



Regd. Office: Syndicate House, Manipal – 576 104

Report  junction.com

37th Annual Report

2007 – 2008



Chairman : K. K. Pai

Whole-time Director : T. Mohandas Pai

Director : Dr. K. Mohandas Pai

General Manager : H. N. S. Rao

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 37th ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on Friday, the 26th September, 2008, at 4.00 p.m. in Nehru 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, 2008 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 Sri K. K. Pai who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration. M/s Chaturvedi & Shah, Chartered Accountants, Mumbai are eligible for reappointment.

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date: 30-07-2008

Sd/-
K. K. Pai
Chairman

**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. As prescribed under the Listing Agreement, additional information on Directors retiring by rotation and seeking reappointment at the Annual General Meeting is furnished below :

Name	: Sri K. K. Pai
Date of Birth	: 26-06-1921
Date of Appointment	: 12-05-1990
Expertise in specific functional areas	: Ex-Chairman of Syndicate Bank He had been Director of Commercial Banks and NBFCs for several years.
List of other directorships held	: MPL Enterprises Ltd. Canara Land Investments Ltd. Fomento Resorts and Hotels Ltd. Sharath Impex Co. Pvt. Ltd. CICB Chemicon Pvt. Ltd.
Chairman/Member of the Committees of the Board	: Chairman – Audit Committee Member – Shareholders Grievance Committee
Chairman/Member of the Committees of the Board of other Companies in which he is Director	: MPL Enterprises Ltd.

4. The Register of Member and Share Transfer Book will remain closed from Tuesday 23rd September, 2008 to Friday 26th September, 2008 (both days inclusive) in connection with 37th Annual General Meeting.

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date: 30-07-2008

Sd/-
K. K. Pai
Chairman



DIRECTORS' REPORT

The Directors present their THIRTY SEVENTH ANNUAL REPORT and Audited Statement of Accounts for the year ended 31st March, 2008.

(Rs. in crores)

FINANCIAL RESULTS

	31st March, 2008	31st March, 2007
Total Income	11.90	10.22
Less: Operating Expenses	5.24	2.64
	6.66	7.58
Less: Interest	0.20	0.27
	6.46	7.3
Depreciation	3.05	3.14
Profit/(Loss) before Provision	3.41	4.17
Provision/write-offs	11.77	(2.93)
	15.18	1.24
Less: Fringe Benefit Tax (FBT)	0.02	0.01
Profit / (Loss) after Tax	15.16	1.23

REVIEW OF OPERATIONS

As reposed in the last year's report, the Company has not done any finance business in compliance with the undertaking given to the Hon. High Court of Karnataka. The main activity of the Company was to recover the dues from the Debtors. Fee based income generating activities such as Corporate Agency for life and general insurance. Collecting agency of telephone bills for Telephone Service Provider is being pursued. As the accumulated loss is not yet wiped out, your Directors are not able to recommend any dividend. During the year under review the collection of dues under HP/Lease/Loan/Bills and other receivables were Rs. 23.21 Crores.

SCHEME OF ARRANGEMENT

The Company has completed the repayment of I, II, III & IV instalments of public investments before the due dates as per the schedule of repayment envisaged in the scheme of arrangement sanctioned by the Hon. High Court of Karnataka. Out of total liability of Rs. 239.04 Crores, your Company has repaid Rs.196.44

Crores till 30th June, 2008. The details are given below:

1 st Instalment	Rs. 55.95 Crores
2 nd Instalment	Rs. 51.78 Crores
3 rd Instalment	Rs. 51.78 Crores
4 th Instalment	Rs. 33.75 Crores
Advance instalments under hardship cases	Rs. 03.18 Crores
Total :	Rs. 196.44 Crores

GENERAL INSURANCE AGENCY

During the year under report also Company continued its Corporate Agency arrangement with Bajaj Allianz General Insurance Company Ltd.

LIFE INSURANCE

The Agency arrangement with Life Insurance Corporation of India continued during the year under review.

COLLECTION FRANCHISE OF TATA TELECOM

The Company is providing service to TATA Telecom at Coimbatore for collection of overdue bills. The commission earned from this activity during the year is Rs.12.91 Lakhs.



COST REDUCTION AND ECONOMY MEASURES

Various measures adopted earlier for cost reduction and economic operation is being continued with more vigor. The results are encouraging.

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

Sri K. K. Pai retires in the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- ii) appropriate accounting policies have been selected and applied them consistently and made 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, 2008 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 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

Place: Manipal
Date : 30-07-2008

Sd/-
(K. K. Pai)
Chairman



CORPORATE GOVERNANCE REPORT 2008

I. Corporate Governance Code

The Directors present the Company's Report on Corporate Governance as on 31-03-2008 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 comprise of three Directors, of which one is executive and two non-executive. 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 4 times during 2007-2008.
The details are as follows:

Date of Meeting	Board Strength	No. of Directors Present
17th May, 2007	3	3
23rd July, 2007	3	3
25th October, 2007	3	3
30th January, 2008	3	3

The last AGM was held on 24th August, 2007 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 Directorship	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	4	Yes	5	3(C)
2.	Sri T. Mohandas Pai	Promoter Executive	4	Yes	4	2 (M)
3.	Dr. K. Mohandas Pai	Non-Executive	4	No	NIL	2(M)

3. Audit Committee:

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

Sri K. K. Pai, Chairman

Sri T. Mohandas Pai,

Dr. K. Mohandas Pai

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 17th May, 2007, 23rd July, 2007, 25th October, 2007 and 30th January, 2008. The General Manager acts as the Compliance Officer to the Audit Committee.

Attendance of the Directors at the Audit Committee Meeting:

Meeting held on	No. of Members Present
17th May, 2007	3
23rd July, 2007	3
25th October, 2007	3
30th January, 2008	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, 2008:

- 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 9 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. Pai	Chairman/ Non-Executive	9
2.	Sri T. Mohandas Pai	Whole-time Director	8
3.	Dr. K. Mohandas Pai	Director	9

The General Manager 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
34	24-08-2005	4.00 p.m.	Appointment of Whole-time Director for a period of 5 years with effect from 1st September, 2005.
35	18-08-2006	4.00 p.m.	NIL
36	24-08-2007	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 37th 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:

- Quarterly/Half-Yearly Financial Results of the Company are forwarded to National Stock Exchange.
- Company does not have website.
- 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. 23.21 Crores from various sources such as Recovery of Bad and Doubtful Debts, Receivables from MPL Enterprises Ltd., Manipal Properties Ltd., Manipal Universal Learning Pvt Ltd., Blue Cross Builders and Investors Ltd. The figure also includes fee based income earned from other activities such as service charges under Insurance Agency

and Telecom Franchise, Dividend Income, IT refund etc.

Payment of Public Investment:

In terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka, Company has repaid first three instalments of public liabilities. As on **31st March, 2008** out of total liability of Rs. 239.04 Crores, an amount aggregating to Rs.178.44 Crores has been repaid. The details are given below:

(Rupees in Crores)

Instalments	Payable	Paid till 31-03-2008
I Instalment upto 30 th June, 2005	57.25	55.93
II Instalment upto 30 th June, 2006	51.78	51.78
III Instalment upto 30 th June, 2007	51.78	51.78
IV Instalment upto 30 th June, 2008	35.73	15.85
V Instalment upto 30 th June, 2009	28.70	02.33
VI Instalment upto 30 th June, 2010	13.80	00.77
TOTAL	239.04	178.44

Internal Control System:

All the payments have been centralised 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, 2008 was 123.



9. General Shareholder Information:

- a) Annual general meeting : 37th Annual General Meeting
 Date : 26th September, 2008
 Time : 4.00 p.m.
 Venue : Nehru Memorial Library
 Hall, Manipal 576 104.

- b) Financial Calendar : 1st April to 31st March
 c) Date of Book Closure: 23rd September, 2008 to
 26th September, 2008
 (both days inclusive)

- d) Dividend : No Dividend has been
 recommended by the
 Board of Directors for the
 year ended 31st March,
 2008.

- 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

As on 31st March, 2008-37,27,905 Equity
 Shares forming 28.62% 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, 2008:

No. of Shares held	No. of Shareholders	No. of Shares	Percent- age
1-500	4744	761971	5.85
501-1000	542	378605	2.91
1001-2000	238	332001	2.55
2001-3000	70	174556	1.34
3001-4000	39	140906	1.08
4001-5000	18	79258	0.61
5001-10000	29	209729	1.61
10001 and above	85	10949674	84.05
TOTAL	5765	13026700	100.00

Pattern of Equity Shareholding as on 31st March, 2008:

Shareholders	No. of Shares held	Percentage
Foreign Institutional Investors	400000	3.07
Directors, Relatives, Friends and Associates	6504803	49.93
Financial Institutions	1877958	14.42
Banks	4528	0.03
Corporate Bodies	313479	2.41
Others	3925932	30.14
TOTAL	13026700	100.00

- l) Plant Locations: NIL
 m) Address for Investor's Correspondence:
 Secretarial Department
ICDS Ltd.
 Regd. Office: Syndicate House
 Manipal - 576 104
 Phone: (0820) 2571121
 Email: hnsrao67@rediffmail.com