



Regd. Office: Syndicate House, Manipal – 576 104

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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 <i>Chartered Accountants, Mumbai</i>
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,



List of other directorships held

- 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.
- : MPL Enterprises Limited
 - Blue Cross Builders and Investors Limited
 - Manipal Properties Limited
 - : Member – Audit Committee
 - Member – Shareholders Grievance Committee
 - : MPL Enterprises Ltd.

Chairman/Member of the Committees of the Board

Chairman / Member of the Committees of the Board of other Companies in which he is Director.

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, 2009	31st March, 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. Pai (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 Manipal 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 :	<u>Rs. 205.12 crores</u>

* 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 :	38 th Annual
meeting	General Meeting
Date	: 30 th September, 2009
Time	: 4.00 p.m.
Venue	: Rotary Golden Jubilee
	Children's Sports
	Complex, Anant Nagar
	Manipal - 576 104