



Regd. Office: Syndicate House, Manipal – 576 104

# **41st Annual Report**

## **2011 – 2012**

<b>Chairman &amp; Whole-time Director</b>	: T. Mohandas Pai
<b>Directors</b>	: H. N. S. Rao Bharath K. Nayak K. M. Udupa A. Giridhar Pai U. Harish P. Shenoy
<b>General Manager</b>	: P. R. Nayak
<b>Auditors</b>	: M/s Chaturvedi & Shah <i>Chartered Accountants, Mumbai</i>
<b>Registered Office</b>	: Syndicate House, Upendra Nagar Manipal – 576 104
<b>Bankers</b>	: SYNDICATEBANK CORPORATION BANK ICICI BANK LTD.
<b>Registrar and Share Transfer Agent</b> (For Physical and Demat Shares)	: Cameo Corporate Services Ltd. Subramanian Building No. 1, Club House Road Chennai – 600 002

## NOTICE

NOTICE is hereby given that the 41<sup>st</sup> ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on **Monday, the 27<sup>th</sup> August, 2012 at 4.00 p.m.** at Rotary Hall, Ananth Nagar, Manipal – 576 104, Udupi District to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2012 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. K. M. Udupa who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. A. Giridhar Pai who retires by rotation and being eligible offers himself for reappointment.
4. 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 : 30-05-2012

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 31<sup>st</sup> 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 31<sup>st</sup> March, 1995 are requested to claim amount from the Registrar of Companies, Karnataka, Bangalore.

Unclaimed dividend for the year ended 31<sup>st</sup> March, 1996, 31<sup>st</sup> March, 1997 and 31<sup>st</sup> 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 31<sup>st</sup> March, 2012 may visit the Company's corporate website [www.icdslimited.com](http://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. 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, Cuttack.
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

B. 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

5. The Register of Members and Share Transfer Book will remain closed from Wednesday 22<sup>nd</sup> August, 2012 to Monday, 27<sup>th</sup> August, 2012 (both days inclusive) in connection with 41<sup>st</sup> Annual General Meeting.

## DIRECTORS REPORT

The Directors present their 41<sup>st</sup> ANNUAL REPORT and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS

	(Rs. in '000s)	
	31st March 2012	31st March 2011
Income from Operations	1,20,96	6,01,15
Other Income	85,90	70,54
Write back of provisions	43,86	7,51,64
<b>Total Income</b>	<b>2,50,72</b>	<b>14,23,33</b>
Less: Operating Expenses	1,53,13	1,45,02
	<b>97,59</b>	<b>12,78,31</b>
Less: Interest	54,41	29,87
<b>Profit/(Loss) before Depreciation</b>	<b>43,18</b>	<b>12,48,44</b>
Less: Depreciation	7,13	8,02
<b>Profit/(Loss) after Depreciation</b>	<b>36,05</b>	<b>12,40,42</b>
Less : Bad debts written off	—	—
<b>Profit/(Loss) before Tax</b>	<b>36,05</b>	<b>12,40,42</b>
Less: Provision for Income Tax	—	96,00
<b>Profit/(Loss) after Tax</b>	<b>36,05</b>	<b>11,44,42</b>
Add: (Loss) brought forward	(13,37,80)	(24,82,22)
<b>(Loss) carried forward</b>	<b>(13,01,75)</b>	<b>(13,37,80)</b>

### REVIEW OF OPERATIONS

During the year under review the Company has earned income of Rs.2.07 Crores (Rs.6.72 Crores in the corresponding period of the previous year) from recovery of over dues 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.1.53 Crores as against Rs.1.45 Crores in the previous year. The accumulated losses which was at Rs.13.37 Crores as on 31<sup>st</sup> March, 2011 has been reduced to Rs.13.02 Crores on 31<sup>st</sup> March, 2012.

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

As reported in the previous year, the Company has repaid all six installments of public liabilities, in terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka. An affidavit was filed on 31<sup>st</sup> August, 2010 to the effect that the repayment of investments under the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka has been completed. The Hon'ble High Court has taken note of the same.

Out of total liability of Rs.239.10 crores, an amount aggregating to Rs.235.73 Crores has been repaid. Unclaimed amount by the investors as on 31<sup>st</sup> March, 2012 is Rs.3.37 crores.

For claiming the interest portion mainly under 6<sup>th</sup> Installments, the investors are required to submit the original certificate and claim the interest portion. The Company has sent letters under certificate of posting to all the investors who are yet to claim 6<sup>th</sup> 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 4<sup>th</sup> installment in spite of Company advising them to do so. As on 31<sup>st</sup> March, 2012

The details are given below :

(Rs. in Crores)

Amount Payable as per Scheme		Amount Paid as on date	Amount unclaimed as on date
1 <sup>st</sup> Installment	57.27	56.96*	0.31
2 <sup>nd</sup> Installment	51.78	51.78	Nil
3 <sup>rd</sup> Installment	51.78	51.78	Nil
4 <sup>th</sup> Installment	35.75	34.87**	0.88
5 <sup>th</sup> Installment	28.71	28.71	Nil
6 <sup>th</sup> Installment	13.81	11.63	2.18
<b>TOTAL</b>	<b>239.10</b>	<b>235.73</b>	<b>3.37</b>

\* 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.

### FUTURE BUSINESS PLANS

As reported in the earlier years, the company stopped NBFC business as per the undertaking given to Hon'ble High Court of Karnataka while considering the company's application for scheme of arrangement. Since then company was focusing its activities on recovery of over dues. Now the company's net owned funds has become positive and meets the minimum required NOF, it is proposed to apply to Reserve Bank of India for registering the company as a Non Deposit taking NBFC for pursuing business of Hire Purchase/ Lease finance or Investment Banking.

### FEE BASED ACTIVITIES

In order to generate some income to partly meet the establishment expenses, the company has been engaged as Corporate Agent for Life and General Insurance Companies. Also it is acting as an agent for collection of telephone bills for Tata Tele Services and MTS at Coimbatore Branch.

### 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 and Mr. A. Giridhar Pai retire by rotation in the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

### DIRECTORS RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departure;
- 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 31<sup>st</sup> March, 2012 and of the profit of the company for the year ended as on that date;
- 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;
- 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/-

Place: Manipal **(T. Mohandas Pai)**  
Date : 30-05-2012 *Chairman & Whole-time Director*



# CORPORATE GOVERNANCE REPORT

## 1. Corporate Governance Code

The Directors present the Company's report on Corporate Governance as on 31<sup>st</sup> March, 2012 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 and five 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 2011-2012. The details are as follows:

Date of Meeting	Board Strength	No. of Directors present
28 <sup>th</sup> May, 2011	6	5
26 <sup>th</sup> July, 2011	6	6
11 <sup>th</sup> November, 2011	6	5
31 <sup>st</sup> January, 2012	6	6

## 3. Audit Committee:

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

Sri Bharath K. Nayak, Chairman

Sri K. M. Udupa, Member

Sri Airody Giridhar Pai, Member

Sri U. Harish P. Shenoy, Member

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 28<sup>th</sup> May, 2011, 26<sup>th</sup> July, 2011, 11<sup>th</sup> November, 2011 and 31<sup>st</sup> January, 2012. 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
28 <sup>th</sup> May, 2011	3
26 <sup>th</sup> July, 2011	4
11 <sup>th</sup> November, 2011	3
31 <sup>st</sup> January, 2012	4

The last AGM was held on 19<sup>th</sup> September, 2011 and all the six 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	5	1(C), 3 (M)
2.	Sri H. N. S. Rao	Non-Executive	4	Yes	4	2 (M)
3.	Sri Bharath K. Nayak	Non-Executive	4	Yes	16	2 (M)
4.	Sri K. M. Udupa	Non-Executive	2	Yes	1	1 (M)
5.	Sri Airody Giridhar Pai	Non-Executive	4	Yes	1	1 (M)
6.	Sri U. Harish P. Shenoy	Non-Executive	4	Yes	1	1 (M)

#### 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 31<sup>st</sup> March, 2012:

- 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 12<sup>th</sup> 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, sub-ordinated 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.	Mr. Bharath K. Nayak	Independent Director	4
2.	Mr. K. M. Udupa	Independent Director	2
3.	Mr. A. Giridhar Pai	Independent Director	4
4.	Mr. U. Harish P. Shenoy	Independent Director	4

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

Number of Shareholders Complaints received : 18

Number of Shareholders Complaints settled : 18

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 Rotary Golden Jubilee Childrens Sports Complex, Manipal – 576 104.

AGM No.	Date	Time	Special Resolution required
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 <sup>st</sup> September, 2010 without remuneration for the time being.
40	19/09/2011	4.00 p.m.	NIL

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

#### Postal Ballot:

The Notice of 41<sup>st</sup> Annual General Meeting does not contain any item which required approval by Postal Ballot.

#### 7. Disclosures:

- i) National Stock Exchange suspended trading in our equity shares w.e.f. 27<sup>th</sup> June, 2002 for non-submission of the Board Meeting notices for the quarter ended 30<sup>th</sup> September, 2000, December, 31<sup>st</sup> 2000 and March 31<sup>st</sup> 2001 and non-submission of Limited Review Report for the half-year ended 31<sup>st</sup> 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 Financial Statements 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.