



Regd. Office: Syndicate House, Manipal – 576 104

43rd Annual Report

2013 – 2014



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 CIN - L65993KA1971PLC002106
Bankers	: SYNDICATEBANK CORPORATION BANK ICICI BANK LTD.
Registrar and Share Transfer Agent (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 43rd ANNUAL GENERAL MEETING of Members of ICDS Limited will be held on **Friday, the 26th September, 2014 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 31st March, 2014 and Statement of Profit and Loss 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 (DIN 00106953) who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, as amended from time to time, M/s Chaturvedi & Shah, Chartered Accountants, Mumbai, registered with the Institute of Chartered Accountants of India vide Firm Registration No.101720W be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 46th AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, and out-of-pocket and travelling expenses, etc., as may be mutually agreed between the Board of Directors of the Company and Auditors.”

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 pursuant to Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Bharath K. Nayak (DIN 00776729), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to Annual General Meeting for the year 2019.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K. M. Udupa (DIN 00103309), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to Annual General Meeting for the year 2019.”



6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Airody Giridhar Pai (DIN 00109985), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to Annual General Meeting for the year 2019.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 149,150,152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. U. Harish P. Shenoy (DIN 00109884), Director of the Company who retires by rotation at the Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to Annual General Meeting for the year 2019.”

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date : 13-08-2014

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 the 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, 2014 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. 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, especially in credit management and recovery. He worked as General Manager of the Company for 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 Sri Ramakrishna Theatre 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	: MPL Enterprises Ltd. – (Member – Working Committee of Directors)
(B) 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 25 years in the field and has served many Companies in various capacities.
List of other directorships held	: 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 Archival Solutions Pvt. Ltd.
 Manipal Printronics Pvt. Ltd.
 Westtek Enterprises Private Ltd.
- Chairman/Member of the Committees of the Board : Chairman : Audit Committee
 Chairman / Member of the Committees of the Board of other Companies in which he is Director. : Member : Shareholders Grievance Committee
 : Nil
- (C) 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 & Shareholders Grievance Committee
 Chairman / Member of the Committees of the Board of other Companies in which he is Director. : Nil
- (D) 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 & Shareholders Grievance Committee
 Chairman / Member of the Committees of the Board of other Companies in which he is Director. : Nil
- (E) Name : Mr. U. Harish P. Shenoy
 Date of Birth : 03-06-1968
 Expertise in specific functional areas : Businessman

List of other directorships held	: ICDS Securities Ltd., Manipal
Chairman/Member of the	: Member : Audit Committee & Shareholders Grievance
Committees of the Board	Committee
Chairman / Member of the	: ICDS Securities Ltd., Manipal
Committees of the Board of	Member : Audit Committee
other Companies in which	Shareholders Grievance Committee
he is Director	Remuneration Committee

5. The register of members and Share Transfer Book will remain closed from Tuesday, 23rd September, 2014 to Friday, 26th September, 2014 (both days inclusive) in connection with 43rd Annual General Meeting.

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013

Item Nos. 4 to 7

Mr. Bharath K. Nayak and Mr. K. M. Udupa retire by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. Mr. Airody Giridhar Pai and Mr. U. Harish P. Shenoy, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. They are Independent Directors of the Company and have held the position as such since their appointment.

It is proposed to appoint them as Independent Directors of the Company under Section 149 of the Companies Act, 2013 to hold the office for a period of 5 (Five) consecutive years i.e., for a term upto the conclusion of the 48th Annual General Meeting of the Company in the calendar year 2019.

The Company has received declarations from the said Directors stating that they meet all the criteria of Independence, as prescribed under Section 149(6) of the Companies Act, 2013.

The information as required to be provided under the Listing Agreement with the Stock Exchanges, regarding the Directors who are proposed to be appointed as Independent Directors are given in the Notes forming part of the Notice convening the Annual General Meeting.

Each one of Mr. Bharath K. Nayak, Mr. K. M. Udupa, Mr. A. Giridhar Pai and Mr. U. Harish P. Shenoy is interested in the respective resolution for his own appointment under item Nos. 4, 5, 6 and 7 of the Notice.

Save and except the above, none of the other Directors of the Company and their respective relatives are in any way interested financially or otherwise, in the resolutions under Item No. 4, 5, 6 and 7 of the Notice.

Your Directors commend the resolutions set out under item Nos. 4 to 7 of the Notice for the appointment of Independent Directors.

By Order of the Board

Registered Office:

Syndicate House
Manipal – 576 104
Date : 13-08-2014

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



DIRECTORS REPORT

The Directors present their 43rd ANNUAL REPORT and Audited Statement of Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

	(Rs. in '000s)	
	31-March 2014	31-March 2013
Income from Operations	5,20,59	3,16,27
Other Income	1,02,08	2,27,33
Write back of provisions	74,67	32,15
Total Income	6,97,34	5,75,75
Less: Operating Expenses	4,36,38	3,12,04
	2,60,96	2,63,71
Less: Interest	49,76	48,14
Profit/(Loss) before Depreciation	2,11,20	2,15,57
Less: Depreciation	6,21	7,05
Profit/(Loss) after Depreciation before Tax	2,04,99	2,08,52
Less: Provision for Income Tax/(write back)	4,70	(1,26,00)
Profit/(Loss) after Tax	2,00,29	3,34,52
Add : (Loss) brought forward	(9,67,23)	(13,01,75)
(Loss) carried forward	(7,66,94)	(9,67,23)

REVIEW OF OPERATIONS

During the year under review the Company has earned income of Rs.6.97 Crores (Rs.5.76 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. The operating expense incurred during the reporting period was Rs.4.36 Crores as against Rs.3.12 Crores in the previous year. The accumulated losses which was at Rs.9.67 Crores as on 31st March, 2013 has been reduced to Rs.7.67 Crores on 31st March, 2014.

The net worth of the Company as on 31st March, 2014 went up to Rs.7.13 Crores (Rs.4.93 Crores in the corresponding period of previous year).

DIVIDEND

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

SCHEME OF ARRANGEMENT

The details of unclaimed public liabilities with the Company as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Karnataka have been covered in the Corporate Governance Report. However, the total liability unpaid as on 31st March, 2014 was Rs.2.90 Crores which does not include cheques issued to the investors but not presented amounting Rs.2.98 Crores.

FUTURE BUSINESS PLANS

As reported in the earlier years, the company stopped NBFC business as per the undertaking given to H'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 overdues. Since the company's net owned funds has become positive and meets the minimum required NOF stipulated for Non-Banking Finance Business, 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, your Company is engaged as Corporate Agent for Life and General Insurance Companies, and also acting as address verification agents for Fullerton India Credit Company Limited and TATA Teleservices Limited at Coimbatore. Besides, your company has taken up distributorship of

MTS mobile phones and accessories of Sistema Shyam Teleservices Ltd., at Coimbatore and Salem areas in Tamil Nadu. The company is also focusing on collecting overdues from HP/Lease/Loans/Bills discounted parties.

SUBSIDIARY COMPANIES

As required under Section 129(3) of the Companies Act, 2013, 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 by rotation in the ensuing Annual General Meeting and being eligible, offer himself for reappointment.

Provisions of Section 149(10) of the Companies Act, 2013 which was notified effective from 1st April, 2014 required that the Independent Directors of the Company shall hold office for a period of 5 years and shall not be liable to retire by rotation. In compliance with the new Companies Act, 2013, your directors propose to appoint Shri Bharath K. Nayak, K. M. Udupa, A. Giridhar Pai and U. Harish P. Shenoy as Independent Directors of the Company, not liable to retire by rotation and to hold the office for 5 (five) consecutive years for a term upto the conclusion of the 48th Annual General Meeting of the Company in the calendar year 2019. Their consents for the purpose have been obtained by the company.

The Background of the Directors proposed for appointment is furnished under the Notes Forming Part of the Notice convening the 43rd Annual General Meeting.

COMMITTEES OF DIRECTORS

Pursuant to provision of Section 177(3) of the Companies Act, 2013, the Audit Committee of the Board of Directors has been reconstituted with

terms of reference pursuant to various provisions of the Companies Act, 2013 and the amended listing agreement with the Stock Exchanges.

Pursuant to provision of Section 178(5) of the said Act, the Shareholders Grievances Committee of the Board of Directors, has been reconstituted and named as "Stakeholders Relationship Committee" with terms of reference pursuant to various provisions of the Companies Act, 2013.

Corporate Social Responsibility Committee pursuant to provision of Section 135(1) of the Companies Act, 2013 and Nomination and Remuneration Committee pursuant to provision of Section 177(3) of the said Act have not been formed for the time being. Since a) the company still carrying over the losses and b) none of the Directors are drawing any remuneration other than sitting fees to the Non-Executive Directors for attending the Board Meeting.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2AA) 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, 2014 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's Act 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, Statutory Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

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 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 : 30-05-2014 *Chairman & Whole-time Director*