



Regd. Office: Syndicate House, Manipal – 576 104

39th Annual Report

2009 – 2010

Whole-time Director	:	T. Mohandas Pai
Directors	:	Bharath K. Nayak 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



Whole-time Director	:	T. Mohandas Pai
Directors	:	H. N. S. Rao Bharath K. Nayak
General Manager	:	P. R. Nayak
Auditors	:	M/s Chaturvedi & Shah <i>Chartered Accountants, Mumbai</i>
Registered Office	:	Syndicate House, Upendra Nagar Manipal – 576 104
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NOTICE

NOTICE is hereby given that the 39th ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on **Monday, the 27th September, 2010 at 4.00 p.m.** at Rotary Golden Jubilee Children's Sports Complex, Near Sonia Clinic, Ananth 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, 2010 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 Mr. H. N. S. Rao 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.

SPECIAL BUSINESS

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

“RESOLVED THAT Subject to the provisions of Section 269 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto, the appointment of Mr. T. Mohandas Pai as Whole-time-Director for a period of 5 years from 1st September, 2010 without remuneration for the time being be and is hereby approved.

RESOLVED FURTHER that Mr. T. Mohandas Pai shall not be liable to retire by rotation during the period he holds the position of Whole-time-Director.”

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date: 17-06-2010

Sd/-
H. N. S. Rao
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, 2010 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:

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 40 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 Ltd., 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 Members and Share Transfer Book will remain closed from Thursday, the 23rd day of September, 2010 to Monday, the 27th day of September, 2010 (both days inclusive) in connection with 39th Annual General Meeting.

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

Item No. 4

Mr. T. Mohandas Pai born on 20th June, 1933 is a Law Graduate. He was appointed as Director of the Company on 13th June, 1981. Later he became Joint Managing Director from 3rd August, 1994 upto 2nd August, 1999. He was redesignated as Managing Director on 10th April, 1995. He was reappointed as Managing Director for a further period of 5 years from 1st September, 1997. He continued to be Managing Director till 1st September, 2002 when he was redesignated as Whole-time-Director of the Company for a period of 3 years. Again in 34th Annual General Meeting held on 24th August, 2005 the members reappointed him as whole-time-Director for a period of 5 years with effect from 1st September, 2005 upto 31st August, 2010.

Mr. T. Mohandas Pai offered to reduce his Salary and House Rent Allowance by 50% with effect from 1st March, 1998 following stringent RBI Directions requiring the Company to refund entire deposits thereby forcing the Company to shrink and become down sized. He stopped drawing from the Company remuneration and all kinds of perquisites and benefits altogether with effect from 1st April, 1999 and since then he is working without any Salary and Perquisites. He has offered to work without any remuneration until financial position of the Company improves.

Mr. T. Mohandas Pai is a Director of the following Companies:

<i>Name of the Company</i>	<i>Designation</i>
1. Manipal Prakashan Limited	Managing Director
2. Manipal Hotels Limited	Director
3. Shivally Investment Co. Pvt. Ltd.	Director
Chairman/Member of the Board	: Member–Audit Committee Member–Shareholders Grievance Committee

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

Mr. T. Mohandas Pai was instrumental for turn around and growth of the Company. Board of Directors feel that his continuation as Whole-time-Director is necessary for further expansion of activities of the Company. The Board propose to reappoint him subject to approval of the shareholders for a period of 5 years effective 1st September, 2010.

The Board recommends adoption of the resolution.

Except Sri T. Mohandas Pai none of the other Directors are interested in the resolution.

The Explanatory Statement be treated as abstract of the terms and conditions of contract employment between the Company and Sri T. Mohandas Pai.

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date: 17-06-2010

Sd/-
H. N. S. Rao
Director



DIRECTORS' REPORT

The Directors present their THIRTY NINTH ANNUAL REPORT and Audited Statement of Accounts for the year ended 31st March, 2010.

	<i>(Rs. in '000s)</i>	
FINANCIAL RESULTS	31st March 2010	31st March 2009
Income from Operations	6,09,57	5,03,20
Other Income	17,52	83,26
Write back of provisions	12,17,30	4,99,53
Total Income	18,44,39	10,85,99
Less: Operating Expenses	1,54,16	2,28,29
	16,90,23	8,57,70
Less: Interest	21,67	27,60
Profit/(Loss) before Depreciation	16,68,56	8,30,10
Less: Depreciation	8,76	36,73
Profit/(Loss) after Depreciation	16,59,80	7,93,37
Less : Bad debts written off	26,87	77
Profit/(Loss) before Tax	16,32,93	7,92,60
Less : Fringe Benefit tax	-	1,57
Less: Provision for Income Tax	30,00	-
Profit/(Loss) after Tax	16,02,93	7,91,03
Add : (Loss) brought forward	(40,85,15)	(48,76,18)
(Loss) carried forward	(24,82,22)	(40,85,15)

REVIEW OF OPERATIONS

The Company is continuing the fee based activities like Insurance Agency for both Life and General Insurance and also providing other services like collection of telephone bills for Telephone Service Provider. Besides, the company is focusing on collecting overdue from HP/Lease/Loans/Bills discounted parties.

During the year under review the Company has earned income of Rs.6.27 Crores (Rs.5.86 Crores in the corresponding period of the previous year) from recovery of overdues from HP/Lease/Bills Discounting/ Loan Parties, Commission from insurance related activities, service charges earned from telephone bill recovery services etc., which also includes dividend and interest earned. The operating expenses incurred during the reporting period was Rs.1.54 Crores as against Rs.2.28 Crores in the previous year. Consequent to the recovery of demerger receivables of Rs.16.00 Crores provisions made earlier to the extent of Rs.12.17 Crores (Previous Year Rs.4.99 Crores) was written back.

DIVIDEND

Since the Company has carried forward losses in the current year also, 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 pertaining to payment of interest accrued upto 15-07-2002 amounting to Rs.13.80 Crores as envisaged in the Scheme has already been commenced and would be completed by 30th June, 2010. Investors are required to lodge with the Company the original Certificates/Bonds of investment to claim the interest accrued. Letters have been sent to all the investors informing them the requirement of lodging the original Certificates for claiming the interest accrued. Those investors who have already submitted the certificates have been paid the 6th Instalment and arrangement is in place to make payment to such of the investors as and when the original certificates are lodged with the Company.

INSURANCE BUSINESS

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

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

Mr. H. N. S. Rao 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 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, 2010 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.

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 : 17-06-2010	Whole-time Director	Director

CORPORATE GOVERNANCE REPORT

I. Corporate Governance Code:

The Directors present the Company's report on Corporate Governance as on 31st March, 2010 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.

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

i) Number of Board Meeting and Attendance of Directors:

The Board met 4 times during 2009-2010. The details are as follows:

Date of Meeting	Board Strength	No. of Directors Present
29 th May, 2009	3	3
30 th July, 2009	3	3
29 th October, 2009	3	3
28 th January, 2010	3	3

The last AGM was held on 30th September, 2009 and 3 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 T. Mohandas Pai	Promoter-Executive	4	Yes	3	2 (M)
2.	Dr. K. Mohandas Pai*	Non-Executive	2	No.	NIL	2(M)
3.	Sri H. N. S. Rao	Non-Executive	4	Yes	3	2(M)
4.	Sri Bharath K. Nayak**	Non-Executive	2	Yes	7	2(M)

* Dr. K. Mohandas Pai retired at the 38th Annual General Meeting held on 30-09-2009.

** Sri Bharath K. Nayak appointed at the 38th Annual General Meeting held on 30-09-2009.

3. Audit Committee:

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

Sri T. Mohandas Pai

Dr. K. Mohandas Pai*

Sri H. N. S. Rao

Sri Bharath K. Nayak**

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 29th May, 2009, 30th July, 2009, 29th October, 2009 and 28th January, 2010. 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
29 th May, 2009	3
30 th July, 2009	3
29 th October, 2009	3
28 th January, 2010	3

* Dr. K. Mohandas Pai retired at the 38th Annual General Meeting held on 30-09-2009.

** Sri Bharath K. Nayak appointed at the 38th Annual General Meeting held on 30-09-2009.

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, 2010:

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 5 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 T. Mohandas Pai	Whole-time Director	5
2.	Dr. K. Mohandas Pai*	Director	2
3.	Sri H. N. S. Rao	Director	5
4.	Sri Bharath K. Nayak**	Director	3

* Dr. K. Mohandas Pai retired at the 38th Annual General Meeting held on 30-09-2009.

** Sri Bharath K. Nayak appointed at the 38th Annual General Meeting held on 30-09-2009.

Mr. H. N. S. Rao, Director is the Compliance Officer.

Number of Shareholders Complaints received : 40

Number of Shareholders Complaints settled : 40

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
36	24-08-2007	4.00 p.m.	NIL
37	26-09-2008	4.00 p.m.	NIL
38	30-09-2009	4.00 p.m.	NIL

All the resolutions as set out in the respective notices were passed by the shareholders.

Postal Ballot:

The Company is proposing to pass a Resolution under Section 293(1)(a) of the Companies Act, 1956 through Postal Ballot pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

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 “N” – 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.