
INVESTMENTS:					
Current Assets, Loans & Advances					
Current Assets	G	93,079		332,243	
Loans and Advances	H	<u>98,990</u>		<u>71,163</u>	
		190,069		403,406	
Less: Current Liabilities and Provisions	I	<u>452,451</u>		<u>754,178</u>	
			(262,382)		(350,772)
Profit & Loss Account (Debit Balance)			<u>408,515</u>		<u>487,618</u>
Total			<u>227,758</u>		<u>225,683</u>
Significant Accounting Policies	N				
Notes to Accounts	O				

As per our Report of even date

For and on behalf of the Board

 For **Chaturvedi & Shah**
 Chartered Accountants

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

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

 Sd/- **Dr. K. Mohandas Pal**
 Director

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

 Place : Mumbai
 Date : 29-05-2009

 Place : Manipal
 Date : 29-05-2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in '000)

Description	Schedules	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
INCOME:					
Income from Operations	J		50,320		79,456
Other Income	K		8,326		12,467
Excess Provisions for NPA Written Back			51,861		124,587
Total			<u>110,507</u>		<u>216,510</u>
EXPENDITURE:					
Finance Charges	L		2,760		1,982
Operating Expenses	M		22,829		52,411
Bad Debts written off		77		194	
Add: Provisions as per RBI norms		1,908	1,985	6,695	6,889
Depreciation	E	4,427		31,228	
Less: Transfer from Revaluation Reserve		754	3,673	756	30,472
Total			<u>31,247</u>		<u>91,754</u>
Profit/(Loss) before Lease Equalisation			79,260		124,756
Add: Reversal of Lease Equalisation			-		26,954
Profit before prior period adjustments			79,260		151,710
Add: Prior period adjustments			-		102
Profit before Tax			<u>79,260</u>		<u>151,812</u>
Provision for Income Tax		-		-	
Provision for Fringe Benefit Tax		157		136	
Fringe Benefit Tax for earlier year		-	157	25	161
Profit after Tax			<u>79,103</u>		<u>151,651</u>
Add: Loss brought forward		(487,618)		(649,534)	
Transfer from Revaluation Reserve		-	(487,618)	10,265	(639,269)
Balance Carried Forward			<u>(408,515)</u>		<u>(487,618)</u>
Basic/Diluted earning per Share of Rs. 10/- each (in Rupees)			6.07		11.64
(Refer Note No. 18 of Schedule 'O')					
Significant Accounting Policies	N				
Notes to Accounts	O				

As per our Report of even date

For and on behalf of the Board

For **Chaturvedi & Shah**
Chartered Accountants

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

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

Sd/- **Dr. K. Mohandas Pal**
Director

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

Place : Mumbai
Date : 29-05-2009

Place : Manipal
Date : 29-05-2009



SCHEDULES FORMING PART OF THE BALANCE SHEET

Description	As at		(Rs. in '000)	
	Rs.	Rs.	Rs.	Rs.
Schedule 'A'				
SHARECAPITAL				
Authorised:				
3,50,00,000 Equity Shares of Rs.10/- each		350,000		350,000
1,50,00,000 Preference shares of Rs.10/- each		150,000		150,000
		<u>500,000</u>		<u>500,000</u>
Issued & Paid- up:				
1,30,26,700 Equity Shares of Rs.10/- each*		130,267		130,267
Total		<u>130,267</u>		<u>130,267</u>

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

Schedule 'B'

RESERVES & SURPLUS

Share Premium		33,334		33,334
Revaluation Reserve	38,510		49,531	
Less: Transfer to Profit & Loss A/c (Refer Note No. 7 of Schedule 'O')	754	37,756	11,021	38,510
Total		<u>71,090</u>		<u>71,844</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Description	As at		(Rs. in '000)	
	Rs.	Rs.	Rs.	Rs.
		31-03-2009		As at
				31-03-2008
Schedule 'C'				
SECURED LOANS				
From Banks				
Working Capital Loans		26,401		20,461
		<u>26,401</u>		<u>20,461</u>
Total		26,401		20,461

Schedule 'D'

UNSECURED LOANS

Subordinated Debts		-		3,111
		<u>-</u>		<u>3,111</u>
Total		-		3,111

- Notes:**
1. Working Capital Loans from Banks are secured by pledge of Bank deposits of Rs. 8,00,00 thousands (Previous year: Rs. 6,50,00 thousands.)
 2. Subordinated Debts were redeemable at par on the dates as mentioned in their terms of issue. However in view of the Scheme of Arrangement sanctioned by Hon'ble High Court of Karnataka, the repayment of the said instruments is to be done along with deposits.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Schedule 'E'

FIXED ASSETS

(Rs. in '000)

Sl. Description No. of Assets	GROSS BLOCK				DEPRECIATION & LEASE EQUALISATION								NET BLOCK	
	As at 31-03-08 Rs.	Addi- tions Rs.	Deduc- tion/Sale Rs.	As at 31-03-09 Rs.	As at 31-03-08		Deduction/Sale		For the year		As at 31-03-09		As at 31-03-09 Rs.	As at 31-03-08 Rs.
					Deprn. Rs.	Eqln. Rs.	Deprn. Rs.	Eqln. Rs.	Deprn. Rs.	Eqln. Rs.	Deprn. Rs.	Eqln. Rs.		
A. OWNED ASSETS														
1. Land	530	-	-	530	-	-	-	-	-	-	-	-	530	530
2. Buildings	71,637	-	-	71,637	13,100	-	-	-	1,168	-	14,268	-	57,369	58,537
3. Plant & Machinery	4,514	91	2,709	1,896	2,644	-	1,754	-	200	-	1,090	-	806	1,870
4. Electrical Fittings	3,268	25	1,895	1,398	2,273	-	1,391	-	121	-	1,003	-	395	995
5. Furniture & Fittings	19,483	19	11,256	8,246	16,641	-	9,901	-	842	-	7,582	-	664	2,842
6. Off. Equipments & Computers	24,157	71	14,382	9,846	23,579	-	14,210	-	174	-	9,543	-	303	578
7. Vehicles	681	-	132	549	673	-	127	-	3	-	549	-	-	8
Total of 'A'	124,270	206	30,374	94,102	58,910	-	27,383	-	2,508	-	34,035	-	60,067	65,360
B. ASSETS GIVEN ON LEASE														
1. Plant & Machinery	612,686	-	-	612,686	427,613	183,154	-	-	1,919	-	429,532	183,154	-	1,919
2. Vehicles	69,500	-	-	69,500	69,157	343	-	-	-	-	69,157	343	-	-
Total of 'B'	682,186	-	-	682,186	496,770	183,497	-	-	1,919	-	498,689	183,497	-	1,919
Grand Total of A+B	806,456	206	30,374	776,288	555,680	183,497	27,383	-	4,427	-	532,724	183,497	60,067	67,279
Previous Year	861,899	130	55,573	806,456	553,458	210,451	29,006	-	31,228	(26,954)	555,680	183,497	67,279	

Notes:

- Buildings include Rs. 18,10 thousands (Previous Year: Rs.18,10 thousands) pending registration.
- Buildings includes shares of the face value of Rs. 511/- in Co-operative Housing Society and the company has deposited the title deeds and share certificates amounting to Rs. 6,78,47 thousands as a security against the security deposit received.
- Deduction includes the asset discarded during the year having gross block of Rs. 2,90,16 thousands and accumulated depreciation of Rs. 2,61,21 thousands.
- The assets given on lease have been charged off fully for wear and tear by way of depreciation and lease equalisation over the tenure of the lease, the nominal value of Re.1 each per lease account is kept as book value since the matter is under dispute under court of law.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Description	As at		(Rs. in '000)			
	31-03-2009	Rs.	As at	Rs.		
Schedule 'F'						
INVESTMENTS						
Long Term Investments: (Non trade, At Cost)						
A) GOVERNMENT SECURITIES:						
National Savings Certificate		10		10		
B) SHARES:						
(Fully paid-up)						
	Face Value	Nos.	Face Value	Nos.		
	Rs.		Rs.			
QUOTED SHARES						
ICDS Securities Ltd.	10.00	1,139,425	11,428	10.00	1,139,425	11,428
Lingapur Estates Ltd.	10.00	153,392	1,734	10.00	153,392	1,734
Manipal Finance Corpn. Ltd.	10.00	449,163	9,181	10.00	449,163	9,181
Total			<u>22,343</u>			<u>22,343</u>
UNQUOTED SHARES						
Wholly owned Subsidiary Companies						
Manipal Hotels Ltd.	10.00	50,000	500	10.00	50,000	500
Manipal Properties Ltd.	100.00	9,989	999	100.00	9,989	999
Other Companies						
Development Co-op. Bank Ltd.	10.00	1,200	18	10.00	1,200	18
Manipal Housing Finance						
Syndicate Ltd.	10.00	729,000	9,103	10.00	729,000	9,103
Total			<u>10,620</u>			<u>10,620</u>
			<u>32,973</u>			<u>32,973</u>
Less: Provisions for diminution in value of investments			11,415			11,415
Total			<u>21,558</u>			<u>21,558</u>

Notes : 1. National Savings Certificates of the face value of Rs. 10 thousands (Previous Year: Rs. 10 thousands) have been lodged with Govt. Departments.

2. Taken at face value as the market price of the quoted shares of the listed companies has not been quoted during the year.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Description	As at 31-03-2009		(Rs. in '000) As at 31-03-2008	
	Rs.	Rs.	Rs.	Rs.
Schedule 'G'				
CURRENT ASSETS				
INVENTORIES				
Stock on Hire				
Under Hire Purchase Agreements (at agreement value less amount received and Unmatured hire charges)				
Considered Good	-		-	
Considered Doubtful	<u>182,938</u>		<u>184,541</u>	
	<u>182,938</u>		<u>184,541</u>	
Less: Provision	<u>182,938</u>		<u>184,541</u>	
		-		-
Other Inventories (valued and as certified by the management)				
Shares and Debentures (Refer Annexure No. 1)		-		-
SUNDRY DEBTORS				
Unsecured				
More than 6 months				
Considered good	215		5,051	
Considered doubtful	<u>7,726</u>		<u>8,721</u>	
	<u>7,941</u>		<u>13,772</u>	
Others (considered good)	<u>3</u>		<u>-</u>	
	<u>7,944</u>		<u>13,772</u>	
Less: Provision	<u>7,726</u>		<u>8,721</u>	
		218		5,051
CASH AND BANK BALANCES				
Cash, Cheques on Hand and Remittances in transit	350		5,501	
Balances with Banks				
Current Accounts	2,698		4,046	
Term Deposits	<u>84,980</u>		<u>302,935</u>	
		<u>88,028</u>		<u>312,482</u>
OTHER CURRENT ASSETS				
Interest accrued on investments	5		4	
Interest accrued on term deposits	<u>4,828</u>		<u>14,706</u>	
Total		<u>93,079</u>		<u>332,243</u>

Notes : 1. Balances with Banks include balances with Non Scheduled banks:
Balance receivable with Manipal Co Operative Bank Ltd. Rs. 5 thousands (P.Y. Rs. 5 thousands)
[Maximum Balance outstanding any time during the year Rs. 5 thousand (P.Y. Rs. 5 thousand)].

2. Term deposit include Rs. 8,00,00 thousands (P.Y. Rs. 6,50,00 thousands) pledge with bank as security for working capital loan.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Description	As at		(Rs. in '000)	
	31-03-2009		As at	As at
	Rs.	Rs.	31-03-2008	Rs.
Schedule 'H'				
LOANS AND ADVANCES				
Advance taxes (net of provision)		18,242		9,535
Advance Fringe Benefit Tax		528		347
Capital Advance		22,000		-
Demerger receivable (Secured) @				
	348,507		360,599	
Less: Provision	<u>299,276</u>	49,231	<u>307,958</u>	52,641
LIC Group Gratuity Fund Asset (net)		425		-
Advances recoverable in cash or in kind or for values to be received:				
Secured considered good	173		640	
considered doubtful	<u>66,085</u>		<u>104,054</u>	
	66,258		104,694	
Less: Provision	<u>66,085</u>	173	<u>104,054</u>	640
Unsecured considered good	6,391		8,000	
considered doubtful	<u>40,082</u>		<u>40,783</u>	
	46,473		48,783	
Less: Provision	<u>40,082</u>	6,391	<u>40,783</u>	8,000
Total		96,990		71,163

Notes: 1. Advances include secured loans and unsecured loans of Rs. 1,73 thousands and Rs. 6,69 thousands respectively. (Previous year: Rs. 6,40 thousands and Rs. 7,53 thousands.)

2. Secured Demerger receivables includes Rs. 69,75 thousands (Previous Year Rs. 83,99 thousands) due from Manipal Properties Ltd., the wholly owned subsidiary company.

@ - Refer Note Nos. 4 & 5 of Schedule 'O'.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

Description	(Rs. in '000)			
	As at		As at	
	31-03-2009	31-03-2008	Rs.	Rs.
	Rs.	Rs.	Rs.	Rs.
Schedule 'I'				
CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Interest Accrued but not due*	-		280	
Sundry Creditors				
Due to – Micro, Small and Medium Enterprises @	-		-	
– Others	39,479		56,811	
Lease Deposits & Rent Deposits***	59,727		59,727	
Debit Balance in Bank Current Accounts (as per books)	19,419		32,640	
Other Current Liabilities				
1. Unpaid Matured subordinated debts*	46,607		97,738	
2. Unpaid Interest on Matured subordinated debts*	18,096		25,647	
3. Unpaid Matured deposits*	925		55,447	
4. Unpaid Interest on Matured deposits*	32,807		42,663	
5. Unpaid Matured debentures*	141,161		274,796	
6. Unpaid Interest on Matured debentures*	89,382		104,794	
7. Unclaimed Matured deposits**	838		1,294	
8. Unclaimed Interest on Matured deposits**	3,482		1,970	
PROVISIONS				
Fringe Benefit Tax	528		371	
Total	<u>452,451</u>		<u>754,178</u>	

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

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

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

@ - Refer Note No. 19 of Schedule 'O'.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rs. in '000)

Schedule 'J'	2008-09	2007-08
Description	Rs.	Rs.
INCOME FROM OPERATIONS		
Hire Purchase Income	233	715
Lease Income	95	46
Interest on Loans and Advances (includes TDS Rs. 25,34 thousands (P.Y. Rs. 33,96 thousands))	5,457	6,128
Interest on Long Term Investments	1	1
Interest on Term Deposit (includes TDS Rs. 27,91 thousands (P.Y. Rs. 5,51 thousands))	15,553	25,588
Other Interest	368	357
Bad Debts Recovered	25,082	43,436
Service Charges & Commission (includes TDS Rs. 5,56 thousands (P.Y. 5,15 thousands))	3,531	3,185
Total	50,320	79,456
Schedule 'K'		
OTHER INCOME		
Dividends: Long Term Investments	2,113	1,659
Others	399	911
Profit on Sale of Owned/Leased Assets	306	7,214
Rent (includes TDS Rs. 1.79 thousands (P.Y. Rs. 2,30 thousands))	792	1,197
Refund of Sales Tax paid	4,455	-
Miscellaneous Income	261	1,486
Total	8,326	12,467

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)
(Rs. in '000)

Description	2008-09		2007-08	
	Rs.	Rs.	Rs.	Rs.
Schedule 'L'				
FINANCE CHARGES				
Interest on Bank Loan		2,220		1,808
Bank Charges		540		174
Total		2,760		1,982
Schedule 'M'				
OPERATING EXPENSES				
Expenditure on Employees:				
Salaries, Wages & Bonus	10,543		8,430	
Contribution to PF & Other Funds	1,246		1,097	
Gratuity	138		2,010	
Staff Welfare Expenses	620		773	
		12,547		12,310
Administration and other Expenses:				
Rent, Rates & Taxes		1,394		1,565
Printing & Stationery		200		188
Travelling & Conveyance		1,178		1,382
Postage, Telegram & Telephones		959		846
Insurance		1		-
Repairs & Maintenance:				
Buildings	306		208	
Vehicles	114		44	
Others	281		400	
		701		652
Advertisement & Business Promotion		56		100
Legal & Professional Charges		1,023		3,022
Auditors Remuneration:				
Audit Fees	138		140	
Tax Audit Fees	28		28	
Certification	28		28	
Out of Pocket Expenses	21		16	
		215		212
Service Charges		1,249		118
Loss on sale of Investments		-		25,068
Loss on sale of Assets		56		6,653
Loss on discarded Assets		2,895		-
Sundry Expenses		355		295
Total		22,829		52,411

Schedule 'N'

ACCOUNTING POLICY FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

A. Basis of Preparation of Financial Statements:

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

B. Use of Estimates:

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

C. System of Accounting and Income Recognition:

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

D. Fixed Assets:

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

E. Depreciation:

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

F. Investments:

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

G. Current Assets:

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

H. Employee Benefit:

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

ACCOUNTING POLICY FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009 (Contd.)

Schedule 'N' (Contd.)

I. Borrowing Costs:

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

J. Taxes on Income:

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

K. Earnings per Share:

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

L. Impairment:

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

M. Provision, Contingent Liabilities and Contingent Assets:

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

N. Miscellaneous Expenditure:

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

Schedule 'O'

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

1. In pursuance to the Scheme of Arrangement (the 'scheme') under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka vide its order dated 15th October, 2004 and filed with the Registrar of Companies, Karnataka on 30th December, 2004 (ie., effective date) the Company has put the scheme to implementation and accordingly the Company:
 - a) has not provided for interest on deposits, debentures and subordinated debts after 15th July, 2002 in terms of the scheme.
 - b) has not recognised income in respect of interest on loans granted on the above said instruments.
 - c) has not carried any business of non-banking financial company during the year and has effected only recoveries of advances done in the previous years and repayment of liabilities in terms of scheme of arrangement.
 - d) has paid first four instalments of Debentures, Deposits and Subordinated debts aggregating to Rs. 1,95,03,78 thousands in terms of the scheme and filed an affidavit before the Hon'ble High Court of Karnataka to the effect. The payment of fifth instalment of Deposits, Debentures and Subordinated Debts are in progress.
2. The charge created in respect of debentures in favour of the Debenture Trustees has been satisfied on 30th June, 2005 upon the payment of first instalment in terms of the scheme and necessary forms have been filed with the Registrar of Companies Karnataka, Bangalore.
3. The Company's liabilities were restructured pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. The accounts have been prepared on going concern basis in view of implementation of the scheme.
4. Demerger receivable represents Rs. 4,22,55 thousands (P.Y. Rs. 4,42,42 thousands) net of provisions from MPL Enterprises Ltd. (formerly known as MPL Finance and Leasing Company Ltd.) pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their orders dated 9th April, 1999 and 25th August, 2000 respectively. The balance is considered good for recovery as the value of the property vested in MPL Enterprises Ltd. is adequate.
5. Investment of Rs. 9,99 thousands (P.Y. Rs. 9,99 thousands) and demerger receivable of Rs. 69,75 thousands (P.Y. Rs. 83,99 thousands) being amount due from Manipal Properties Limited a subsidiary, on account of scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide its Order dated 9th April, 1999 and 25th August, 2000 respectively is considered good for recovery as the present market value of the property vested in Manipal properties Ltd. is adequate and in view of long term involvement with the said company.
6. The Company has not recognized Deferred Tax Asset as per AS 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, constituting, mainly of carry forward losses, excess depreciation claimed in Income tax and provision for doubtful debts, as a matter of prudence.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule 'O' (Contd.)

7. A revaluation of land and buildings as on 1st January, 1998 was carried out by an approved valuer resulting in an increase in the value of assets over net asset value by Rs. 4,62,40 thousands as on date. The increase in the value of land and buildings resulting from revaluation is credited to revaluation reserve. The revaluation surplus of Rs. Nil (P.Y. Rs. 1,02,65 thousands) on sale of assets is transferred to profit and loss account to the extent of revalued amount.

8. Contingent Liabilities:

(Rs. in '000)

Sl. No.	Particulars	2008-09	2007-08
A.	Guarantee issued in favour of bankers.	3,20	3,20
B.	Claims against the company/disputed liabilities not acknowledged as debt/liabilities.	10,58	10,58
C.	Income Tax (refer Note No. 9 below)	20,54,21	-
D.	UP State Commercial Tax towards Trade Tax	45,00	-
E.	Service tax **	1,61	1,61

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

9. Income tax demand represents Rs.15,35,50 thousands in respect of Block assessment held for the period from 1987-88 to 1997-98 and balance amount Rs. 4,83,05 thousands (net of Rs. 35,67 thousands recovered from refund of other assessment year.) relating to other assessment years following the dismissal order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed an Special Leave Petition (SPL) with Hon'ble Supreme Court of India against the order of Hon'ble High Court of Karnataka. The Company has been advised that there are fair chances of favourable judgement and hence does not foresee any outflow on the said matter.
10. No remuneration/commission has been drawn by the Whole-time Director during the year.
11. The Company during the year has repaid liabilities in terms of the scheme of arrangement amounting to Rs. 24,28,55 thousands (P.Y. Rs. 25,08,42 thousands) through Multi city Account with a Scheduled Bank. Bank reconciliation contains items debited by the bank amounting to Rs. 6,92 thousands (P.Y. Rs. 11,77 thousands) pending receipt of details from various branches of the Bank.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule 'O' (Contd.)

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

Details	2008-09		2007-08	
	Qty.	Value	Qty.	Value
	Nos.	(Rs. In '000)	Nos.	(Rs. in '000)
Opening Stock:				
Shares (Nos.)	781,406	-	769,039	-
Debentures (Nos.)	5,403	-	5,403	-
Additions 1*	-	-	12,367	-
Additions 2**	2,216	-	-	-
Closing Stock:				
Shares (Nos.)	783,622	-	781,406	-
Debentures (Nos.)	5,403	-	5,403	-

* Additions represents shares belonging to erstwhile Manipal Investments Limited, which was merged with the Company as per the amalgamation scheme approved by Hon'ble High Court of Karnataka by its Order dated 18th September, 1998, bonus shares received and shares against settlement of dues.

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

13. The Company is in the process of updating the investment register to match the shares lying in Demat account for which details are being traced.
14. Sundry creditors includes balances lying unpaid after adjusting deposits/debentures with loans borrowed against it and unencashed stale interest warrants/cheques. Unencashed stale cheques relating to Deposits, Non Convertible debentures and Subordinated debts amounting to Rs. 2,43,67 thousands is lying more than one year. The Company has initiated followup action for payment of the above said liabilities.
15. The Company has been legally advised that the default of the company in repayment of deposits and redemption of debentures gets remedied with retrospective effect from the appointed date i.e., 15th July, 2002 as per the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka on 15th October, 2004. Hence the disqualification under Section 274 (1) (g) of the Companies Act, 1956 will not be applicable to the Directors of the company with effect from the appointed date viz., 15th July, 2002.
16. List of Related Parties with whom transactions are taken place during the year:
- A. Subsidiary Companies (100%):
1. Manipal Hotels Ltd.
 2. Manipal Properties Ltd.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule 'O' (Contd.)

B. Associate Companies/Institutions:

1. ICDS Securities Limited
2. Canara Land Investments Ltd.
3. Bluecross Builders and Investors Ltd.
4. MPL Enterprises Limited

C. Key Management Personnel and their Relatives:

- | | |
|-----------------|-------------------------------------|
| T. Mohandas Pai | Relationship
Whole-time Director |
| T. Ashok Pai | Relative of Director |
| H. N. S. Rao | Director |

(Rs. in '000)

Details of transactions are as follows:

	2008-09	2007-08
A. Rent Payment		
– Associate companies		
The Canara Land Investments Limited	13	13
B. Advance/reimbursement given during the year		
– Subsidiary companies(100%)		
Manipal Properties Ltd.	1,771	997
– Associate companies		
MPL Enterprises Limited	2,934	–
Bluecross Builders and Investors Limited	5,193	351
C. Capital advance given during the year		
– Associate companies		
MPL Enterprises Limited	22,000	
D. Advance/reimbursement recovered during the year		
– Subsidiary companies(100%)		
Manipal Properties Ltd.	1,400	997
– Associate companies		
MPL Enterprises Limited	15,403	–
Bluecross Builders and Investors Limited	5,898	–
E. Rent/Interest/Finance Charges received from related parties		
– Subsidiary companies(100%)		
Manipal Properties Ltd. (Net of Income reversal of Rs. 22,19 thousand. P.Y. Rs. Nil)	576	2,615
– Associate companies		
ICDS Securities Ltd.	252	273
MPL Enterprises Limited (Net of Income reversal of Rs. 75,48 thousand)	1,958	–
Bluecross Builders and Investors Limited (Net of Income reversal of Rs.78,08 thousand, P.Y.: Nil)	2,026	–

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Schedule 'O' (Contd.)

f) Outstanding balances as at 31-03-2009			
<i>Due from</i>			
– Subsidiary companies(100%)			
Manipal Hotels Ltd.	8,320		8,315
Manipal Properties Ltd.	30,120		27,530
– Associate companies			
MPL Enterprises Limited	241,679		–
Bluecross Builders and Investors Limited	10,675		3,572
g) Provisions made on balance receivable from related parties			
– Subsidiary companies(100%)			
Manipal Hotels Ltd.	8,320		8,315
Manipal Properties Ltd.	20,926		19,131
– Associate companies			
Bluecross Builders and Investors Limited	10,675		3,572
MPL Enterprises Limited	169,024		–
h) Provision for Diminution in value of Investments			
– Subsidiary companies(100%)			
Manipal Hotels Ltd.	500		500.
17. Miscellaneous income includes Rs.1,69 thousands (P.Y. Rs. 7,24 thousands) pertaining to interest waived by holders of various instruments.			
18. Earnings per share.			(Rs. in '000)
Details	2008-09		2007-08
a) Net Profit available for equity shareholder	79,103		151,651
Numerator used for calculation			
b) Weighted Average No. of equity shares used as denominator for calculating EPS			
(Nos.)	13,026,700		13,026,700
Basic/Diluted [Annualised] [Nominal value per share Rs. 10 each]			
Rs.	6.07		11.64
19. In the opinion of the Management, there are no balances due to Micro, Small and Medium Enterprise in the absence of any notice from the vendors to the effect on their registrations in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Auditors have relied on the representations made by the management in this regard. In view of the same, disclosures as per the provisions of MSMED Act, 2006 & Schedule VI of the Companies Act, 1956 is not given.			
20. Employee Benefits:			
The Company has, with effect from 1st April, 2007, adopted Accounting Standard 15, Employee Benefits (revised 2005), issued by the Institute of Chartered Accountants of India [the 'revised AS 15'].			

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

- a) Brief description of the Plans :
- The Company has two schemes for long-term benefits such as provident fund and gratuity. In case of funded schemes, the funds are recognised by the Income tax authorities and administered through trustees/appropriate authorities. The Company's defined contribution plan is employees' provident fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions. The Company's defined benefit plan is gratuity.
- b) Charge to the Profit and Loss Account based on contributions:
The Company's contribution to Provident Fund charged to Profit and Loss Account during the year is Rs. 3,62 thousands (P.Y. 3,22 thousands).
- c) The Company's liability towards Gratuity to employees is covered by a group policy with Life Insurance Corporation of India (L.I.C. of India) and contributions/demand made are charged to profit and loss account. During the year company has paid contribution of Rs.15,04 thousands (P.Y. Rs. 41,22 thousands) to LIC of India for its demands including the amounts pertaining to previous years and has charged of Rs.1,14 thousands (P.Y. Rs. 20,10 thousands) to profit and loss account based on the statement received from LIC of India.
- d) Disclosures for defined gratuity benefit plans as required under Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the Institute of Chartered Accountants of India is not given as the Company has not received any actuarial valuation report or information from LIC of India. The Management is in the process of getting the information from the LIC of India. The effect if any on the expense/income will be given in the year of receipt of information.
21. The previous year figures have been reworked, regrouped and reclassified wherever necessary.
22. The Company has only one segment (Financial services) hence Segment-wise report is not prepared.
23. The Company does not carry on manufacturing activities; hence paragraph 4C of Part II of Schedule VI of The Companies Act, 1956 is not applicable.

As per our Report of even date

For and on behalf of the Board

For Chaturvedi & Shah
Chartered Accountants

Sd/- T. Mohandas Pal
Whole-time Director

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

Sd/- Dr. K. Mohandas Pal
Director

Sd/- H. N. S. Rao
Director

Place : Mumbai
Date : 29-05-2009

Place : Manipal
Date : 29-05-2009

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

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

I. Registration Details:		
Registration No.		2106
State Code		08
Balance Sheet Date		31st March, 2009
II. Capital Raised during the year (Rs. in '000)		
Public Issue		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
III. Position of Mobilisation and Deployment of Funds (Rs. in '000)		
Total Liabilities		227,758
Total Assets		227,758
<i>Sources of Funds</i>		
Paid-up Capital		130,267
Reserves and Surplus		71,090
Secured Loans		26,401
Unsecured Loans		-
<i>Application of Funds</i>		
Net Fixed Assets		60,067
Investments		21,558
Net Current Assets		(262,382)
Miscellaneous Expenses		-
Accumulated Losses		408,515
IV. Performance of the Company (Rs. in '000)		
Turnover		110,507
Total Expenditure		31,247
Profit before Tax		79,260
Profit after Tax		79,103
Earnings per Share (Rs.)		6.07
Dividend Rate (%)		Nil
V. Generic Name of the three Principal Products/Services of the Company		
Item Code No. (ITC Code)		Not applicable
Product Description		The Company was in NBFC business which has been discontinued.

As per our Report of even date

For and on behalf of the Board

For **Chaturvedi & Shah**
Chartered Accountants

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

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

Sd/- **Dr. K. Mohandas Pai**
Director

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

Place : Mumbai
Date : 29-05-2009

Place : Manipal
Date : 29-05-2009

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATING TO SUBSIDIARY COMPANIES AS AT 31st MARCH, 2009**

(Amount in Rupees)

1.	Name of the Subsidiary Company	Manipal Hotels Ltd.	Manipal Properties Ltd.
2.	The Financial period of the Subsidiary Company ended on	31/03/2009	31/03/2009
3.	Date from which they became Subsidiary Company	08/05/1992	23/12/2000
4.	Number of equity shares held by ICDS Ltd. at the end of the financial year of the Subsidiary Company	50,000	9,989
5.	Extent of interest of Holding Company at the end of the financial year of the subsidiary	100.00%	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 year ended 31st March, 2009	- 5,925	-9,31,791
	b) For the previous financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	12,58,609	11,46,774
	2. Dealt with in the Holding Company's accounts		
	a) For the financial year ended 31st March, 2009	- N A -	- N A -
	b) For the previous financial year of the Subsidiary Company since it became the Holding Company's Subsidiary	- N A -	- N A -
7.	Changes in the interest of Holding Company; between the end of the financial year of the subsidiary and 31st March, 2009	- N A -	- N A -
	a) Nos. of Shares		
	b) Extent of holding		
8.	Material Changes between the end of the financial year of the Subsidiary Company's Financial Statement ended 31st March, 2009	- 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/- H. N. S. Rao
Director

Sd/- Dr. K. Mohandas Pai
Director

Sd/- T. Mohandas Pai
Whole-time Director

Place : Manipal
Date : 29-05-2009

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 31-03-2009
1.	Parent (ICDS Ltd.)	Loans and advances in the nature of loans to subsidiaries by name and amount	Nil
		Loans and advances in the nature of loans to associates by name and amount	Nil
		Loans and advances in the nature of loans where there is	
		i) no repayment schedule or repayment beyond seven years or	Nil
		ii) no interest or interest below Section 372A of Companies Act by name and amount	Nil
		Loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount	Nil
2.	Subsidiary Manipal Hotels Ltd. Manipal Properties Ltd.	Loans and advances in the nature of loans to parent by name and amount	Nil
		Loans and advances in the nature of loans to associates by name and amount	Nil
		Loans and advances in the nature of loans where there is	
		i) no repayment schedule or repayment beyond seven years or	Nil
		ii) no interest or interest below Section 372A of Companies Act by name and amount	Nil
		Loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount	Nil
3.	Parent (ICDS Ltd.)	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	Nil

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in '000)

Description	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities				
Profit before Tax		79,260		151,812
Adjustments for:				
Depreciation	3,673		30,472	
Lease Equalisation	-		(26,954)	
Interest Expenses	2,220		1,808	
Loss on Sale of Fixed Assets	2,951		6,653	
Profit on Sale of Fixed Assets	(306)		(7,214)	
Interest from Investments	(1)		(1)	
Dividends	(2,512)		(2,570)	
Loss on Sale of Investments	-		25,068	
Excess Provision written back	(51,861)		(124,587)	
Provision/write-offs	1,985	(43,851)	6,889	(90,436)
<i>Operating profit before working capital changes</i>		35,409		61,376
<i>Adjustments for change in working capital</i>				
Decrease/(Increase) in Trade and other receivables	47,644		270,764	
Increase/(Decrease) in Trade Payables	(30,551)	17,093	(40,270)	230,494
<i>Cash generated from operations</i>		52,502		291,870
Less: Interest Paid		(33,807)		(25,077)
Income Tax (paid)/refunded		(8,706)		(2,127)
Fringe Benefit Tax Paid		(181)		(162)
<i>Net cash from/(used in) Operating Activities</i>		9,808		264,504
(B) Cash Flow from Investing Activities				
Purchase of Fixed and Leased Assets	(206)		(130)	
Sale of Fixed & Leased Assets	346		27,128	
Purchase of Investments	-		(45,068)	
Sale of Investments	-		20,000	
Interest received	1		1	
Dividend received	2,512		2,570	
<i>Net cash from/(used in) investing activities</i>		2,653		4,501

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in '000)

Description	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
(C) Cash Flow from Financing Activities:				
Proceeds/(Redemption) of debentures	(133,635)		(112,730)	
Proceeds/(Redemption) of Subordinated Debts	(54,242)		(81,822)	
Proceeds/(Payment) of Public Deposits	(54,978)		(56,290)	
Increase/(Decrease) of Bank Borrowing	5,940		(67,154)	
<i>Net Cash from/(used in) Financing Activities</i>	(236,915)		(317,996)	
Net Increase/(Decrease) in Cash Equivalents	(224,454)		(48,991)	
Cash & Cash Equivalents (Opening Balance)	312,482		361,473	
Cash & Cash Equivalents (Closing Balance)	88,028		312,482	

- Notes:** 1. Previous year's figures have been reworked, regrouped and reclassified wherever necessary.
 2. Cash and Cash equivalents includes term deposit pledged with bank Rs. 8,00,00 thousands (P.Y. Rs. 6,50,00 thousands) which are not freely available for use of the Company.

As per our Report of even date

For Chaturvedi & Shah
Chartered Accountants

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

For and on behalf of the Board

Sd/- T. Mohandas Pai
Whole-time Director

Sd/- Dr. K. Mohandas Pai
Director

Sd/- H. N. S. Rao
Director

Place : Mumbai
Date : 29-05-2009

Place : Manipal
Date : 29-05-2009

SCHEDULE TO THE BALANCE SHEET OF ICDS LIMITED

(As required in terms of Paragraph 9BB of

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

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

(Rs. in '000)

Particulars	Amount Outstanding	Amount Overdue
Liabilities side:		
1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
a) Debentures: Secured		
Unsecured*	230,533	230,533
(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*	38,053	38,053
g) Other Loans (subordinated debts, working capital loans)*	91,114	64,703
2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a) In the form of unsecured debentures	-	-
b) In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	-	-
c) Other public deposits*	38,053	38,053
Assets side:		
3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
a) Secured	173	
b) Unsecured	6,391	
4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
i) Lease assets including lease rentals under sundry debtors:		
a) Financial lease	-	
b) Operating lease	574	
ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on hire	-	
b) Repossessed Assets	-	
iii) Hypothecation loans counting towards EL/HP activities:		
a) Loans where assets have been repossessed	-	
b) Loans other than (a) above	-	

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

Particulars	Amount Outstanding	Amount Overdue	
5) Break-up of Investments:			
Current Investments: (Stock in trade considered)			
1. Quoted:			
i) Shares: a) Equity	-		
b) Preference	-		
ii) Debentures and Bonds	-		
iii) Units of Mutual Bonds	-		
iv) Government Securities	-		
v) Others	-		
2. Unquoted:			
i) Shares: a) Equity	-		
b) Preference	-		
ii) Debentures and Bonds	-		
iii) Units of Mutual Bonds	-		
iv) Government Securities	-		
v) Others	-		
Long Term Investments: (net of provisions)			
1. Quoted:			
i) Shares: a) Equity	11,428		
b) Preference	-		
ii) Debentures and Bonds	-		
iii) Units of Mutual Bonds	-		
iv) Government Securities	-		
v) Others	-		
2. Unquoted:			
i) Shares: a) Equity	10,120		
b) Preference	-		
ii) Debentures and Bonds	-		
iii) Units of Mutual Bonds	-		
iv) Government Securities (excluding interest accrued)	10		
v) Others: Interest accrued but not due on investments/deposits	4,833		
6) Borrower group-wise classification of all leased assets, stock on hire and loans and advances including debtors:			
Category	Amount (net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the Same Group	-	-	-
c) Other Related Parties	-	-	-
2. Other than Related Parties	173	97,035	97,208
Total	173	97,035	97,208

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

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

8) **Other Information**

Particulars	Amount
i) Gross Non-performing Assets	711,450
a) Related Parties	291,295
b) Other than related Parties	420,155
ii) Net Non-performing Assets	49,231
a) Related Parties	49,231
b) Other than Related Parties	-
iii) Assets acquired in satisfaction of debt	2,662

Note:

- 1) The demerger receivables of Rs. 69.75 lakhs from Manipal Properties Pvt. Ltd., Rs. 422.55 lakhs from MPL Enterprises Ltd. are shown in the above statement though the same are not in the nature of loans and advances in the opinion of the management in view of prudence.
- 2) Loans and advances, stock on hire are shown at net of provisions.
- 3) Matured Debentures are not shown as public deposits in line with the disclosure requirements.
- 4) Stock in trade of shares are shown at cost or market value whichever is less and are considered as current investments.

Annexure No. 1

Statement Pursuant to Schedule VI of the Companies Act, 1956

Name of the Company	As on 31-03-09		As on 31-03-08	
	Closing Stock Numbers	Amount (Rs. in '000)	Closing Stock Numbers	Amount (Rs. in '000)
Quoted Shares:				
A P S Star Ind. Ltd.	1448	—	1448	—
Absolute Aromatics Ltd.	1600	—	1600	—
Adhunik Synthetics Ltd.	2000	—	2000	—
Coimbatore Laxmi Invt. & Fin. Co. Ltd.	300	—	300	—
Genelac Ltd.	2000	—	2000	—
Golden Shrimp Hatchery Ltd.	349900	—	349900	—
Jayant Vitamins Ltd.	887	—	887	—
Kirloskar Electric Ltd.	1357	—	1357	—
Parsurampuriah Synthetics Ltd.	424	—	424	—
Patheja Forgings & Auto Parts Mfr. Ltd.	10000	—	10000	—
Praman Capital Market Services Ltd.	191500	—	191500	—
SOL Pharmaceuticals Ltd.	500	—	500	—
Someshwar Cements Ltd.	30000	—	30000	—
Tata Infomedia	201	—	201	—
The Peria Karamalai Tea & Prod. Co. Ltd.	1000	—	1000	—
The Sandur Manganese & Iron Ores Ltd.	6150	—	6150	—
The Vijaykumar Mills Ltd.	8000	—	8000	—
Uniworth Ltd.	750	—	750	—
Videocon International Ltd.	22	—	22	—
Wartyhully Estates Ltd.	1100	—	1100	—
Y S Porcelain Tubes Ltd.	1000	—	1000	—
Anjana Explosives Ltd.	133900	—	133900	—
Reliance Capital Ltd.	21	—	21	—
Reliance Infrastructure Ltd.	32	—	32	—
Reliance Natural Resources Ltd.	438	—	438	—
Reliance Communication	438	—	438	—
Reliance Industries Limited	38	—	38	—
Lakshmi Mills	20	—	20	—
Woolwoth India	750	—	750	—
ATN Ind.	100	—	100	—
Reliance Capital Ltd.	800	—	800	—
Prakash Industries Ltd.	250	—	250	—
Hindustan Dev. Corp.	100	—	100	—
Ruttonsha	100	—	100	—
GTN Textiles	200	—	200	—
L & T	50	—	50	—
Adarsh Derivat	100	—	100	—
Alok Industries	100	—	100	—
CMS Infotech	500	—	500	—
EPIC	100	—	100	—
Ambuja Cements	750	—	750	—
Hindalco	160	—	160	—

Name of the Company	As on 31-03-09		As on 31-03-08	
	Closing Stock Numbers	Amount (Rs. in '000)	Closing Stock Numbers	Amount (Rs. in '000)
Murudeshwar Ceramics	100	-	100	-
Panama Petro	200	-	200	-
Reliance Industries Ltd.	759	-	759	-
Reliance Capital Venture	37	-	37	-
Reliance Communications	759	-	759	-
Reliance Infrastructure Ltd.	56	-	56	-
Reliance Natural Resources	759	-	759	-
TVS Electro	100	-	100	-
Twinstar Soft	100	-	100	-
Aditya Birla Nuvo Ltd.	13	-	13	-
Centurian Bank of Punjab	1050	-	1050	-
Vikas W.S.P.	50	-	50	-
RPG Lifesciences Ltd.	50	-	50	-
Mahindra Lifespace Developers Ltd.	80	-	80	-
Glaxo SmithKline Pharmaceuticals Ltd.	1	-	-	-
Brabourne Enterprises	50	-	-	-
Magma Fincorp Ltd.	2	-	-	-
Reliance Industries Limited	400	-	-	-
Ultramarine & Pigments Ltd.	1600	-	-	-
United Spirits Limited	40	-	-	-
Videocon Industries Limited	23	-	-	-
Vikas Granaries Ltd.	100	-	-	-
Sub Total	755415	-	753199	-
Unquoted Shares:				
Mega Centre Super Markets Ltd.	20000	-	20000	-
Universal Print Systems Ltd.	5000	-	5000	-
Pampasar Distilleries Ltd.	100	-	100	-
Nagarjuna Granites Ltd.	100	-	100	-
Datar Switch Gears	100	-	100	-
Prudential Capital	200	-	200	-
Prudential Poly webs	200	-	200	-
Western Plaque	100	-	100	-
Tata Nagar bricks	100	-	100	-
Punsumi Foils & Components	1000	-	1000	-
IGGI Resorts Int.	200	-	200	-
Delta Ind.	100	-	100	-
Dolphin Lab Ltd.	400	-	400	-
Kojam Fin Inv Ltd.	7	-	7	-
Adam Comsof	200	-	200	-
ICES Software	200	-	200	-
Libord Infotech	200	-	200	-
Sub Total	28207	-	28207	-
Quoted Debentures:				
Jayant Vitamins Ltd.	5403	-	5403	-
Sub Total	5403	-	5403	-
Grand Total	789025	-	786809	-

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF ICDS LIMITED

- i) We have audited the attached consolidated Balance Sheet of ICDS Limited ("the Company") and its subsidiaries and associates (collectively called 'the Group') as at 31st March, 2009 and the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- ii) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- iii) a) We have audited the financial statements of the Parent Company, ICDS Limited, whose financial statements reflect total assets (net) of Rs. 27,16,94 thousands as at 31st March, 2009 the total revenue of Rs.11,05,07 thousands and net decrease in Cash Flows amounting to Rs. 22,44,54 thousands for the year then ended. Our opinion, in so far as it relates to the amounts included in respect thereof, is based on our report.
- b) We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets (net) of Rs. 4,36,79 thousands as at 31st March, 2009 the total revenue of Rs. 25,71 thousands and net decrease in Cash flows amounting to Rs. 2,06 thousands for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is so far as it relates to amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
- c) As stated in Note No. 6 of Schedule 'P', the valuation of investment in associate companies has been done on the basis of provisional financial statement of current year of the associate companies, in the absence of audited financial statements for the year ended 31st March, 2009.
- iv) Subject to the matter referred to in paragraph iii(c) above, we report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- v) In so far as relates to the results of operations and the financial position of ICDS Limited, included in these consolidated financial statements:
- a) *The Company has prepared its accounts on "going concern basis", despite the erosion of its entire network, as the liabilities of the Company have been restructured by the scheme of arrangement sanctioned*

by the Hon'ble High Court of Karnataka
(refer Note No. 3 of Schedule 'P').

- b) *The disclosures as required under Accounting Standard 15 – Employee Benefits (Revised 2005) has not been disclosed as referred to in Note No. 16(d) of Schedule 'P'.*
- vi) Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that subject to the matters stated above Sl. No. (v), the attached Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs

of the Company and its subsidiaries as at 31st March, 2009;

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

For CHATURVEDI & SHAH
Chartered Accountants

Sd/-

(C. D. Lala)
Partner

Place : Mumbai

Date : 29-05-2009

Membership No.: 35671

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

(Rs. in '000)

Description	Schedules	As at 31-03-2009		As at 31-03-2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
Shareholders' Funds:					
Share Capital	A	130,267		130,267	
Reserves & Surplus	B	<u>71,090</u>		<u>71,844</u>	
			201,357		202,111
Loan Funds:					
Secured Loans	C	26,401		20,461	
Unsecured Loans	D	<u>-</u>		<u>3,111</u>	
			26,401		23,572
			<u>227,758</u>		<u>225,683</u>
APPLICATION OF FUNDS:					
Fixed Assets					
Gross Block	E	807,808		837,976	
Less: Depreciation		<u>534,567</u>		<u>557,360</u>	
		273,241		280,616	
Less: Lease Equalisation		<u>183,497</u>		<u>183,497</u>	
Net Block		89,744		97,119	
Add: Advance for Fixed Assets		<u>-</u>		<u>-</u>	
			89,744		97,119
			27,420		29,192
INVESTMENTS:					
Current Assets, Loans & Advances					
Current Assets	G	93,490		332,860	
Loans and Advances	H	<u>102,603</u>		<u>74,306</u>	
		196,093		407,166	
Less: Current Liabilities and Provisions	I	<u>454,722</u>		<u>757,427</u>	
			(258,629)		(350,261)
Profit & Loss Account (Debit Balance)	J	<u>369,223</u>		<u>449,633</u>	
			<u>227,758</u>		<u>225,683</u>
Significant Accounting Policies	O				
Notes to Accounts	P				

As per our Report of even date.

For and on behalf of the Board

For **Chaturvedi & Shah**
Chartered Accountants

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

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

Sd/- **Dr. K. Mohandas Pai**
Director

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

Place : Mumbai
Date : 29-05-2009

Place : Manipal
Date : 29-05-2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rs. in '000)

Description	Schedules	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
INCOME:					
Income from Operations	K		49,744		76,841
Other Income	L		10,897		15,704
Excess Provisions for NPA Written Back			51,861		124,076
Total			<u>112,502</u>		<u>216,621</u>
EXPENDITURE:					
Finance Charges	M		2,760		1,982
Operating Expenses	N		23,381		52,722
Bad Debts written off		77		194	
Add: Provisions for Doubtful Debts		<u>108</u>	185	<u>1,532</u>	1,726
Depreciation	E	4,591		31,392	
Less: Transfer from Revaluation Reserve		<u>754</u>	3,837	<u>756</u>	30,636
Total			<u>30,163</u>		<u>87,066</u>
Profit/(Loss) before Lease Equalisation			82,339		129,555
Add: Reversal of Lease Equalisation			-		26,954
Profit before prior period adjustments			82,339		156,509
Add: Prior period adjustments			-		102
Profit before Tax			82,339		156,611
Provision for Tax					
Current Tax		-		16	
Fringe Benefit Tax		157		136	
Fringe Benefit Tax for earlier years		-	157	25	177
Profit after Tax			82,182		156,434
Share of profit/(loss) of associate			<u>(1,772)</u>		<u>2,456</u>
Profit for the Year			80,410		158,890
Balance brought forward from previous year			<u>(449,287)</u>		<u>(618,442)</u>
Transfer from Revaluation Reserve			-		10,265
Balance Carried to Schedule 'J'			<u>(368,877)</u>		<u>(449,287)</u>
Basic/Diluted Earning Per					
Share of Rs. 10/- each (in Rupees)				6.17	12.20
(Refer Note No. 15 of Schedule 'P')					
Accounting Policy	O				
Notes to Accounts	P				

As per our Report of even date.

For and on behalf of the Board

For **Chaturvedi & Shah**
Chartered Accountants

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

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

Sd/- **Dr. K. Mohandas Pai**
Director

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

Place : Mumbai
Date : 29-05-2009

Place : Manipal
Date : 29-05-2009

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in '000)

Description	As at 31-03-2009		As at 31-03-2008		Description	As at 31-03-2009		As at 31-03-2008	
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Schedule 'A'					Schedule 'C'				
SHARE CAPITAL					SECURED LOANS				
Authorised:					From Banks				
3,50,00,000 Equity Shares of Rs. 10/- each	350,000		350,000		Working Capital Loans	26,401		20,461	
1,50,00,000 Preference Shares of Rs.10/- each	150,000		150,000		Total	26,401		20,461	
Total	500,000		500,000		Schedule 'D'				
Issued & Paid-up:					UNSECURED LOANS				
1,30,26,700 Equity Shares of Rs.10/- each*	130,267		130,267		Subordinated Debts	-		3,111	
Total	130,267		130,267		Total	-		3,111	

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

Schedule 'B'

RESERVES & SURPLUS

Share Premium	33,334		33,334	
Revaluation Reserve	38,510		49,531	
Less: Transfer to Profit & Loss A/c	784	37,756	11,021	38,510
Total	71,090		71,844	

Schedule 'E' - FIXED ASSETS

(Rs. in '000)

Sl. No.	Description of Assets	GROSS BLOCK				DEPRECIATION & LEASE EQUALISATION						NET BLOCK			
		As at 31-03-08	Additions	Deductions/ Sale	As at 31-03-2009	As at 31-03-08		Deduction/Sale		For the Year		As at 31-03-2009			
		Rs.	Rs.	Rs.	Rs.	Deprn.	Eqn.	Deprn.	Eqn.	Deprn.	Eqn.	Deprn.	Eqn.	Rs.	Rs.
A. OWNED ASSETS															
1. Land	21,998	-	-	21,998	-	-	-	-	-	-	-	-	-	21,998	21,998
2. Buildings	81,691	-	-	81,691	14,780	-	-	-	1,332	-	16,111	-	65,880	66,911	
3. Plant & Machinery	4,514	91	2,709	1,896	2,844	-	1,754	-	200	-	1,000	-	806	1,870	
4. Electrical Fittings	3,288	25	1,895	1,398	2,273	-	1,391	-	121	-	1,003	-	386	695	
5. Furniture & Fittings	19,483	19	11,258	8,246	16,841	-	9,901	-	842	-	7,582	-	694	2,842	
6. Off. Equipments & Computers	24,157	71	14,382	9,846	23,579	-	14,210	-	174	-	9,543	-	303	578	
7. Vehicles	681	-	132	549	673	-	127	-	3	-	549	-	-	8	
Total of 'A'	156,790	206	30,374	126,622	60,590	-	27,383	-	2,872	-	35,878	-	69,744	66,200	
B. Assets given on Lease:															
1. Plant & Machinery	612,686	-	-	612,686	427,613	183,154	-	-	1,919	-	429,532	183,154	-	1,919	
2. Vehicles	69,500	-	-	69,500	69,157	343	-	-	-	-	69,157	343	-	-	
Total of 'B'	682,186	-	-	682,186	496,770	183,497	-	-	1,919	-	498,689	183,497	-	1,919	
Grand Total of A+B	837,976	206	30,374	807,808	567,360	183,497	27,383	-	4,891	-	534,567	183,497	69,744	97,119	
Previous Year	863,418	130	55,573	837,976	554,973	210,451	28,005	-	31,362	(28,954)	657,560	183,497	97,119		

- Notes:
- Buildings Include Rs.18,10 thousands (Previous year: Rs.18,10 thousands) pending registration.
 - Buildings includes shares of the face value of Rs. 511/- in Co operative Housing Society and the company has deposited the title deeds and share certificates amounting to Rs 6,78,47 thousands as a security against the security deposit received.
 - Land includes proportionate undivided share of land for the office premises owned by Manipal Properties Ltd. for Rs. 2,14,66 thousands.
 - The assets given on lease have been charged off fully for wear and tear by way of depreciation and lease equalisation over the tenure of the lease, the nominal value of Rs.1 each per lease account is kept as book value since the matter is under dispute under court of law.
 - Deduction includes the asset discarded during the year having gross block of Rs. 2,90,18 thousands and accumulated depreciation of Rs. 2,81,21 thousands.

Description	As at 31-03-2009 Rs.		As at 31-03-2008 Rs.	
Schedule 'F'				
INVESTMENTS				
Long Term Investments: (Non Trade, At Cost)				
A) GOVERNMENT SECURITIES				
National Savings Certificate		10		10
		<u>10</u>		<u>10</u>
B) SHARES:				
(Fully paid up)	Face Value	Nos.	Face Value	Nos.
QUOTED SHARES				
Associate Company				
ICDS Securities Ltd.	10.00	1,139,425	18,289	10,00
1,139,425				20,081
Other Companies:				
1. Lingapur Estates Ltd.	10.00	153,392	1,734	10,00
153,392				1,734
2. Manipal Finance Corpn. Ltd.	10.00	449,163	9,181	10,00
449,163				9,181
3. Oriental Bank of Commerce	10.00	-	-	10,00
-				-
4. Reliance Industries Ltd.	10.00	-	-	10,00
-				-
Total		29,204		30,976
UNQUOTED SHARES				
Associate Company				
1. Blue Cross Builders & Investors Ltd.	10.00	99,970	-	10,00
99,970				99,970
Other Companies:				
1. Development Co-op. Bank Ltd.	10.00	1,200	18	10,00
1,200				1,200
2. Manipal Resorts Co. Pvt. Ltd.	-	-	-	-
-				-
3. Manipal Housing Finance Syndicate Ltd.	10.00	729,000	9,103	10,00
729,000				9,103
		<u>9,121</u>		<u>9,121</u>
		<u>38,336</u>		<u>40,107</u>
Less: Provisions for diminution in value of investments		<u>10,915</u>		<u>10,915</u>
Total		27,420		29,192

Notes: 1. National Savings Certificates of the face value of Rs. 10 thousand (Previous year Rs. 10 thousand) have been lodged with Govt. departments.
2. Taken at face value as the market price of the quoted shares of the listed companies has not been quoted during the year.

Schedule 'G'
CURRENT ASSETS
INVENTORIES
Stock on Hire

Under Hire Purchase Agreements (at agreement value less amount received and unamatured hire charges)				
Considered Good				
Considered Doubtful		182,938		184,541
		<u>182,938</u>		<u>184,541</u>
Less: Provision		<u>182,938</u>		<u>184,541</u>
Other inventories: (valued and as certified by the management)				
Shares and Debentures				
SUNDRY DEBTORS:				
Unsecured				
More than 6 months				
Considered good		215		5,051
Considered doubtful		7,726		8,721
		<u>7,941</u>		<u>13,772</u>
Others (considered good)		3		-
		<u>7,944</u>		<u>13,772</u>
Less: Provision		<u>7,726</u>	219	8,721
				5,051
CASH AND BANK BALANCES:				
Cash, Cheques on hand and Remittances in transit		360		5,501
Balances with Banks:				
Current Accounts		3,109		4,863
Term Deposits		84,980		302,935
		<u>88,439</u>		<u>313,099</u>
OTHER CURRENT ASSETS				
Interest accrued on Investments		5		4
Interest accrued on Term Deposits		4,828		14,706
Total		93,490		332,980

Notes:

- Balances with Banks include balances with Non Scheduled banks:
Balance receivable with Manipal Co Operative Bank Ltd. Rs. 5 thousands (P.Y. Rs. 6 thousands)
(Maximum Balance outstanding at any time during the year Rs. 5 thousand (P.Y. Rs. 5 thousand))
- Term deposit includes Rs. 8,00,00 thousands (P.Y. Rs. 8,50,00 thousands) pledged with bank as security for Working Capital Loan.

Schedule 'H'

Description	As at 31-03-2009 Rs.		As at 31-03-2008 Rs.	
LOANS AND ADVANCES				
Advance taxes (net of provision)		20,808		11,531
Advance Fringe Benefit Tax		528		347
Advances on capital account		35,518		13,518
Less: Provision made		<u>4,700</u>		<u>4,700</u>
Demerger receivable (Secured)*		312,285		324,755
Less: Provision		<u>270,030</u>		<u>280,513</u>
LIC Group Gratuity Fund Asset (net)		425		44,242
Advances recoverable in Cash or in kind or for values to be received:				
- Secured considered good		173		640
considered doubtful		<u>66,085</u>		<u>104,064</u>
		<u>66,258</u>		<u>104,804</u>
Less: Provision		<u>66,085</u>	173	<u>104,064</u>
				640
- Unsecured considered good		7,896		8,728
considered doubtful		<u>40,082</u>		<u>40,783</u>
		<u>47,878</u>		<u>49,511</u>
Less: Provision		<u>40,082</u>		<u>40,783</u>
				8,728
Total		102,603		74,306

Note: Advances include secured loans and unsecured loans of Rs. 1.73 thousands and Rs. 6.69 thousands respectively. (Previous year Rs. 8.40 thousands and Rs. 7.53 thousands).
* Refer Note No. 4 of Schedule P.

Schedule 'I'

CURRENT LIABILITIES & PROVISIONS

CURRENT LIABILITIES

Description	As at 31-03-2009 Rs.		As at 31-03-2008 Rs.	
Interest Accrued but not due*		-		280
Sundry Creditors		40,800		57,910
Lease Deposits & Rent Deposits***		60,877		61,877
Debit Balance in Bank Current Accounts		19,419		32,640
Other Current Liabilities:				
1. Unpaid Matured subordinated debts*		46,607		97,738
2. Unpaid Interest on Matured subordinated debts*		16,096		25,847
3. Unpaid Matured deposits*		925		55,447
4. Unpaid Interest on matured deposits*		32,807		42,663
5. Unpaid Matured debentures*		141,161		274,796
6. Unpaid Interest on matured debentures*		89,382		104,784
7. Unclaimed Matured deposits**		838		1,294
8. Unclaimed Interest on matured deposits**		3,482		1,970
PROVISIONS				
Fringe Benefit Tax		528		371
Total		454,722		757,427

* Though the deposits, debentures & subordinated debts have become matured as per original contract, amount is payable as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka as referred to in Note No. 1 of Schedule 'P'.

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

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

Description

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
--	----------------------------	----------------------------

Schedule 'J'

PROFIT AND LOSS ACCOUNT

Balance from Profit and Loss Account	368,877	449,287
Share in associate companies:		
Goodwill (Refer Note No. 6 of Schedule 'P')	346	346
Total	369,223	449,633

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT &
LOSS ACCOUNT

Description	(Rs. in '000)			
	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
Schedule 'K'				
Income from Operations				
Hire purchase Income		233		715
Lease Income		95		46
Interest on Loans and Advances		4,881		3,513
Interest on Long term Investments		1		1
Interest on Term Deposit		15,553		25,588
Other Interest		368		357
Bad Debts Recovered		25,062		43,436
Service Charges & Commission		3,531		3,185
Total		48,744		76,841

Schedule 'L'
Other Income

Dividends:			
Long Term Investments		2,113	1,659
Others		399	911
Profit on sale of Fixed Assets		306	7,214
Rent		3,363	4,434
Refund of Sales tax paid		4,455	-
Miscellaneous Income		281	1,486
Total		10,897	15,704

Schedule 'M'
FINANCE CHARGES:

Interest on Bank Loan		2,220	1,806
Interest Others		-	-
Bank Charges		540	174
Total		2,760	1,982

Schedule 'N'
OPERATING EXPENSES
Expenditure on Employees:

Salaries, Wages & Bonus	10,543	8,430	
Contribution to PF & Other Funds	1,246	1,087	
Gratuity	138	2,010	
Staff Welfare Expenses	620	773	
		12,547	12,310

Administration and other Expenses:

Rent, Rates & Taxes	1,709	1,849	
Printing & Stationery	200	188	
Travelling & Conveyance	1,178	1,382	
Postage, Telegram & Telephones	959	846	
Insurance	1	-	
Repairs & Maintenance:			
Buildings	509	208	
Vehicles	114	44	
Others	281	400	
	904	652	

Advertisement & Business Promotion

Legal & Professional Charges	56	100	
Auditors Remuneration:	1,036	3,031	

Audit Fees

Audit Fees	151	153	
Tax Audit Fees	28	28	
Certification & Company law Matters	30	28	
Out of Pocket Expenses	21	16	
	230	225	

Service Charges	1,249	118	
Loss on sale of Investments	-	25,068	
Loss on sale of Assets	56	6,653	
Loss on discarded Assets	2,895	-	
Sundry Expenses	361	300	
Total	23,381	52,722	

Schedule 'O'
ACCOUNTING POLICY FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009
A. Principles of Consolidation

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

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

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

C. Basis of Preparation of Consolidated Financial Statements

1. The subsidiary companies considered in consolidation are:

Name of the company	Country of Incorporation	Extent of holding & Voting Power as on 31-03-09
a) Manipal Hotels Ltd.	India	100.00%
b) Manipal Properties Ltd.	India	99.89%

2. The financial statements of the Company and its subsidiaries and associates used in the consolidation are drawn upto the same reporting date as that of the Parent Company, i.e., Year ended 31st March, 2009.

D. Use of Estimates

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

E. System of Accounting and Income recognition

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

F. Fixed Assets

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

G. Depreciation

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

H. Investments

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

I. Current Assets

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

J. Employee Benefit

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

K. Borrowing Costs

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

L. Taxes on Income

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

M. Earnings Per Share

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

N. Impairment

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

O. Provision, Contingent Liabilities and Contingent Assets

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

P. Miscellaneous Expenditure

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

SCHEDULE - P

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

1. In pursuance to the Scheme of Arrangement (the 'scheme') under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka vide its order dated 15th October, 2004 and filed with the Registrar of Companies, Karnataka on 30th December, 2004 (i.e., the effective date) the Company has put the scheme to implementation and accordingly the company:
 - a) has not provided for interest on deposits, debentures and subordinated debts after 15th July, 2002 in terms of the scheme.
 - b) has not recognized income in respect of interest on loans granted on the abovesaid instruments.
 - c) has not carried any business of non-banking financial company during the year and has effected only recoveries of advances done in the previous years and repayment of liabilities in terms of scheme of arrangement.
 - d) has paid first four instalments of Debentures, Deposits and subordinated debts aggregating to Rs. 1,95,03,78 thousands in terms of the scheme and filed an affidavit before the Hon'ble High Court of Karnataka to the effect. The payment of fifth instalment of Deposits, Debentures and Subordinated Debts are in progress.
2. The charge created in respect of debentures in favour of the Debenture Trustees has been satisfied on 30th June, 2005 upon the payment of first instalment in terms of the scheme and necessary forms have been filed with the Registrar of Companies Karnataka, Bangalore.
3. The Company's liabilities were restructured pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. The accounts have been prepared on going concern basis in view of implementation of the scheme.
4. Demerger Receivable of Company represents Rs. 4,22,55 thousands (P.Y. Rs. 4,42,42 thousands) net of provisions from MPL Enterprises Ltd. (formerly known as MPL Finance & Leasing Co Ltd) pursuant to the scheme of arrangements sanctioned by Hon'ble High Courts of Karnataka and Madras vide their orders dated 9th April, 1999 and 25th August, 2000 respectively. The balance is considered good for recovery as the value of the property vested in MPL Enterprises Ltd. is adequate.
5. The Company has not recognized Deferred Tax Asset as per AS 22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, constituting, mainly of carry forward losses, excess depreciation claimed in Income tax and provision for doubtful debts, as a matter of prudence. There are no deferred tax liabilities or assets in subsidiary companies.
6. Details of valuation of investments in associate companies as required by AS-23 "Accounting for Investments in Associates in Consolidated Financial Statement" are as follows:

(Rs. in '000)

Particulars	2008-09	2007-08
Name of the Associate: ICDS Securities Limited		
Ownership interest (%)	40.00%	40.00%
Original cost of investments	11,428	11,428
Amount of Goodwill	346	346
Share of post acquisition Reserves & surplus	8,861	8,633
Carrying cost of investments	18,289	20,061
Name of the Associate: Blue Cross Builders and Investors Limited		
Ownership interest (through Manipal Properties Limited) (%)	47.60%	47.60%
Original cost of investments	1,001	1,001
Amount of Goodwill *	-	-
Share of post acquisition loss *	(1,001)	(1,001)
Carrying cost of investments*	-	-

Valuation of investments in ICDS Securities Limited for the current year has been done based on the provisional consolidated financial statements for the year ended 31-03-09 and in Bluecross Builders and Investors Limited on the basis of audited Financial Statements for the year ended 31-03-08 in the absence of latest Audited financial statements of the Associate Companies.

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

7. Contingent Liabilities

(Rs. in '000)

Sl.	Particulars	Current Year	Previous Year
A.	Guarantee issued in favour of bankers.	320	320
B.	Share in outstanding bank guarantees furnished by banks by Associate.	14,000	14,000
C.	Guarantee issued against facilities extended to third parties.	1,500	1,500
D.	Claims against the company/disputed liabilities not acknowledged as debt/liabilities.	1,334	1,334
E.	UP State Commercial Tax towards Trade Tax	4,500	-
F.	Income Tax (refer Note No. 8 below)	20,54,21	-
G.	Service tax*	1,61	1,61

The company had given two guarantees against counter guarantees from the parties prior to 1978 which have been invoked by the banks. The company has not provided for the same as guarantees have been invoked after the same was barred by time.

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

- B. Income tax demand represents Rs.15,35,50 thousands in respect of Block assessment held for the period from 1987-88 to 1997-98 and balance amount Rs. 4,83,05 thousands (net of Rs. 35,67 thousands recovered from refund of other assessment year) relating to other assessment years following the dismissal order of Hon'ble High Court of Karnataka in respect of disallowance of depreciation on leased assets and other disallowances. The Company has filed an Special Leave Petition (SPL) with Hon'ble Supreme Court of India against the order of Hon'ble High Court of Karnataka. The Company has been advised that there are fair chances of favourable judgement and hence does not foresee any outflow on the said matter.

9. The Company has provided Rs. 83,20 thousands (P. Y. Rs. 83,15 thousands) on the amount due from Manipal Hotels Limited and Rs. 2,09,26 thousands (P.Y. 1,91,31 thousands) on the amount due from Manipal Properties Ltd. of its subsidiaries. The amount provided in the company books have been written back in the consolidated statement of accounts in the absence of any write back in subsidiary.
10. Manipal Properties Ltd. is in the process of getting the property acquired under the scheme of arrangement, transferred in its own name.
11. Sundry creditors includes balances lying unpaid after adjusting deposits/debentures with loans borrowed against it and unencashed stale interest warrants/cheques. Unencashed stale cheques relating to Deposits, Non Convertible debentures and Subordinated debts amounting to Rs.2,43,67 thousands is lying more than one year. The Company has initiated followup action for payment of the above said liabilities.
12. List of Related Parties with whom transactions are taken place during the year:
- A. Associate Companies / Institutions:
- ICDS Securities Limited
 - The Canara Land Investments Ltd.
 - Bluecross Builders and Investors Limited
 - MPL Enterprises Ltd.
- B. Key Management Personnel and their Relatives:
- | | |
|-----------------|-------------------------------------|
| T. Mohandas Pai | Relationship
Whole-time Director |
| T. Ashok Pai | Relative of Director |
| H. N. S. Rao | Director |

(Rs. in '000)

Details of transactions are as follows:	Current Year	Previous Year
A. Purchase and other services from related parties		
- Associate Companies		
The Canara Land Investments Ltd.	13	13
B. Advances/reimbursement given during the year		
- Associate companies		
Mpl Enterprises Limited	2,934	-
Bluecross Builders and Investors Ltd.	5,193	351
C. Capital advance given during the year		
- Associate Companies		
Mpl Enterprises Limited	22,000	-
D. Advances/reimbursement given during the year		
- Associate companies		
Mpl Enterprises Limited	15,403	-
Bluecross Builders and Investors Ltd.	5,896	-
E. Rent / Interest / Finance charges received from related parties		
- Associate Companies		
ICDS Securities Ltd.	252	273
MPL Enterprises Limited (Net of Income reversal of Rs. 75,48 Thousand)	1,958	-
Bluecross Builders and Investors Limited (Net of Income reversal of Rs. 78,08 Thousand, P.Y.: Nil)	2,026	-
F. Outstanding balances as at 31-03-2009		
Due from		
- Associate Companies		
MPL Enterprises Limited	241,679	-
Bluecross Builders and Investors Ltd.	10,675	3,572
G. Provisions made on the balances from related parties		
- Associate Companies		
MPL Enterprises Limited	169,024	-
Bluecross Builders and Investors Ltd.	10,675	3,572

13. Miscellaneous income includes Rs. 1,69 thousands (previous year Rs. 7,24 thousands) pertaining to interest waived by holders of various instruments.

14. Consolidated Segment Information

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

Primary Segement Information are as follows:

(Rs. in '000)

REVENUE	Financial Services	Others	Eliminations	Consolidated
External Sales	109,931	2,571	-	112,502
	<i>213,384</i>	<i>3,237</i>	-	<i>216,621</i>
Inter segment Sales	576	-	(576)	-
	<i>3,126</i>	-	<i>(3,126)</i>	-
Total Revenue	110,507	2,571	(576)	112,502
	<i>216,510</i>	<i>3,237</i>	<i>(3,126)</i>	<i>216,621</i>
RESULT				
Segment result	79,280	(939)	4,018	82,339
	<i>151,812</i>	<i>147</i>	<i>4,652</i>	<i>156,611</i>
Income taxes and FBT (net credit)	(157)	-	-	(157)
	<i>(161)</i>	<i>(16)</i>	-	<i>(177)</i>
Profit Share of Associates	-	-	-	(1,772)
	-	-	-	<i>2,456</i>
Net Profit	-	-	-	80,410
	-	-	-	<i>158,890</i>
REVENUE				
Other Information-				
Segment Assets *	246,477	41,975	-	288,452
	<i>474,248</i>	<i>41,743</i>	-	<i>515,991</i>
Segment Liabilities*	679,681	2,291	-	681,972
	<i>979,405</i>	<i>3,309</i>	-	<i>982,714</i>
Capital Expenditure	-	-	-	-
	<i>130</i>	-	-	<i>130</i>
Depreciation & Lease equalisation (net)	3,673	164	-	3,837
	<i>3,518</i>	<i>164</i>	-	<i>3,682</i>
Other Non Cash expenses	-	-	-	-
	-	-	-	-
Excess provision written back	51,861	-	-	51,861
	<i>124,587</i>	-	<i>(511)</i>	<i>124,076</i>
Provisions/Write offs	1,985	-	(1,800)	185
	<i>6,889</i>	-	<i>(5,163)</i>	<i>1,726</i>

* Net of inter-company balances

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

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

c) Previous year figures given in italics.

15. Earnings per share

Details	2008-09	2007-08
		(Rs in '000)
a) Net Profit available for equity shareholder	80,410	158,890
Numerator used for calculation		
b) Weighted Average No. of equity shares used as denominator for calculating EPS		
(Nos.)	13,026,700	13,026,700
Basic/Diluted [Annualised] [Nominal value per share Rs.10 each]	Rs. 6.17	12.20

16. Employee Benefits

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

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

a) Brief description of the Plans:

The Company has two schemes for long-term benefits for provident

fund and gratuity. In case of funded schemes, the funds are recognised by the Income tax authorities and are administered through trustees / appropriate statutory authorities wherever applicable. The Company's defined contribution plan is employees' provident fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since, the Company has no further obligation beyond making the contributions. The Company's defined benefit plan is gratuity.

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

The Company's contribution to Provident Fund charged to Profit and Loss Account during the year is Rs. 3.62 thousands (P.Y. 3.22 thousands).

c) The Company's liability towards Gratuity to employees is covered by a group policy with Life Insurance Corporation of India (LIC of India) and contributions / demand made are charged to profit and loss account. During the year company has paid contribution of Rs. 15.04 thousands (P. Y. Rs. 41,22 thousands) to LIC of India for its demands including the amounts pertaining to previous years and has charged

of Rs. 1,14 thousands (P.Y. Rs. 20,10 thousands) to profit and loss account towards 2007-08 charges based on the statement received from LIC of India.

- d) Disclosures for defined gratuity benefit plans as required under Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the Institute of Chartered Accountants of India, is not given as the

Company has not received any actuarial valuation or information from LIC of India. The Management is in the process of getting the information from the LIC of India. The effect if any on the expense/income will be given in the year of receipt of information.

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

As per our Report of even date

For and on behalf of the Board

For Chaturvedi & Shah
Chartered Accountants

Sd/- T. Mohandas Pal
Whole-time Director

Sd/- C. D. Lala
Partner

Sd/- Dr. K. Mohandas Pal
Director

Sd/- H. N. S. Rao
Director

Membership No.: 35671

Place : Mumbai
Date : 29-05-2009

Place : Manipal
Date : 29-05-2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

(Rs. in '000)

Description	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities				
Profit before Tax		82,339		156,611
Adjustments for:				
Depreciation	3,837		30,636	
Lease equalisation	-		(28,954)	
Interest expenses	2,220		1,808	
Loss on Sale of Assets	2,951		6,653	
Profit on Sale of Fixed Assets	(306)		(7,214)	
Interest from Investments	(1)		(1)	
Dividends	(2,512)		(2,570)	
Loss/(Profit) on sale of Investments	-		25,068	
Excess Provisions for NPA Written Back	(51,861)		(124,076)	
Provision/write-offs under R.B.I. Norms	185		1,726	
		<u>(45,487)</u>		<u>(94,924)</u>
Operating profit before working capital changes		36,852		61,687
Adjustments for Increase/decrease in working capital				
Decrease/(Increase) in Trade and other receivables	44,989		271,474	
Increase/(Decrease) in Trade Payables	(28,975)		(40,742)	
		<u>16,014</u>		<u>230,732</u>
Cash generated from operations		52,966		292,419
Less: Interest Paid		(33,807)		(25,077)
Income Tax (paid)/refund		(9,276)		(2,127)
Fringe Benefit Tax Paid		(181)		(914)
Net cash from/(used in) operating activities		<u>9,602</u>		<u>264,301</u>
(B) Cash Flow from Investing Activities				
Purchase of Fixed and Leased Assets	(206)		(130)	
Sale of Fixed & Leased Assets	346		27,128	
Purchase of Investments	-		(45,568)	
Sale of Investments	-		20,387	
Interest received	1		1	
Dividend received	2,512		2,570	
Net Cash from/(used in) Investing Activities		<u>2,653</u>		<u>4,388</u>
(C) Cash Flow from Financing Activities:				
Proceeds/(Redemption) of Debentures	(133,635)		(112,730)	
Proceeds/(Redemption) of Subordinated Debts	(54,242)		(81,822)	
Proceeds/(Payment) of Public Deposits	(54,978)		(56,290)	
Increase/(Decrease) in Bank Borrowings	5,940		(67,154)	
Net Cash from/(used in) Financing Activities		<u>(236,915)</u>		<u>(317,996)</u>
Net Increase/(Decrease) in Cash Equivalents		<u>(224,660)</u>		<u>(49,307)</u>
Cash & Cash Equivalents (Opening Balance)		313,099		362,406
Cash & Cash Equivalents (Closing Balance)		<u>88,439</u>		<u>313,099</u>

Notes: 1. Previous years figures have been reworked, regrouped and reclassified wherever necessary.
 2. Cash & Cash equivalents includes term deposit pledged with bank Rs. 8,00,00 thousands.
 (P.Y. Rs. 6,50,00 thousands) which are not freely available for use of the Company.

As per our Report of even date

For and on behalf of the Board

For **Chaturvedi & Shah**
Chartered Accountants

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

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

Sd/- **Dr. K. Mohandas Pal**
Director

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

Place : Mumbai
Date : 29-05-2009

Place : Manipal
Date : 29-05-2009

MANIPAL HOTELS LIMITED

Twenty first Annual Report and Accounts for the year ended 31st March, 2009.

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 first Annual Report and Audited Balance Sheet of the Company as at 31st March, 2009.

REVIEW OF OPERATIONS

During the year under report Company did not do any worthwhile business and incurred a Net Loss of Rs. 5,925/-.

DIRECTORS

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

Particulars regarding conservation of energy and technology absorption: Nil

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

DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that

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

AUDITORS

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

For and on behalf of the Board

Place: Manipal	Sd/-	Sd/-
Date : 18-05-2009	T. MOHANDAS PAI	T. SATISH U. PAI
	Director	Director

AUDITORS' REPORT TO THE SHAREHOLDERS

To The Members,
MANIPAL HOTELS LIMITED

We have audited the attached Balance Sheet of Manipal Hotels Limited (the Company) as at 31st March, 2009, the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

e. On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, subject to Note No. 5 of Schedule 7, of Balance Sheet, we report that none of the directors are disqualified as on 31st March, 2009 from being appointed as Director in terms of Clause (g) of Sub-Section 1 of Section 274 of the Companies Act, 1956.

f. In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the schedules and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2009.
- In the case of the Profit and Loss Account of the LOSS for the year ended on that date and
- In the case of the Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.

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

(I) The nature of the Company's business/activities during the year have been such that Clauses (i), (ii), (vii) and (xiv), of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(II) (I) 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.

(II) 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.

(III) 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 subclause (a) above, the provisions of subclause (b) of Clause (v) of Para 4 of the Order is not applicable.

(iv) The Company has not accepted any amount as deposits from the public. Therefore para 4 (vi) of the order is not applicable.

(v) The maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 is not applicable to the Company.

(vi) 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/Custom Duty/Excise Duty/Cess and therefore giving information as required under Clause 4(x) (b) of the order does not arise.

(vii) The Company does not have accumulated losses as at the end of the year and the Company has incurred cash losses during the financial year under audit & in the immediate preceding financial year.

(viii) 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.

MANIPAL HOTELS LIMITED

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Sch. No.	2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Other Income		-	-	-	-
EXPENDITURE					
Operative and Other Expenses	6	5,925	-	4,809	-
Profit/(Loss) before tax		(5,925)	-	(4,909)	-
Less: Provision for Current & Deferred Tax		-	-	-	-
Profit/(Loss) after Tax		(5,925)	-	(4,909)	-
Balance of Profit Brought Forward		1,258,609	-	1,263,518	-
Profit carried to Balance Sheet		1,252,684	-	1,258,609	-

Basic/Diluted Earning per Share of Rs. 10 each (in Rupees) (Refer Note No. 4 of Schedule 7) (0.12) (0.10)

Notes on Accounts 7

Sd/- **T. MOHANDAS PAI** Director Sd/- **T. SATISH U. PAI** Director As per our report of even date For **Pai Nayak & Associates** Chartered Accountants

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

Place: Manipal Place: Manipal
Date : 18-05-2009 Date : 18-05-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2008-2009		2007-2008	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit/(Loss) before tax		(5,925)		(4,909)
Operating profit before working capital changes		(5,925)		(4,909)
Adjustment for changes in Working Capital				
Decrease/(increase) in Advances and Receivables		(387,500)		729,645
Decrease/(increase) in Sundry Debtors		-		-
Increase/(Decrease) in Trade and Other Payables		5,530		(631,200)
Cash generated from operations		(387,895)		93,536
Taxes Refund/(Paid)		-		-
Net Cash used in operating activities		(387,895)		93,536
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase/(sale) of Investments		-		387,500
Net cash used in investing activities		-		387,500
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Net cash used in financing activities		-		-
Net Increase/(Decrease) in Cash and Cash Equivalents		(387,895)		481,036
Cash and Cash equivalents (Opening Balance)		585,672		104,636
Cash and Cash equivalents (Closing Balance)		197,777		585,672

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

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

Place: Manipal Place: Manipal
Date : 18-05-2009 Date : 18-05-2009

Place: MANIPAL
Date : 18-05-2009

BALANCE SHEET AS AT MARCH 31, 2009

	Sch. No.	As at 31-03-2009		As at 31-03-2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders Funds					
Share Capital	1	500,000		500,000	
Reserves and Surplus	2	1,252,684		1,258,609	
Total		1,752,684		1,758,609	
APPLICATION OF FUNDS					
Investments	3		1,100		1,100
Current Assets					
Loans and Advances	4			585,672	
Cash and Bank Balances		197,777			
Loans and Advances (net of provisions)		9,876,431		9,488,931	
		10,074,208		10,074,803	
Less: Current Liabilities and Provisions	5				
Current Liabilities		8,322,624		8,317,094	
Provisions		-		-	
		8,322,624		8,317,094	
Net Current Assets, Loans and Advances		1,751,584		1,757,509	
Total		1,752,684		1,758,609	

Notes on Accounts 7

Sd/- **T. MOHANDAS PAI** Director Sd/- **T. SATISH U. PAI** Director As per our report of even date For **Pai Nayak & Associates** Chartered Accountants

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

Place: Manipal Place: Manipal
Date : 18-05-2009 Date : 18-05-2009

MANIPAL HOTELS LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at		As at	
	31-03-2009	Rs.	31-03-2008	Rs.
SCHEDULE - 1				
SHARE CAPITAL				
Authorised				
2,500,000 Equity Shares of Rs.10 each		25,000,000		25,000,000
400,000 Redeemable Cumulative Preference Shares of Rs.100 each		<u>40,000,000</u>		<u>40,000,000</u>
Total		<u>65,000,000</u>		<u>65,000,000</u>
Issued, Subscribed and Paid-up				
50,000 (Previous year 50,000) Equity Shares of Rs. 10 each (All shares are held by the Holding Company - ICDS Ltd. and its nominees)		<u>500,000</u>		<u>500,000</u>
SCHEDULE - 2				
RESERVES AND SURPLUS				
Surplus - Balance in Profit and Loss Account		<u>1,252,684</u>		<u>1,258,609</u>
SCHEDULE - 3				
INVESTMENTS - LONG TERM (Non-Trade)				
11 Equity Shares of Rs. 100 each fully paid-up in Manipal Properties Ltd.		<u>1,100</u>		<u>1,100</u>
		<u>1,100</u>		<u>1,100</u>
SCHEDULE - 4				
CURRENT ASSETS, LOANS AND ADVANCES (Unsecured)				
Cash and Bank Balances				
Balance with a Scheduled Bank in Current Account	197,777		585,672	
Loans and Advances (unsecured) (Balance after provisions considered good)				
Advances recoverable in cash or in kind	1,058,098		870,598	
Advances on Capital Account	<u>13,518,333</u>		<u>13,518,333</u>	
	<u>14,576,431</u>		<u>14,188,931</u>	
Less: Provision made for doubtful assets		<u>4,700,000</u>		<u>4,700,000</u>
		<u>9,876,431</u>		<u>9,488,931</u>
Total (Considerd good)		<u>10,074,208</u>		<u>10,074,603</u>
SCHEDULE - 5				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Due to Holding Company (ICDS Ltd.)	8,320,418		8,314,854	
Expenses outstanding	<u>2,208</u>		<u>2,240</u>	
Total		<u>8,322,626</u>		<u>8,317,094</u>
SCHEDULE - 6				
OPERATIVE AND OTHER EXPENSES				
Rates and Taxes	2008-2009		2007-2008	
Legal and Professional Charges	562		552	
Printing & Stationery	<u>185</u>		<u>185</u>	
Remuneration to Auditors				
For Statutory Audit	2,206		2,240	
Miscellaneous Expenses	<u>2,972</u>		<u>1,087</u>	
Total		<u>5,925</u>		<u>4,909</u>
SCHEDULE - 7				
NOTES ON ACCOUNTS				
1. Significant Accounting Policies:				
Basis of Accounting:				
The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, mandatory Accounting Standards notified by the Companies (Accounting Standard) rule 2006 and the relevant provisions of Companies Act, 1956. The accounts are prepared under historic cost convention and all significant items of income & expenditure are accounted on accrual system of accounting.				
Use of Estimates:				
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon managements best knowledge of current events and actions, actual results could differ from these estimates. The difference between the actual results and estimates are being recognised in the period in which the results are known/materialised.				
Investments:				
Long Term Investments are stated at cost. The Company has the policy of making provisions for diminution in the value of investments to recognise decline, other than temporary.				
Taxes on Income:				
The Company has charged off the Current Income Tax (if any) to the Profit and Loss Account. Deferred Tax Assets/Liabilities (if any) recognised/provided in accordance with the Accounting Standard 22. Deferred Tax (if any) is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date, on the timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred Tax (if any) is recognised, subject to the considerations of prudence.				
Segment Reporting:				
The Company is operating under one segment. Therefore Disclosure as to segment reporting not applicable.				

Contingent Liabilities/Assets:

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

Earning per share:

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

Cash Flow Statement:

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

- Advances on capital account represent advance to a venture in hotel industry, the balance of which is subject to confirmation. The advance on capital account and 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.
- List of Related parties with whom transactions are taken place during the year. Holding Company: M/s ICDS Limited Manipal Associate Company: Manipal Properties Ltd. (Subsidiary of ICDS Ltd.) Details of transactions are as follows:

	Rs. in '000	Rs. in '000
	Current Year	Previous Year
Amount due to Holding Company M/s ICDS Limited	8,320	8,315
Investment held in Associate Companies Manipal Properties Ltd.-11 equity shares of Rs. 100/- each	1	1

Investment by Holding Company:

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

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

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

	Current Year	Previous Year
a) Number of Equity Shares	50000	50000
b) Net Profit/(Loss) after Tax	Loss Rs. 5,925	Loss Rs. 4,909
c) Earning per share (b/a) (Basic & Diluted)(Annualised)	Rs. (0.12)	Rs. (0.10)
- One of the Directors of the Company is Sri T. Mohandas Pai, is the Whole-time Director of M/s ICDS Ltd., which is also the Holding Company. M/s ICDS Ltd. has stopped repayment of Public Deposits, debentures, debts and interest thereon w.e.f. 15th July, 2002 and approached the Hon'ble High Court of Karnataka for restructuring of deposits, debentures and debts. The Scheme of restructure as aforesaid has been approved by the Hon'ble High Court of Karnataka vide order dated 15th October, 2004. The Company has been legally advised that the aforesaid order is in retrospective effect from 15th July, 2002 and therefore the Director of the Company Mr. T. Mohandas Pai is not disqualified u/s 274(1)(g) of the Companies Act, 1956.
- There are no dues to Micro, Small & Medium Enterprises at any time during the year, in the absence of notified registered dealer with the Company as per the provisions of the Micro, Small and Medium Enterprises Development Act 2006. Hence the further disclosure requirements as required under Micro, Small & Medium Enterprises Development Act, 2006 and also as per Schedule VI to the Companies Act, 1956 does not arise.
- Provision for Current Tax not made, since there are no such liability under Income Tax Act, 1961. There are no deferred tax liabilities and deferred tax assets as on 31st March, 2009.
- Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification

9. Balance Sheet Abstract and General Business Profile:

I. Registration Details:			
Registration No.	15585	State Code	18
Balance Sheet Date	31-03-2009		
II. Capital Raised during the year			
Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds (Amount Rs. in thousands)			
Total Liabilities	1,753	Total Assets	1,753
Sources of Funds			
Paid-up Capital	500	Reserves and Surplus	1,253
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	Nil	Investments	1
Net Current Assets	1,752	Miscellaneous Expenditure	Nil
		Accumulated Losses	Nil
IV. Performance of the Company (Amount Rs. in thousands)			
Turnover	Nil	Total Expenditure	6
Profit/(Loss) before Tax	(6)	Profit/(Loss) after Tax	(6)
Earnings Per Share (in Rs.)	(0.12)	Dividend (in %)	Nil
Annualised			
Previous Year : in Rs.	(0.10)		
(Basic and Diluted)			

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

V. Generic Names of Principal Products		N.A.
Item Code No. (ITC Code)	Product Description	Not Applicable
Sd/- T. MOHANDAS PAI Director	Sd/- T. SATISH U. PAI Director	As per our report of even date for Pai Nayak & Associates Chartered Accountants

Sd/-
ANANTHANARAYANA PAI K.
Partner (M.No. 0245411)
Place: Manipal
Date : 18-05-2009

MANIPAL PROPERTIES LIMITED

Tenth Annual Report and Accounts for the year ended 31st March, 2009.

BOARD OF DIRECTORS

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

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report and Audited Balance Sheet of the Company as at 31st March, 2009.

REVIEW OF OPERATIONS

During the year under report Company earned a Total Income of Rs. 25,71,499/-, incurred an expenditure of Rs. 35,04,318 and incurred a net loss of Rs. 9,32,817/-.

DIRECTORS

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

Particulars regarding conservation of energy and technology absorption : Nil

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

SECRETARIAL COMPLIANCE CERTIFICATE

The Compliance Certificate as required under Sec. 383(A) of the Companies Act, 1956 is annexed.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors report that:

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

AUDITORS

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

COMPLIANCE CERTIFICATE

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

For and on behalf of the Board

	Sd/-	Sd/-
Place : Manipal	H. N. S. RAO	T. SATISH U. PAI
Date : 18-06-2009	Director	Director

COMPLIANCE CERTIFICATE

To
The Members
Manipal Properties Ltd.
Regd. Office: 1st Floor
Auras Corporate Centre
No. 88A, Dr. Radhekrishnan Salai
Mylapore, Chennai - 600 004

Dear Sir,

I have examined the registers, records, books and papers of Manipal Properties Ltd. as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. 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 30th April, 2008, 6th May, 2008, 22nd October, 2008 and 28th January, 2009 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 10th Annual General Meeting for the financial year ended on 31-3-2008 was held on 25th September, 2008 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 purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company has not given any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny and complied with provisions of the Act.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company does not have any employees at present, therefore, Provisions of PF Act are not applicable.

Sd/-
Sदानanda S. Kamath
Practising Company Secretary
ACS-835 C.P. No. 4477

Place: Manipal
Date : 18-06-2009

ANNEXURE - A

Registers as maintained by the Company:

1. Register of Members u/s 160
2. Copies of Annual Returns u/s 159
3. Minutes of Board Meetings/Annual General Meetings/Extra Ordinary General Meetings u/s 193
4. Register of Contracts under Section 301
5. Register of Directors u/s 303
6. Books of Accounts under Section 209
7. Register of Directors Shareholdings Pursuant to Section 307 of Companies Act.

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ended on 31st March, 2009 within the stipulated time period without any delay in filing:

1. Form 23 AC and 23 ACA in respect of Annual Report containing Directors Report, Auditors Report, Balance Sheet and Profit and Loss Account for the financial year ended 31st March, 2008 vide SRN P22744486 dtd. 17/10/2008.
2. Form 20B in respect of Annual Return u/s 159. vide SRN P25048240 dtd. 04/11/2008.
3. Form 86 in respect of Compliance Certificate u/s 383 A vide SRN P21853841 dated 25/09/2008.

Sd/-
Sदानanda S. Kamath
Practising Company Secretary
ACS-835 C.P. No. 4477

Place: Manipal
Date : 18-05-2009

MANIPAL PROPERTIES LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS

To the Members,

MANIPAL PROPERTIES LIMITED

We have audited the attached Balance Sheet of Manipal Properties Limited (the Company) as at 31st March, 2009, the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

- 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 accounts as required by law have been kept by the Company, so far as appears from our examination of the books.
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with books of accounts.
- d) In our opinion the Profit & Loss account, the Balance Sheet and the Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, subject to Note No. 5 of Schedule 7, of Balance Sheet, we report that none of the directors are disqualified as on 31st March, 2009 from being appointed as Director in terms of Clause (g) of Sub-Section 1 of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the schedules and notes there on, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet of the State of Affairs of the Company as at 31st March, 2009.
 - ii) In the case of the Profit and Loss Account of the LOSS for the year ended on that date and
 - iii) In the Case of the Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.

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

- i. The nature of the Company's business/activities during the year have been such that clauses (ii), (vii) and (xiv), of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- ii. 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.
- 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.
- iii) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase & sale of fixed assets and in respect of the income earned and there are no continuing failures to correct major weakness in internal control system.
- iv) 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 subclause (a) above, the provisions of subclause (b) of clause (v) of Para 4 of the Order is not applicable.
 - v) The Company has not accepted any amount as deposits from the public. Therefore para 4 (vi) of the order not applicable.
 - vi) The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company.
 - vii) According to the information and explanations given to us, in respect of Statutory and other dues, the Company has been regular in depositing undispated 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/Custom Duty/Excise Duty/Cess and therefore giving information as required under Clause 4(x)(b) of the order does not arise.

- viii) The Company does not have accumulated losses as at the end of the year. The Company has incurred cash losses during the financial year under audit & has not incurred cash losses in the immediate preceding financial year.
- ix) 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.
- x) 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.
- xi) 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.
- xii) 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.
- xiii) 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.
- xiv) According to the information and explanation given to us and on the basis of overall examination of the balance sheet of the Company, we report that short term funds (of the nature "Current Liabilities") have been used for Long Term Investment in Fixed Assets & Investments to the extent of Rs. 294.63 Lakhs (P. Y. Rs. 286.94 Lakhs).
- xv) 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.
- xvi) The Company has not issued any debentures. Therefore the question of commenting on creation of security thereon does not arise.
- xvii) 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.
- xviii) 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 PAJ NAYAK & ASSOCIATES
Chartered Accountants
M. No: 24541

Sd/-
Ananthanarayana Pai K.
Partner

Place: MANIPAL
Date : 18-05-2009

BALANCE SHEET AS AT MARCH 31, 2009

	Sch. No.	Rs.	Rs.	Rs.	Rs.
			31-03-2009	31-03-2008	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1		1,000,000	1,000,000	
Reserves and Surplus	2		215,220	1,148,037	
Total			<u>1,215,220</u>	<u>2,148,037</u>	
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	3	31,519,995		31,519,995	
Less : Depreciation			1,843,153	1,879,267	
Net Block			29,676,842	29,640,728	
Investments					
Unquoted - Long term (non-trade) 99970 (P.Y. 99970) Equity Shares of Rs. 10 each of Blue Cross Builders & Investors Ltd.			1,000,950	1,000,950	
Current Assets					
Loans and Advances	4				
Cash and Bank Balances		213,370		30,526	
Sundry Debtors-Income Receivable		146,490		118,563	
Loans and Advances		2,566,462		1,996,391	
			<u>2,926,322</u>	<u>2,143,480</u>	
Less : Current Liabilities & provisions					
Current Liabilities	5				
Current Liabilities		32,388,894		30,837,121	
Provisions		-		-	
		<u>32,388,894</u>		<u>30,837,121</u>	
			(29,462,572)	(28,693,641)	
Total			<u>1,215,220</u>	<u>2,148,037</u>	
Notes on Accounts	7				As per our report of even date

For PAJ NAYAK AND ASSOCIATES
Chartered Accountants

Sd/-
T. SATISH U. PAI
Director

Sd/-
H. N. S. RAO
Director

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

Place: Manipal
Date : 18-05-2009

Place: Manipal
Date : 18-05-2009

MANIPAL PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Sch. No.	2008-09 Rs.	2007-08 Rs.
INCOME		
Rent	<u>2,571,499</u>	<u>3,236,847</u>
	<u>2,571,499</u>	<u>3,236,847</u>
EXPENDITURE		
Interest	2,794,205	2,614,729
Administrative and Other Expenses	6 <u>546,225</u>	<u>306,485</u>
	<u>3,340,430</u>	<u>2,921,214</u>
Profit/(Loss) Before Depreciation	(768,931)	315,633
Less: Depreciation	<u>163,886</u>	<u>163,886</u>
	<u>(932,817)</u>	<u>151,747</u>
Profit/(Loss) Before Tax		
Less: Provision for Taxation		
Current Tax	-	15,630
Profit/(Loss) after Tax	<u>(932,817)</u>	<u>136,117</u>
Balance of Profit Brought Forward	<u>1,148,037</u>	<u>1,011,920</u>
Profit Carried to Balance Sheet	<u>215,220</u>	<u>1,148,037</u>
Basic/Diluted Earning per Share of Rs.100 each (in Rupees)	(93.28)	13.61
(Refer Note No. 6 of Schedule 7)		
Notes on Accounts	7	

As per our report of even date
For **PAI NAYAK & ASSOCIATES**
Chartered Accountants

Sd/- T. SATISH U. PAI Director	Sd/- H. N. S. RAO Director	Sd/- ANANTHANARAYANA PAI K. Partner (M.No. 024541)
Place: Manipal Date : 18-05-2009		Place: Manipal Date : 18-05-2009

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31-03-2009 Rs.	As at 31-03-2008 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
10,000 Equity Shares of Rs.100 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued, Subscribed and Paid-up		
10,000 Equity Shares of Rs.100 each	<u>1,000,000</u>	<u>1,000,000</u>

(Of the above, 9989 Shares are held by Holding Company ICDS Limited and 11 shares by its subsidiary Manipal Hotels Ltd. and their nominees)

	2008-09 Rs.	2007-08 Rs.
SCHEDULE - 2		
RESERVES AND SURPLUS		
Surplus - Balance in Profit and Loss Account	<u>215,220</u>	<u>1,148,037</u>

	2008-09 Rs.	2007-08 Rs.
SCHEDULE - 4		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Cash in Hand	-	-
Balance with a Scheduled Bank in Current Account	<u>213,370</u>	<u>30,526</u>
	<u>213,370</u>	<u>30,526</u>
Income Receivable (due for less than 6 months) (unsecured and considered good)	<u>146,490</u>	<u>116,563</u>
Loans & Advances: (unsecured and considered good)		
Advance Income Tax and Tax deducted at source (net of provisions)	<u>2,566,462</u>	<u>1,996,391</u>
Total Current Assets and Loans & Advances	<u>2,926,322</u>	<u>2,143,480</u>

Particulars	Gross Block				Depreciation				Net Block			
	As at 31-3-2008		As at 31-03-2009		As at 31-3-2008		As at 31-3-2009		As at 31-3-2008		As at 31-3-2009	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land **	21,465,645	-	-	21,465,645	-	-	-	-	21,465,645	-	21,465,645	
Office Premises	10,054,350	-	-	10,054,350	1,679,267	163,886	-	1,843,153	8,211,197	8,375,083		
Total	31,519,995	-	-	31,519,995	1,679,267	163,886	-	1,843,153	29,676,842	29,840,728		
Previous year	31,519,995	-	-	31,519,995	1,515,381	163,886	-	1,679,267	29,840,728	30,004,814		

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

SCHEDULE - 5

	2008-09 Rs.	2007-08 Rs.
CURRENT LIABILITIES		
Due to Holding Company (ICDS Ltd.)	30,119,811	27,529,753
Rent Deposit	1,150,000	2,150,000
Expenses outstanding	40,270	13,202
Other Liabilities	<u>1,078,813</u>	<u>1,144,166</u>
	<u>32,388,894</u>	<u>30,837,121</u>
PROVISIONS:		
Total Current Liabilities & Provisions	<u>32,388,894</u>	<u>30,837,121</u>

SCHEDULE - 6

	2008-09 Rs.	2007-08 Rs.
ADMINISTRATIVE AND OTHER EXPENSES		
Rates and Taxes	314,783	211,737
Repairs and Maintenance-Building	202,558	-
Electricity	-	71,640
Remuneration to Auditors		
For Statutory Audit	12,960	11,236
Certification	-	1,968
Legal and Consultation Charges	11,775	6,500
Miscellaneous Expenses	4,149	3,406
Total	<u>546,225</u>	<u>306,485</u>

SCHEDULE - 7

NOTES ON ACCOUNTS

1. Significant Accounting Policies :

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

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

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

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

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

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

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

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

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

Contingent Liabilities/Assets: Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Provisions not made in the account (which otherwise should have been made) are disclosed by way of appropriate note. Contingent liabilities (if any) are not recognized

MANIPAL PROPERTIES LIMITED

but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

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

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

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

Details of transactions are as follows:

	Rs. in '000 Current Year	Rs. in '000 Previous Year
A. Interest to Holding Company		
M/s ICDS Limited	2794	2615
B. Amount due to Holding Company		
M/s ICDS Limited	30120	27530
C. Investment held in Equity Shares of Associate Concern:		
M/s Blue Cross Builders and Investors Limited (No. of Shares held: 99970 of Rs. 10 each [P.Y. 99970 shares of Rs.10 each]) (All the shares were Purchased from third party)	1001	1001
D. Investment by Holding Company & Associate Concerns		
Number of Equity shares of Rs. 100 each of the company Held by (i) Holding Company viz: ICDS Ltd. 9989 (P.Y. 9989) (ii) Associate Company viz: Manipal Hotels Ltd.11 (P.Y. 11)		

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

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

6. Basic & Diluted Earning per share of Rs. 100 each is as under:

	Current year	Previous Year
a. Number of Equity Shares of Rs. 100 each	10000	10000
b. Net Profit after Tax in Rs.	(932,817)	138117
c. Earning per Share (b/a) in Rs. (Basic & Diluted [annualised])	(93.28)	13.61

7. The Company is operating under one segment. Therefore Disclosure as to segment reporting not applicable.
8. There are no dues to Micro, Small & Medium Enterprises at any time during the year, in the absence of notified registered dealer with the Company as per the provisions of the Micro, Small and Medium Enterprises Development Act 2006. Hence the further disclosure requirements as required under Micro, Small & Medium Enterprises Development Act 2006 and also as per Schedule VI to the Companies Act, 1956 does not arise.
9. No provision for the diminution in the value of the investments is being made, since the management of the Company is of the opinion that such decline in the value is temporary.
10. The management is of the opinion that the carrying cost of the assets does not exceed its recoverable amount. Therefore the assets are not impaired during the year.
11. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

12. Balance Sheet Abstract and General Business Profile.

I. Registration Details :			
Registration No.	43271	State Code	18
Balance Sheet Date	31-03-2009		
II. Capital Raised during the year (Amount Rs. in thousands)			
Public Issue	Nil	Bonus Issue	Nil
Rights Issue	Nil	Private Placement	Nil
III. Position of Mobilisation and Deployment of Funds			
Total Liabilities	1,215	Total Assets	1,215
Sources of Funds			
Paid-up Capital	1,000	Reserves and Surplus	215
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	29,677	Investments	1,001
Net Current Assets	(29,463)	Miscellaneous Expenditure	-
Accumulated Losses	-	Deferred Tax Asset	-
IV. Performance of the Company (Amount Rs. in thousands)			
Turnover	2,571	Total Expenditure	3,504
Profit/(Loss) before tax	(933)	Profit/(Loss) after tax	(933)
Earnings Per Share (In Rs.)* (Basic & Diluted)	(93.28) (P.Y. 13.81)	Dividend (in %)	Nil

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

V. Generic names of principal products Not Applicable

As per our report of even date
For **PAI NAYAK AND ASSOCIATES**
Chartered Accountants

Sd/- T. SATISH U. PAI Director	Sd/- H. N. S. RAO Director	Sd/- ANANTHANARAYANA PAI K. Partner (M.No.: 024541)
Place: Manipal Date : 18-05-2009		Place: Manipal Date : 18-05-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2008-2009 Rs.	2007 - 2008 Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit/(Loss) before Tax	(932,817)		151,747
Adjustment for:			
Depreciation	163,886	163,886	
Interest Paid	2,794,205	2,614,729	
Operating Profit before working capital changes	2,958,091		2,778,615
Adjustment for changes in Working capital			
Decrease/(Increase) in Advances and receivables	(29,927)	(20,233)	
Increase/(Decrease) in Trade and other payables	1,551,773	159,177	
	1,521,846		138,944
Cash generated from operations	3,547,120		3,069,306
Taxes Refund/(Paid)	(570,071)		(752,409)
Net cash flow from/(used in) operating activities	2,977,049		2,316,897
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Interest received	-	-	
Purchase of Shares	-	(500,000)	
Net cash flow from investing activities	2,977,049		1,816,897
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	2,794,205	2,614,729	
Net cash flow from investing activities	2,794,205		2,614,729
Net increase/(Decrease) in Cash and Cash Equivalents	182,844	(797,832)	
Cash and Cash equivalents (Opening Balances)	30,526	828,358	
Cash and Cash equivalents (Closing Balance)	213,370		30,526

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

As per our report of even date
For **PAI NAYAK AND ASSOCIATES**
Chartered Accountants

Sd/- T. SATISH U. PAI Director	Sd/- H. N. S. RAO Director	Sd/- ANANTHANARAYANA PAI K. Partner (M.No.: 024541)
Place: Manipal Date : 18-05-2009		Place: Manipal Date : 18-05-2009



Regd. Office: Syndicate House, Manipal – 576 104

PROXY FORM

THIRTY EIGHTH 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 falling him..... of..... in the District of..... as my/our proxy to attend and vote for me/us and on my/our behalf at the 38th Annual General Meeting of the Company to be held at 4.00 p.m. on Wednesday, the 30th September, 2009 and at any adjournment thereof.

Signed this..... day of..... 2009.

Folio No. :

No. of Shares :

Strike out whichever is not desired.



(Signature)

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

CUT HERE



Regd. Office: Syndicate House, Manipal – 576 104

ATTENDANCE SLIP

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

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

Full Name of the First Holder.....

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

Name of the Proxy.....

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

I hereby record my presence at the Thirty Eighth Annual General Meeting of the Members of the Company to be held on Wednesday, the 30th September, 2009 at 4.00 p.m. at the Rotary Golden Jubilee Children's Sports Complex, Near to Sonia Clinic, Anant Nagar, Manipal – 576 104.

Regd. Folio No.:

No. of Shares held:

Member's/Proxy's Signature

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

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BOOK POST

If undelivered return to:

ICDS LIMITED

Regd. Office: Syndicate House