



Regd. Office: Syndicate House, Manipal – 576 104

40th Annual Report

2010 – 2011



Chairman & Whole-time Director	: T. Mohandas Pai
Directors	: H. N. S. Rao Bharath K. Nayak K. M. Udupa A. Giridhar Pai U. Harish P. Shenoy
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 40th ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on **Monday, the 19th September, 2011 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, 2011 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. Bharath K. Nayak 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 an Ordinary Resolution:
“**RESOLVED** that Mr. K. M. Udupa, who was appointed as an Additional Director by the Board of Directors at its meeting held on 12th November, 2010 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.”
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“**RESOLVED** that Mr. A. Giridhar Pai, who was appointed as an Additional Director by the Board of Directors at its meeting held on 12th November, 2010 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.”
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
“**RESOLVED** that Mr. U. Harish P. Shenoy, who was appointed as an Additional Director by the Board of Directors at its meeting held on 12th November, 2010 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.”

Registered Office:

Syndicate House
Manipal – 576 104
Date : 26-07-2011

By Order of the Board
Sd/-

T. Mohandas Pai
Chairman & 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, 2011 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/reappointed 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 Admini-stration. 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	:	Manipal Entertainment Network Ltd. Canara Security Press Ltd. Universal Print Systems Ltd. Manipal Energy & Infratech Ltd. Blue Cross Builders and Investors Ltd.

Manipal Digital Systems Pvt. Ltd.
Zeta Cyber Solutions Pvt. Ltd.
Manipal Studios Pvt. Ltd.
Manipal Thomas Greg Press Pvt. Ltd.
Manipal Business Solutions Pvt. Ltd.
Manipal Logistics Pvt. Ltd.
Manipal Enterprises Pvt. Ltd.
Manipal Printronics 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. : Nil

- B. Name : Mr. K. M. Udupa
Date of Birth : 22-08-1938
Professional Qualification : B.Sc. (Agriculture) from Mysore University with Post-Graduate Diploma in Rice Breeding at Central Rice Institute, Cuttuck.
Expertise in specific functional areas : Retired Dy. G.M. of Syndicate Bank, presently Managing Trustee of Bharathiya Vikas Trust, Manipal. He is instrumental in introducing innovative Rural Credit Schemes and Scheme of Financing Solar Lighting Systems by Commercial Banks in India.
List of other Directorships held : SELCO Solar Light Pvt. Ltd.
Chairman/Member of the Committees of the Board : Member – Audit Committee
Chairman / Member of the Committees of the Board of other Companies in which he is Director. : Nil
- C. Name : Mr. A. Giridhar Pai
Date of Birth : 08-06-1952
Expertise in specific functional areas : Businessman
Member of Supreme Governing Body, Academy of General Education, Manipal.
List of other Directorships held : Airody Jewellers Pvt. Ltd.



Chairman/Member of the
Committees of the Board : Member – Audit Committee
Chairman / Member of the : Nil
Committees of the Board of other
Companies in which he is Director.

D. Name : Mr. U. Harish P. Shenoy
Date of Birth : 03-06-1968
Expertise in specific functional areas : Businessman
Member of Karnataka Konkani Sahitya Academy,
(Govt. of Karnataka)
List of other Directorships held : ICDS Securities Ltd., Manipal
Chairman/Member of the
Committees of the Board : Member – Audit Committee
Chairman / Member of the : Nil
Committees of the Board of other
Companies in which he is Director.

5. The Register of Members and Share Transfer Book will remain closed from Wednesday, the 14th day of September, 2011 to Monday, the 19th day of September, 2011 (both days inclusive) in connection with 40th Annual General Meeting.

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

Item No. 4, 5, 6

Mr. K. M. Udupa, Mr. A. Giridhar Pai and Mr. U. Harish P. Shenoy have been appointed as Additional Directors by the Board, at its meeting held on 12th November, 2010 and they hold the office up to this Annual General Meeting.

Their continuation on the Board will enable the Company to gain from their considerable experience and expertise in relation to the Company's business. The Company has received Notices in writing from 3 members under Section 257 of the Companies Act, 1956 along with deposits of Rs.500/- each proposing their candidatures for the office of Director. The Board recommends their appointment.

No Director of the Company other than Mr. K. M. Udupa, Mr. A. Giridhar Pai and Mr. U. Harish P. Shenoy is concerned or interested in the Resolution.

By order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date: 26-07-2011

Sd/-

T. Mohandas Pai
Chairman & Whole-time Director

DIRECTORS REPORT

The Directors present their FORTIETH ANNUAL REPORT and Audited Statement of Accounts for the year ended 31st March, 2011.

(Rs. in '000s)

FINANCIAL RESULTS	31st March 2011	31st March 2010
Income from Operations	6,07,94	5,68,50
Other Income	63,75	58,59
Write back of provisions	7,51,64	12,17,30
Total Income	14,23,33	18,44,39
Less: Operating Expenses	1,45,02	1,54,16
	12,78,31	16,90,23
Less: Interest	29,87	21,67
Profit/(Loss) before Depreciation	12,48,44	16,68,56
Less: Depreciation	8,02	8,76
Profit/(Loss) after Depreciation	12,40,42	16,59,80
Less: Bad debts written off	–	26,87
Profit/(Loss) before Tax	12,40,42	16,32,93
Less: Provision for Income Tax	96,00	30,00
Profit/(Loss) after Tax	11,44,42	16,02,93
Add: (Loss) brought forward	(24,82,22)	(40,85,15)
(Loss) carried forward	(13,37,80)	(24,82,22)

REVIEW OF OPERATIONS

During the year under review the Company has earned income of Rs.6.72 crores (Rs.6.27 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, dividend and interest earned. The operating expenses incurred during the reporting period was Rs.1.45 crores as against Rs.1.54 crores in the previous year. Consequent to the recovery of demerger receivables of Rs.6.26 crores provisions made earlier to the extent of Rs.6.92 crores (Previous Year Rs.12.17 crores) was written back. (Previous Year Rs.7.52 crores). The accumulated losses which was at Rs.24.82 Crores as on 31st March, 2010 has been reduced to Rs.13.38 crores on 31st March, 2011.

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 overdues from HP/Lease/Loans/Bills discounted parties.

DIVIDEND

Since the Company has carried forward losses in the current year, the Directors express their inability to declare Dividend.

SCHEME OF ARRANGEMENT

In terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka, Company has repaid all the six installments (out of Rs.13.81 crores representing interest accrued on the public liabilities up to 15th July, 2002 Rs.11.50 crores has been paid as on 30th June, 2011). Your Company has filed an affidavit on 31-08-2010 to that effect before the Hon'ble High Court of Karnataka. The Hon'ble High Court has taken note of the same.

The Company has sent letters under certificate of posting to all the investors who are yet to claim 6th and Final installment covering interest on investments, asking them to surrender the original investment certificates and claim the interest accrued. Likewise there are some investors who have not yet submitted the certificates to receive the principal and interest of first installment (investment with face value of less than Rs.10,000/-) and interest on investment with face value of less than Rs.20,000/ payable as 4th installment in spite of Company advising them to do so. As on 30th June, 2011 out of total liability of Rs.239.10 crores, an amount aggregating to Rs.235.58 crores has been repaid. The details are given below :

1 st Installment	Rs. 56.96 crores *
2 nd Installment	Rs. 51.78 crores
3 rd Installment	Rs. 51.78 crores
4 th Installment	Rs. 34.85 crores **
5 th Installment	Rs. 28.71 crores
6 th Installment	Rs. 11.50 crores
Total	Rs. 235.58 crores

* 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/-

Arrangements are in place to pay the claims received from investors as and when the original investment certificates lodged by such investors.

BUSINESS PLANS

The Company, in terms of the undertaking given to the Hon'ble High Court of Karnataka is not doing any NBFC Business. As the Company has fulfilled the terms of scheme of arrangements as per the sanctioned scheme and paid all the installment as stated in the above paragraph and net worth of the Company (Net Owned funds) has become positive at Rs.2.98 cores, it is eligible to apply to Reserve Bank of India for registration as an NBFC for undertaking business of Hire Purchase and Leasing.

As per the recent survey by ASSOCHAM, NBFCs account for 12% of advances of total financial system in the country and plays a major role in furthering financial



inclusion. NBFCs are better alternative to conventional banks for meeting various financial requirements of small business enterprises and micro financial institutions. NBFCs engaged in funding of commercial vehicles, infrastructure assets, retail financing, loan against shares, funding of plant and machineries and SMEs are playing an important role in the booming Indian economy. There is wide scope for your company to restart the NBFC business for which it has expertise and in-depth knowledge.

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. K. M. Udupa, Mr. A. Giridhar Pai and Mr. U. Harish P. Shenoy were appointed as additional directors of the Company on 12th November, 2010. They continued to be Directors till the date of forthcoming Annual General Meeting. Company has received notices from members proposing them to the position of Directors at the meeting.

Mr. Bharath K. Nayak 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, 2011 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

Place : Manipal
Date : 26-07-2011

Sd/-
(T. Mohandas Pai)
Chairman & Whole-time Director

CORPORATE GOVERNANCE REPORT

1. Corporate Governance Code:

The Directors present the Company's report on Corporate Governance as on 31st March, 2011 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 six Directors, of which one is executive five non-executives.

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

i) Number of Board Meetings and Attendance of Directors:

The Board met 6 times during 2010–2011. The details are as follows:

Date of Meeting	Board Strength	No. of Directors Present
10 th May, 2010	3	3
17 th June, 2010	3	3
30 th July, 2010	3	2
12 th November, 2010	6	6
14 th February, 2011	6	4
17 th March, 2011	6	6

The last AGM was held on 27th September, 2010 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	4	1 (C), 2 (M)
2.	Sri H. N. S. Rao	Non-Executive	6	Yes	3	2 (M)
3.	Sri Bharath K. Nayak	Non-Executive	6	Yes	13	2 (M)
4.	Sri K. M. Udupa*	Non-Executive	2	No	1	1 (M)
5.	Sri Airody Giridhar Pai*	Non-Executive	3	No	1	1 (M)
6.	Sri U. Harish P. Shenoy*	Non-Executive	2	No	1	1 (M)

* Sri K. M. Udupa, Sri Airody Giridhar Pai and Sri U. Harish P. Shenoy appointed as Additional Directors by the Board at its meeting held on 12th November, 2010.

3. Audit Committee:

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

Sri T. Mohandas Pai – Chairman of the Committee Till 30-07-2010

Sri H. N. S. Rao – Member of the Committee till 30-07-2010

Sri Bharath K. Nayak – Chairman since 12-11-2010

Sri K. M. Udupa – Member since 12-11-2010

Sri Airody Giridhar Pai – Member since 12-11-2010

Sri U. Harish P. Shenoy – Member since 12-11-2010

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 10th May, 2010, 30th July, 2010, 12th November, 2010 and 14th February, 2011. Mr. Bharath K. Nayak, Director is the Compliance Officer.

Attendance of the Directors at the Audit Committee Meeting:

Meeting held on	No. of Members Present
10 th May, 2010	3
30 th July, 2010	3
12 th November, 2010	4
14 th February, 2011	3

4. Remuneration Committee:

Sri T. Mohandas Pai is the only whole-time Director of the Company and he does not draw any remuneration. Therefore this committee has not been formed.

Details of remuneration for the year ended 31st March, 2011:

i) Whole-Time Director: Nil

ii) Non-Executive Directors:

Non-Executive Directors were paid remuneration by way of sitting fees for attending Board Meetings from 12th November, 2010 onwards.

5. Shareholders/Investors Grievance Committee:

The Committee 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, subordinated debts, non-receipt of Balance Sheet, non-receipt of Dividend Warrants, etc. The Committee met 4 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*	Executive Chairman & Whole-time Director	2
2.	Mr. H. N. S. Rao*	Non-Executive Director	2
3.	Mr. Bharath K. Nayak	Independent Director	4
4.	Mr. K. M. Udupa	Independent Director	1
5.	Mr. A. Giridhar Pai	Independent Director	2
6.	Mr. U. Harish P. Shenoy	Independent Director	2

* Mr. T. Mohandas Pai and Mr. H. N. S. Rao were members till 30-07-2011.

Mr. Bharath K. Nayak, Director is the Compliance Officer.

Number of Shareholders Complaints received : 35

Number of Shareholders Complaints settled : 35

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 / Rotary Golden Jubilee Children's Sports Complex, Manipal – 576 104.

AGM No.	Date	Time	Special Resolution required
37	26-09-2008	4.00 p.m.	Nil
38	30-09-2009	4.00 p.m.	Nil
39	27-09-2010	4.00 p.m.	Re-appointment of Mr. T. Mohandas Pai as Whole-time Director for a period of 5 years with effect from 1 st September, 2010 without remuneration for the time being.

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

Postal Ballot:

Resolutions under Section 293(1)(a) and 372A of the Companies Act, 1956 have been passed through Postal Ballots pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules 2001.

7. Disclosures:

- 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.
- 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.