



Regd. Office: Syndicate House, Manipal – 576 104



32nd Annual Report

2002 – 2003

Chairman	: K. K. Pai
Whole-time Director	: T. Mohandas Pai
Director	: Dr. K. Mohandas Pai
General Manager	: H. N. S. Rao
Company Secretary	: R. Muraleedharan
Auditors	: M/s Chaturvedi & Shah <i>Chartered Accountants, Mumbai</i>
Registered Office	: Syndicate House, Upendra Nagar Manipal – 576 104
Bankers	: SYNDICATEBANK CORPORATION BANK LORD KRISHNA BANK LTD. ICICI BANK
Registrar and ShareTransfer 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 Thirty Second ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on Friday, the 26th December, 2003 at 4.00 p.m. in Neru Memorial Library Hall, Manipal - 576 104, Udupi District to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2003 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 the place of Dr. K. Mohandas Pai who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit to pass, with or without modifications the following resolution as a Special Resolution:

RESOLVED THAT subject to provisions of the Securities Contracts (Regulation) Act, 1956, Listing Agreements with the Stock Exchanges and Guidelines/Rules of Securities Exchange Board of India and all other applicable laws, rules, regulations and subject further to such approvals and sanctions as may be required, the Board of Directors (Board) be and is hereby authorised to delist the Equity Shares of the Company from Mangalore Stock Exchange.

"RESOLVED FURTHER THAT for the purpose of giving effect the Board be and is hereby authorised to do all such acts, deeds and things as it may consider necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

By Order of the Board of Directors,

Regd. Office:

Syndicate House

Manipal

Date: 15th November, 2003

Sd/-

R. Muraleedharan
Company Secretary

NOTES:

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

2. The Company transferred unclaimed dividend declared upto the financial year ended 31st March, 1995 to the General Revenue Account of Central Government as required by The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from Registrar of Companies, Karnataka.

Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to Investors Education and Protection Fund. The amount so transferred cannot, thereafter, be claimed.

The Company transferred the unclaimed dividend for the financial year ended 31-3-1996 to Investors Education and Protection Fund.

Members who have not encashed their dividend warrants for the year ended 31-3-1997 and 31-12-1997 are requested to approach the Company's share department in its Registered Office at Manipal.

3. As prescribed by Clause 49 of the Listing Agreement, additional Information on Directors retiring by rotation and seeking reappointment at the Annual General Meeting is furnished below, namely:

Name	Dr. Mohandas Pai
Date of Birth	17-1-1920
Date of appointment	23-1-1973
Expertise in specific functional areas	Medical Practitioner. He had been Director of Commercial Banks and NBFCs for a number of years.
List of other directorships held	Canara Land Investments Ltd.
Chairman/member of the committees of the Board	Member- Audit Committee
Chairman/member of the committees of Director of other companies in which he is member	NIL

4. The Register of Members and Share Transfer books will remain closed from 23rd December, 2003 to 26th December, 2003 (both days inclusive) in connection with 32nd Annual General Meeting.

By Order of the Board of Directors

Place : Manipal
Date : 15th November, 2003

Sd/-
R. Muraleedharan
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**Item No. 4**

The Securities and Exchange Board of India (SEBI) had notified "Delisting of Securities Guidelines – 2003" on February 17, 2003 ("The Guidelines"). As per the guidelines, a company may seek voluntary delisting of its securities from all or from any of the Stock Exchanges including regional Stock Exchange and further that an exit opportunity is not required to be provided in cases where such securities continue to be listed on a Stock Exchange having nationwide trading terminals i.e. The National Stock Exchange, The Stock Exchange, Mumbai and any other Stock Exchange(s) that may be specified by SEBI in this regard.

At present, the Equity Shares of the Company are listed on The National Stock Exchange and Mangalore Stock Exchange.

Since the Company had to refund large amounts of deposits and downsize itself it had to reduce the cost and therefore it is proposed to delist Equity Shares from Mangalore Stock Exchange, in view of their negligible trading on Mangalore Stock Exchange. Consent of the members is sought to delist the Equity Shares of the Company from Mangalore Stock Exchange as proposed in the Special Resolution. The Company's shares will continue to be listed on National Stock Exchange which has got terminals spread across the country.

The Board recommends adoption of the resolution.

None of the Directors of the Company are, in any way, concerned or interested in the resolution.

By Order of the Board of Directors

Place : Manipal
Date : 15th November, 2003

Sd/-
R. Muraleedharan
Company Secretary



DIRECTORS' REPORT

The Directors present their THIRTY SECOND ANNUAL REPORT and Audited Statement of Accounts for the financial year ended 31st March, 2003.

(Rs. in crores)

FINANCIAL RESULTS

	31st March 2003	31st March 2002
Total Income	21.51	68.98
Less: Operating Expenses	5.92	39.80
	15.59	29.18
Less: Interest	12.25	38.53
Depreciation	4.03	4.72
Provision for Taxation	-	0.00
Profit/(Loss) before Provision	(0.69)	(14.07)
Provision/write offs	46.61	75.97
Prior period adjustments	0.39	0.97
	(47.69)	(91.01)
Surplus on sale of IT Education Divison	-	86.13
Profit/(Loss) after Tax	(47.69)	(4.88)

REVIEW OF OPERATIONS

The Company stopped doing any worthwhile Finance business activities, which had been its main business, since 2nd January, 1998. Since there had been no income and there were no chances of change in the situation for the better Company decided to pay the deposits, debentures in a phased manner and for the purpose submitted a Scheme of Arrangement to the High Court of Karnataka, Bangalore. At present Company concentrate on recovery of dues and apply it for refund of deposit etc., and meeting expenses.

Total collection during the year from H.P, Lease, Loans, Bills and other receivables were Rs. 44.92 crores.

SCHEME OF ARRANGEMENT

Subsequent to the last Annual General Meeting the Company convened and held the Meeting of the Shareholders and Creditors as directed by the Hon'ble High Court of Karnataka, Bangalore for the purpose of approval of the Scheme under the Chairmanship of Sri K. K. Pai and

Justice Sri Shivaprakash (Retd.) on 27th September 2002, 7, 8, and 9th of October, 2002. Shareholders and all the Classes of Creditors have approved the Scheme with overwhelming majority with a modification. Thus approved Scheme has been filed before the High Court of Karnataka on 26th October, 2002. The High Court of Karnataka held several hearings and arguments were concluded on 11-09-2003 and reserved for orders. Court decision is expected any time now. Suitable actions will be taken to repay the Deposits, Debentures and Debts after the High Court order is received.

GENERAL INSURANCE AGENCY

The Corporate Agency arrangement with Bajaj Allianz General Insurance Company Ltd., continued during the year under review and results are encouraging.

LIFE INSURANCE

During the year under report Company continued its agency arrangement with Life Insurance Corporation of India and the same is working smoothly.

PUBLIC DEPOSITS

The Public Deposits outstanding as on 31-3-2003 was Rs. 57.35 crores. Company has been regularly paying interest and deposit on maturity promptly till 15th July, 2002, prior to the filing of the Scheme of Arrangement.

Deposits amounting to Rs. 23.62 crores had matured during the year.

The Secured Redeemable Non-convertible Debentures outstanding as on 31-3-2003 is Rs. 116.60 crores and subordinated Debts outstanding as on the said date is Rs. 39.58 crores.

COST REDUCTION AND ECONOMY MEASURES

Various actions initiated by the company for reduction of costs such as rent of premises, travelling and conveyance, telephone etc., are continuing. Branches, which have very small outstanding of deposits/debentures and Hire Purchase dues, are being merged with nearby branches.

SUBSIDIARY COMPANIES

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

DIRECTORS

Dr. K. Mohandas Pai retires in the ensuing Annual General Meeting and being eligible, offers himself for reappointment. During the year under report Mr. M. D. Narayan resigned from the Board of Directors of the Company. Board places on record its appreciation of his service and gratitude for the contribution made by Mr. Narayan to the Company.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) 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 judgements 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, 2003 and of the loss 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 Companies Act, 1956 for safeguarding the assets 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 the going concern depends upon the timely recovery from debtors and future profitability as the Company has incurred losses in last few years and its substantial funds are blocked in Sundry Debtors and that the 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 Auditor's observation in para 2 (g) to 2 (j), explanations given in the relevant notes 1 to 4 of Schedule 'P' of the notes to accounts are self explanatory. Further the deficit in the operations over the last 3 years of the Company have arisen out of huge provision made in the case of HP/ Lease/Loan assets whereas the Company is confident of recovering substantial amounts from these accounts.

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 out go NIL.



AUDITORS

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

CONSOLIDATED FINANCIAL STATEMENTS

As required under Clause 32 of the listing Agreement, Audited Consolidated Financial Statements from part of the Annual Report.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors.

Place : Manipal

Date : 15th November, 2003

Sd/-
(K. K. Pai)
Chairman



CORPORATE GOVERNANCE REPORT

1. Corporate Governance Code:

The Director present the Company's Report on Corporate Governance as on 31-03-2003 as required under Clause 49 of the Listing Agreement.

1. Philosophy:

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

2 Board of Directors:

The Board comprised of four Directors, of which one is executive and three were non-executive. Chairman of the Board is non-executive Director.

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

2. (i) Number of Board Meetings and Attendance of Directors:

The Board met 5 times during 2002-2003.

The details are as follows:

Date of Meeting	Board Strength	No of Directors Present
17th June, 2002*	7	5
16th July, 2002*	5	3
28th August, 2002*	5	4
29th October, 2002*	4	3
27th January, 2003*	4	3

* Mr. P. S. V. Mallya, Mr. U. Suresh Rao, Mr. K. R. Shenoy, and Mr. M. R. Pai Ceased to be Directors during the year under report:

Sl. No.	Name of the Directors	Category of Directorship	No. of Meetings Attended	Attendance at last AGM	No. of other Directorship	No. of Membership (M) Chairman (C)
1.	Mr. K. K. Pai Chairman	Non-Executive	5	Yes	10	2(C)
2.	Mr. T. Mohandas Pai	Promoter Executive	5	Yes	10	2 (M)
3.	Dr. K. Mohandas Pai	Non-executive	5	Yes	1	2(M)
4.	Mr. M. D. Narayan*	Non-executive	1	No	6	1(M)

* M. D. Narayan Ceased to be Director w.e.f. 15-06-2003.

The last AGM was held on 27th September, 2002 and out of 5 Directors, 3 Directors attended the AGM.

3. Audit Committee:

The Audit Committee comprised of the following Non-executive members of the Board:

Sri K. K. Pai – Chairman

Sri M. D. Narayan

Dr. K. Mohandas Pai

* P. S. V. Mallya

The role and terms of reference of the Audit Committee cover the areas mentioned under Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956, besides other terms referred to by the Board of Directors from time-to-time. During the year the Committee met on 17th June, 2002, 29th October, 2002 and 27th January, 2003.

The Company Secretary acts as the Secretary to the Audit Committee.

* Mr P. S. V. Mallya Ceased to be Director during the year under report.

Attendance of the Directors in the Audit Committee Meeting:

Meeting held on	No. of Members Present
17-6-2002	2
29-10-2002	2
27-01-2003	2

2. (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:

4. Remuneration Committee:

Whole-time Director of the Company and other Directors does not draw any remuneration. Therefore this Committee has not been formed.

Details of remuneration for the year ended 31st March 2003:

i) Whole-time Director: Nil

ii) Non-Executive Directors:

Remuneration by way of sitting fees for attending Board/Board Committee Meetings are paid to non-executive Directors. Sitting fees paid to Non-Executive Directors during the financial year ended 31-3-2003 are as follows:

Name	Sitting Fees* Paid (Rs.)
Mr. K. K. Pai	6,000
Dr. K. Mohandas Pai	4,000
Mr. P. S. V. Mallya	6,000
Mr. U. Suresh Rao	2,000

* Directors stopped taking Sitting Fees for the Meeting's attended by the w.e.f 16-07-2002

5. Shareholders/Investors Grievance Committee:

The Committee, comprising the three members of the Board, approves transfer, transmission, issue of duplicate shares and review and redress Shareholders grievance/complaint on matters relating to transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend warrants etc. The Committee met 16 times during the year under report.

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

Sl. No.	Name	Status	No. of Meetings Attended
1.	Mr. K. K. Pai	Chairman - Non-Executive	16
2.	Mr. T. Mohandas Pai	Managing Director	16
3.	Dr. K. Mohandas Pai	Director Non-Executive	3

The Company Secretary is the Compliance Officer.

Number of Shareholders Complaints received: 37

Number of Shareholders Complaints Replied/Settled: 37

Number not solved to the satisfaction of 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 as under:

AGM No.	Date	Time	Special Resolution required for
29	29-1-2001	4.00 p.m.	i) Ammendment of the Object Clause. ii) Amendment of Articles of Association iii) Preferential Issue of Equity Shares
30	27-8-2001	4.00 p.m.	NIL
31	27-09-2002	4.00 p.m.	i) Appointment of Mr. T. Mohandas Pai as Whole-time Director ii) Voluntary Delisting of Equity Shares from Bangalore and Mumbai Stock Exchange iii) Amendment of Article No. 11 of Articles of Association

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

7. Postal Ballot:

The Notice of 32nd Annual General Meeting for the year 2003 does not contain any item which requires approval by Postal Ballot.