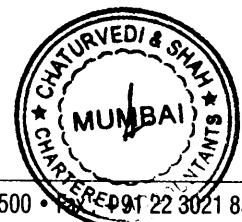


**Auditor's Report on Quarterly Financial Results and Year to Date Results of ICDS Limited  
Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)  
Regulations, 2015**

**To the Board of Directors of ICDS Limited**

1. We have audited the accompanying statement of quarterly consolidated financial results of ICDS Limited ('the Company' / 'the Holding Company') and its subsidiaries for the quarter ended March 31, 2016 and the consolidated financial results for the year ended March 31, 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Quarterly consolidated financial results are the derived figures between the consolidated audited figures in respect of the year ended March 31, 2016 and the published year-to-date figures upto December 31, 2015, being the date of the end of the third quarter of the current financial year, of which holding Company's standalone results were subjected to limited review and subsidiary companies results were not reviewed. The consolidated financial results for the quarter and year ended March, 31 2016 have been prepared on the basis of the published consolidated financial results for the nine months period ended December 31, 2015, the consolidated audited annual financial statements as at and for the year ended March 31, 2016, and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on these financial results based on published consolidated financial results for the nine months period ended December 31, 2015 which was prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting, specified under section 133 of the Companies Act 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India; our audit of the annual financial statements as at and for the year ended March 31, 2016; and the relevant requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provided a reasonable basis for our opinion.

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3. We did not audit the financial statements of two subsidiaries included in the consolidated quarterly financial results and consolidated year to date results, whose financial statements reflect total assets of Rs. 413.36 Lakhs as at the year ended March 31, 2016; as well as the total revenue of Rs. 73.33 Lakhs as at year ended March 31, 2016. These financial statements for the year ended March 31, 2016 and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion on the quarterly financial results and the year to date results, to the extent they have been derived from such financial statements is based solely on the report of such other auditors. Further, the published year to date consolidated figures upto December 31, 2015 of the holding company and its subsidiaries have not been reviewed by the holding/subsidiary company's auditors.
4. Basis for Qualified Opinion
- a) In the case of Manipal Hotels Limited (MHL), one of the wholly owned subsidiary of the Company, the auditors of the subsidiary have expressed their inability to opine on the ultimate recoverability of unsecured short term loans and advances of Rs.78.30 Lakhs net of provision) as stated in Note 8 of the consolidated financial results. Auditors of the subsidiary have further commented that a provision for the same would have eroded the Networth of the MHL and thereby raising a doubt over the "Going Concern Assumption". The accounts of the MHL, however have been prepared on a "going concern basis" in view of Management perception as stated in Note 8 of the consolidated financial results. Our audit report for the year ended March 31, 2015 was similarly modified.
- b) If the observation made in sub-paragraph (a) above had been considered, the consolidated loss for the year under consideration would have been Rs. 27.11 Lakhs (consolidated profit for the previous year ended March 31, 2015: Rs. 11.23 Lakhs) as against the reported profit of Rs. 51.19 Lakhs (previous year ended March 31, 2015: Rs. 89.53 Lakhs) and the accumulated losses would have been Rs. 352.13 Lakhs (as at March 31, 2015: Rs. 403.32 Lakhs) as against reported accumulated loss of Rs. 273.83 Lakhs (as at March 31, 2015: Rs. 325.02 Lakhs).
5. In our opinion and to the best of our information and according to the explanations given to us except for the effect of the matters described in the Basis for Qualified Opinion paragraph above these quarterly financial results as well as the year to date results:
- include the unaudited quarterly financial results and audited year to date financial results of its two subsidiaries a) Manipal Hotels Limited and b) Manipal Properties Limited;
  - have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and

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- ii. give a true and fair view of the net loss and other financial information for the quarter ended March 31, 2016 and net profit and other financial information for the year ended March 31, 2016.
6. Further, read with paragraph 1 above, we report that the consolidated figures for the quarter ended March 31, 2016 represent the derived figures between the consolidated audited figures in respect of the financial year ended March 31, 2016 and the consolidated published year-to-date figures up to December 31, 2015, being the date of the end of the third quarter of the current financial year as stated in paragraph 1 above, as required under the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
7. Other matters  
There has been delay in transferring the amount due to investor education and protection fund (IEPF) amounting to Rs.89.38 Lakhs by the Holding Company. Further, the Holding Company's liabilities (including public deposits along with interest accrued thereon) were restructured as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka vide its Order dated October 15, 2004, which remains unclaimed by the instrument holders (including cheques issued but not encashed by the instrument holders) to the extent of Rs. 30.52 Lakhs, Rs. 59.16 Lakhs, Rs.74.96 Lakhs and Rs.55.26 Lakhs, were required to be transferred to IEPF on June 30, 2012, June 30, 2013, June 30, 2014 and June 30, 2015 respectively and not transferred to IEPF in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
8. This report is furnished solely for the purpose of filing with Stock Exchanges (s) in India as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is not to be used for any other purpose or referred to any other document, or distributed to anyone.

**for CHATURVEDI & SHAH**

Chartered Accountants

Firm Registration Number : 101720W

**Chandan Lala**

Partner

Membership Number: 35671

Place: Mumbai

Date: May 18, 2016



## Form A

(For audit report with unmodified opinion on standalone annual financial statements)

|    |                                                                |                                             |
|----|----------------------------------------------------------------|---------------------------------------------|
| 1. | Name of the Company                                            | ICDS Limited<br>CIN : L65993KA1971PLC002106 |
| 2. | Annual Financial Statements for the year ended – Standalone    | 31 <sup>st</sup> March, 2016                |
| 3. | Type of Audit Observation - on standalone financial statements | Unqualified                                 |
| 4. | Frequency of Observation                                       | Not Applicable                              |

For ICDS Limited

For Chaturvedi & Shah

Chartered Accountants

Firm Registration No.101720W



T Mohandas Pai (DIN 00104336)  
Chairman & Whole-time-Director



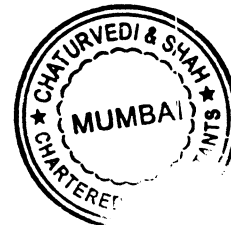
Chandan Lala  
Partner  
Membership No.35671



Bharath K Nayak (DIN 00776729)  
Chairman of Audit Committee

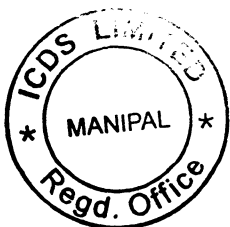


G R Nayak  
Chief Financial Officer



Place : Manipal  
Date : 18/05/2016

Place: Mumbai  
Date: 18/05/2016



Regd. and Admn. Offices:

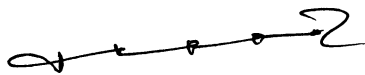
Syndicate House, P.B. No. 46, Upendra Nagar, Manipal – 576 104

## Form B

(For Audit Report with modified opinion on consolidated annual financial statements)

|    |                                                                                                                                           |                                                                                                                          |
|----|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 1. | Name of the Company                                                                                                                       | ICDS Limited<br>CIN : L65993KA1971PLC002106                                                                              |
| 2. | Annual Financial Statements for the year ended – consolidated                                                                             | 31 <sup>st</sup> March, 2016                                                                                             |
| 3. | Type of Audit Qualification - on consolidated annual financial statements                                                                 | Qualified                                                                                                                |
| 4. | Frequency of Qualification                                                                                                                | Repetitive in the Independent Auditor's Report on Consolidated Financial Statements from financial year 2010-11 onwards. |
| 5. | Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report. | Notes to accounts – refer note no. 2.14(b) of the Annual Consolidated Financial Statements.                              |
| 6. | Additional comments from the board/audit committee chair                                                                                  | Nil                                                                                                                      |

For ICDS Limited



T Mohandas Pai (DIN 00104336)  
Chairman & Whole-time-Director

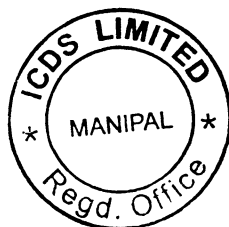


Bharath K Nayak (DIN 00776729)  
Chairman of Audit Committee



G R Nayak  
Chief Financial Officer

Place : Manipal  
Date : 18/05/2016



For Chaturvedi & Shah

Chartered Accountants

Firm Registration No.101720W



Chandan Lala  
Partner  
Membership No.35671

Place: Mumbai  
Date: 18/05/2016



Regd. and Admn. Offices:

Syndicate House, P.B. No. 46, Upendra Nagar, Manipal – 576 104