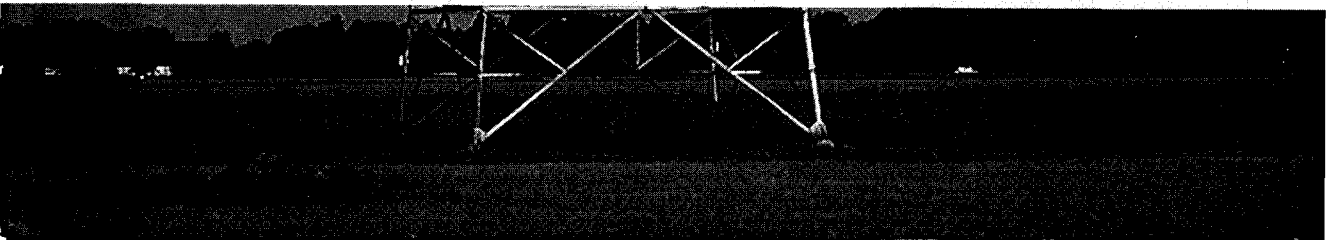




18th Annual Report 2011-12

ICSA (INDIA) LIMITED



Board of Directors:

Mr. G. Bala Reddy
Chairman-Cum-Managing Director

Dr. Tholada Venkatasatya Prasad
Executive Director

Mr. V. Shyam Sunder Reddy
Director

Mr. M. Sarveswar Reddy
Director

Company Secretary

Miss. Shabnam Siddiqui

Auditors

VDNR & Associates
Chartered Accountants,
Hyderabad

Bankers

State Bank of India
Punjab National Bank
Andhra Bank
Union Bank Of India
Bank of India
IDBI Bank

Registered Office

ICSA (INDIA) LIMITED
1st Floor, Plot No.12, Software Units Layout,
Cyberabad, Hyderabad - 500 081, India
E-Mail: secretarial@icsa-india.com
Visit us at : www.icsa-india.com

NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of ICSA (India) Limited will be held on Friday, the 28th day of December, 2012 at 12.00 Noon, at Hotel Daspalla, Madhapur, Hyderabad – 500 081, (A.P), to transact the following businesses:

ORDINARY BUSINESS:

1. Adoption of accounts:

To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2012; Balance Sheet as on that date along with the Reports of the Directors' and Auditors' thereon.

2. Reappointment of Mr. V Shyam Sunder Reddy:

To appoint a Director in place of Mr.V Shyam Sunder Reddy who retires by rotation and being eligible offers himself for reappointment.

3. Appointment of Statutory Auditors:

To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT M/S. Rambabu & Co, Chartered Accountants, Hyderabad be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

SPECIAL BUSINESS:

4. Appointment of Mr. Mandra Sarveswar Reddy as Director

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

“RESOLVED THAT pursuant to provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Mandra Sarveswar Reddy be and is hereby appointed as a Director of the Company, whose office shall be liable to retire by rotation”.

5. Appointment of Dr. Venkatasatya Prasad Tholada as Director

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

“RESOLVED THAT pursuant to provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr. Venkatasatya

Prasad Tholada be and is hereby appointed as a Director of the Company, whose office shall be liable to retire by rotation”.

6. Appointment of Dr. Venkatasatya Prasad Tholada as Executive Director and Fixation of Remuneration

To consider and if thought fit to pass, with or without modification, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 314 & Schedule XIII as amended from time to time to the Companies Act, 1956 and other applicable provisions if any of the Companies Act 1956, based on the recommendation of the Remuneration Committee, Audit Committee and Directors on Board and subject to the approval of Central Government, approval of the members be and is hereby accorded for the appointment of Dr. Venkatasatya Prasad Tholada, as Executive Director of the company for a period of Three years w.e.f. May 15, 2012 and for the payment of remuneration along with other terms and conditions furnished hereunder:

- I. Basic Salary – Rs. 72,916 per month
- II. Perquisites and Allowances:
 - a. House Rent Allowance: Rs. 29,166 per month
 - b. Education Allowance: Rs. 7,292 per month
 - c. Vehicle Reimbursement: Rs. 50,000 per month
 - d. Special Allowance: Rs. 27,627 per month
- III. Annual Benefits:
 - a. Leave Travel Assistance: Rs. 50,000 per annum
 - b. Medical: Rs. 15,000 per annum
 - c. Ex-gratia Payment: Rs. 36,000 per annum
 - d. Assistance Allowance: Rs. 50,000 per annum
 - e. Company's contribution towards Provident Fund in accordance with the rules of the Company.

‘FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, during his tenure as Executive Director, minimum remuneration shall alone be paid in terms of Section II of Part II of Schedule XIII to the Companies Act 1956.’

'FURTHER RESOLVED THAT Mr. G. Bala Reddy, Chairman and Managing Director of the Company, be and is hereby authorized to make an application to the Central Government for approval of the said appointment on the specified terms and conditions.'

7. Increase in Authorized Share Capital of the Company

To consider and, if thought fit, to pass the following Resolution with or without any modifications as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of section 94(1)(a) and section 95 of the Companies Act, 1956 and Article 4 of Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from present Rs.15,00,00,000 (Rupees Fifteen Crores) to Rs. 20,00,00,000 (Rupees Twenty Crores) by addition thereto 2,50.00,000 (Two Crore Fifty Lakhs) Equity Shares of Rs. 2 each, ranking pari passu in all respect with existing Equity Shares of the Company."

8. Alteration of the Captial Clause V of Memorandum of Association of the company.

To consider and, if thought fit, to pass the following Resolution with or without any modifications as an Ordinary Resolution

"RESOLVED FURTHER THAT pursuant to section 16 and other applicable provisions, if any, of the Companies Act, 1956, Clause V of the Memorandum of Association of the Company be and is hereby amended by substitution of the figures and words as appended herein below:

"The Authorized Share Capital of the Company is Rs 20,00,00,000 (Rupees Twenty Crores) divided into 10,00,00,000 (Ten Crores) Equity Shares of Rs.2 each (Rupees Two only) with power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Companies Act, 1956 for the time being in force and the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be provided by the regulations of the Company."

9. Alteration of Clause 3 of Articles of Association of the Company

To consider and, if thought fit, to pass the following Resolution with or without any modifications as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and Article 4 of the Articles of Association of the Company, Clause 3 of the Articles of Association of the Company be and is hereby amended by substitution of the figures and words as appended herein below:

"The Authorized Share Capital of the Company is Rs 20,00,00,000 (Rupees Twenty Crores) divided into 10,00,00,000 (Ten Crores) Equity Shares of Rs.2 each (Rupees Two only) with power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Companies Act, 1956 for the time being in force and the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may, for the time being, be provided by the regulations of the Company."

10. Issue of Equity Shares on Conversion of Unsecured Loan of Promoters

To consider and, if thought fit, to pass the following Resolution with or without any modifications as an Special Resolution.

"RESOLVED THAT pursuant to Section 81(3) and 81(1A) of the companies act 1956 and the provision of the AOA of the company and in consonance to the Corporate Debt Restructuring package granted by Corporate Debt Restructuring Empowered Group and having consented by the Promoter to convert the unsecured loan into Equity Share Capital, consent of the members of the Company be and is hereby accorded to convert the aforesaid Unsecured Loan of Rs.25 Crores given by the Promoter of the Company into 1,53,84,615 Equity Shares of Rs.2 each with a premium of Rs.14.25 per share".

"FURTHER RESOLVED THAT Board of Directors of the Company be and is hereby authorized to allot the share after ascertaining the actual quantum of Shares to be allotted with the rate at which the shares are to be issued as per the SEBI guidelines and to do all such acts deeds and things as may be necessary or incidental to give effect to the aforesaid resolution."

By Order of the Board of Directors

Shabnam Siddiqui
Company Secretary

Hyderabad,
28.11.2012

NOTES:

1. Explanatory Statement in respect of the special business as required under Section 173(2) of the Companies Act, 1956 is annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member.
3. The proxy form duly completed and signed should be deposited at the registered office of the Company not less than 48 hours before the time of commencement of the Annual General Meeting.
4. Members are requested to bring their copy of the Annual Report while attending the Annual General Meeting.
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
8. Register of Members and Share Transfer Books of the Company will be closed from December 26, 2012 (Wednesday) to December 28, 2012 (Friday), inclusive of both dates.
9. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company and its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
10. While members holding shares in physical form, may write to the company for any change in their address and bank mandates, members holding shares in electronic form may write to their depository participants for immediate updation so as to enable the company to dispatch dividend warrants to the correct address.
11. Shareholders who haven't got their shares demated are requested to do so immediately.
12. Shareholders seeking any information regarding the accounts are requested to write to the company at least two days in advance to enable the management to keep the information ready.
13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registered Office for enabling the company to forward the same to its Transfer Agents, for consolidation into a single folio.
14. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, immediately on:
 - a) Change in their Residential status on return to India for permanent settlement.
 - b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 4: Appointment of Mr. Mandra Sarveswar Reddy as Director

Mr. SS Dua and Mr. YV Ramana Reddy the directors were resigned in April 2012 and accepted the resignation at the meeting of the directors held on 15.05.2012. In order to have the required number of directors, company has considered the profile of Mr. Mandra Sarveswar Reddy, who is having 22 years of experience in the power sector. He has been appointed as additional director by the board of directors at their meeting held on 15.05.2012 and seeking the member's approval for appointment as director.

Item No. 5 & 6: Appointment of Dr. Venkatasatya Prasad Tholada, as Director and Executive Director

Mr. SS Dua and Mr. YV Ramana Reddy the directors were resigned in April 2012 and accepted the resignation at the meeting of the directors held on 15.05.2012. In order to have the required number of directors and executive directors for operations of the company, the profile of Dr. Venkatasatya Prasad Tholada, who is having 21 years of experience in the reputed international organizations in various fields has been considered as Executive Director. He has been appointed as additional director and Executive Director by the board of directors at their meeting held on 15.05.2012 and seeking the member's approval for appointment as Director and Executive Director.

Item No. 7: Increase in the Authorised Share Capital of the Company

As per the requirement of CDR package, the promoters have brought-in an amount of Rs.25 crores a unsecured loan, which is to be converted into equity share capital. In order to issue the shares against the unsecured loan, the available balance in the authorized share capital is not adequate. The directors of the company has approved for increase of the authorised share capital from Rs.15 crores to Rs.20 crores. The company is seeking the approval of the members for increase in the share capital.

Item No. 8 & 9: Alteration of Memorandum of Association and Articles of Association

As given in the item no.7 the authorized share capital to be increased, which is requires the alteration of the Memorandum and Articles. The company is seeking the approval of the members for alteration of the Memorandum and Articles.

Item No.10: Issue of Equity Shares on Conversion of Unsecured Loans of promoters

The company's debt was restructured by the bankers under the Corporate Debt Restructuring (CDR) System at the meeting of the CDR Empowered Group held on 16.03.2012. As per the conditions of CDREG, the promoters has to brought in an amount of Rs. 25 crores as the contribution towards the CDR package and same is to be converted into the Equity Shares of the company.

The directors has recommended to issue the shares to the promoter by converting the unsecured loan of Rs. 25 Crores brought in by the promoter as per the applicable guidelines under SEBI.

The issue of the shares to the promoters requires the approval of the members. However the disclosures pertaining to the shareholding pattern before issue of equity shares and shareholding pattern after issue of equity shares is given below:-

Sl No	Category	As on 30.09.2012		Proposed issue of equity shares		After proposed issue of equity shares	
		No of shares	% of holding	No of shares	% of holding	No of shares	% of holding
1	Promoter's holding	6003877	12.47	15384615	100.00	21388492	33.67
2	Corporate bodies	8705634	18.09	-	-	8705634	13.70
3	Indian Public	27584877	57.30	-	-	27584877	43.43
4	NRI/OCBs	4699348	9.76	-	-	4699348	7.40
5	FII	1144764	2.38	-	-	1144764	1.80
	Total	48138500	100.00	15384615	100.00	63523115	100.00

By the order of the Board of Directors

for ICSA (INDIA) LIMITED

Place: Hyderabad
Date: November 28, 2012
Email: secretarial@icsa-india.com

sd/-
Shabnam Siddiqui
Company Secretary

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the 18th Annual Report together with the audited accounts for the financial year ended March 31, 2012.

Financial Results (Rs. Lakhs)

Description	2011-12	2010-11
Revenue (net of duties & taxes)	94136.65	141491.35
Profit/(Loss) before depreciation & amortization, interest and exceptional items	3229.37	29987.34
Interest	11895.25	9837.98
Depreciation & Amortization	2816.83	2787.68
Exceptional items-Bad debts written off	6842.58	—
Profit/(loss) before tax	(18325.29)	17361.68
Provision for tax	(518.60)	4798.48
Profit/(loss) after tax	(17806.69)	12563.20

Review of operations

Performance during the financial year 2011-12

Your company has made a Revenue of Rs.94136.65 Lakhs during the year as compared to the previous year Rs.141491.35 Lakhs and incurred a net loss Rs. 17806.69 Lakhs as against net profit after tax of Rs. 12563.20 Lakhs during the previous year 2010-11. The revenue has decreased on account of non-availability of timely funds for the completion of the projects, due to bad collections from the State Electricity Boards. Also the decline in the performance is on account of slowdown of the economy with respect to the infrastructure sector. The detailed analysis of the performance, given at the management's discussion and analysis section of the Annual Report.

Prospects for the financial year 2012-13

Company has projected an annual turnover of Rs.942 crores to the banks while approving the CDR package, the achievability of the same is depends on the energy sector performance in the country.

Corporate Debt Restructuring (CDR) Package

During the year under review the loan repayments and interest payments have been delayed to the banks on account of mismatch of cashflows, due to downturn in the

economy. The loans of the company have been restructured under the Corporate Debt Restructuring (CDR) System, where all the banks, who has extended financial assistance to the company has agreed for restructure of the loans. The CDR package was sanctioned by CDR Empowered Group, at the meeting held on 16.03.2012 and approval letters has been given by the CDR Cell on 31.03.2012. The letters from individual banks also has been issued by Banks.

Salient Features of the CDR package is given below:-

1. Cut-off date (COD) for loans has been considered as 1st October 2011. The loans outstanding as on this date has been considered for restructuring.
2. Interest rate on the loans has been fixed at 11% p.a.
3. Term Loans has been restructured with a moratorium of 24 months from COD and repayable in 26 quarterly ballooning installments starting from 1st October 2013.
4. The irregularity in the Cash Credit has been carved out as Working Capital Term Loan with a moratorium of 24 months from COD and repayable in 26 quarterly ballooning installments starting from 1st October 2013.
5. The unpaid interest as on 30.09.2011 and interest from 01.10.2011 to 30.09.2012 on term loans and interest from 01.10.2011 to 31.03.2012 on cash credit has been restructured as Funded Interest Term Loan-I, repayable in 16 quarterly installments starting from October 2013.
6. The interest on Cash Credit from April 2012 to June 2012 has been restructured as Funded Interest Term Loan-II, repayable in 3 quarterly installments by March 2013.
7. The loan of NBFC to be repaid from FY 2013 to FY 2016 without any interest.
8. Cash Credit and the Non-fund based limits as per the appraisal of the banks.
9. Promoters shall bring funds as per the applicable terms of CDR package.

The CDR package is has been implemented with State Bank of India, as the Monitoring Institution to monitor the operations of the company.

New innovations and product improvements:

Your company made the new innovations and product improvements/additions to the product base, during the previous years and the year under review as given below:-

Energy meter and derivatives:

1. Smart Trivector Meter LT/HT with built in load connection/disconnection
2. Smart Trivector Meter with Power Line Carrier communication

3. Smart Trivector Meter with DLMS communication
4. Smart Trivector Meter with tamper-detection features like (CTR, PTM, LPF, Magnet, CT short, CT open/by pass, Neutral Disturbance, Cover Open)
5. Smart Energy Meter with all tamper feature like Reverse, Earth, Magnet, Neutral Missing, Cover Open, HSD (upto 35KV),
6. Smart Energy Meter with prepaid facility (Card Read, PLCC, Keyboard)
7. Pole top panel mountable Energy Meters (Phase 1)
8. Smart Trivector Meter LT with configurable Display Parameter, CT ratio, TOD, MD IP, Load Survey.
9. Smart Trivector Meter HT with configurable Display Parameter, CT/PT ratio, TOD, MD IP, Load Survey.
10. Equipment for billing:
 - ❖ Spot -billing machine
 - ❖ Common meter-reading instrument
 - ❖ Ticket-issuing, machine

AMR:

- ❖ IAMR 6.2
- ❖ Data concentrator with in-built web server and RTOS (MODBUS/DLMS)
- ❖ IAMR with PLCC
- ❖ IAMR with transmission line fault detection
- ❖ IAMR with PLCC for theft detection
- ❖ IAMR with PLCC for prepaid through scratch card
- ❖ IAMR with RFID for LT/HT connection
- ❖ IAMR 7.0 with FOTA
- ❖ Smart adaptor

SCADA:

- ❖ Field Remote Terminal Unit 126
- ❖ Data Concentrator Unit 126

Smart Energy Meter manufacturing facility:

During the current year, your Company has entered into Smart Meter business segment by starting a state-of-the-art Smart Energy Meter manufacturing facility near Hyderabad at Pashyamylaram.

Changes in capital structure

Details of changes in equity structure during the year under review:

Serial number	Date of allotment	Particulars	Number of shares allotted	Total number of equity shares post allotment
1	March 31, 2011	Equity share capital as on March 31, 2011	—	4,77,50,985 shares of Rs. 2 each
2	April 18, 2011	Allotment of equity shares representing 30% per cent of stock options granted under Employee Stock Option Scheme 2009, allotted at the discounted price of Rs. 25 per equity share of Rs. 2 each	1,50,000	4,79,00,985 equity shares of Rs. 2/- each.
3	June 17, 2011	Allotment of equity shares representing the final tranche of 25 per cent of stock options granted under Employee Stock Option Scheme 2006, allotted at the discounted price of Rs. 70 per equity share of Rs. 2 each	62,515	4,79,63,500 equity shares of Rs. 2/- each

4	August 22, 2011	Allotment of equity shares representing 35% per cent of stock options granted under Employee Stock Option Scheme 2008, allotted at the discounted price of Rs. 26 per equity share of Rs. 2 each	1,75,000	4,81,38,500 equity shares of Rs. 2/- each
5	March 31, 2012	Equity share capital as on March 31, 2012	—	4,81,38,500 equity shares of Rs. 2/- each

FCCBs

Out of USD 46 million FCCBs issued by the Company, USD 25 million FCCBs were converted into equity upon exercise of conversion rights by bond holders in the earlier years and an amount of USD 21 million FCCBs were outstanding and due for redemption as on March 31, 2012. The company has started the process of refinancing the outstanding FCCB for which LRN application was made and the same may be wrapped up during the year 2012-13.

Subsidiary

Singapore: The financials of Singapore-based subsidiary - "ICSA International PTE LTD" are included in this Annual Report.

The Company has floated a new India based subsidiary in the month of January, 2012 named ICSA Infra Limited. Since it is into inception stage, there was no transaction in the Company.

Dividend

In view of the losses incurred during the year under review, your directors regret to declare any dividend for this year.

Fixed deposits

The Company did not invite any fixed deposits from the public during the year.

Insurance

The Company's properties and assets are adequately insured, wherever required.

Directors' responsibility statement

Pursuant to Section 217 (2AA) as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your Directors confirm

1. That in the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures
2. That the Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year under review
3. That the Directors took proper and sufficient care to maintain adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities
4. That the Directors prepared the annual accounts on a going concern basis

Directors

Mr. V. Shyam Sunder Reddy retires by rotation and being eligible offers himself for reappointment. Mr. SS Dua and Mr. YV Ramana Reddy has resigned and the resignation has been approved at the meeting of the board of directors held on 15th May 2012. At the meeting of board of directors held on 15th May 2012, Dr. Venkatasatya Prasad Tholada and Mr. Mandra Sarveswar Reddy has been inducted as directors.

Auditors

M/S. VDNR & Associates, Chartered Accountants, Hyderabad, the retiring Statutory Auditors, expressed the opinion to resign as auditors w.e.f. ensuing Annual General Meeting. M/s.Rambabu & Co, Chartered Accountants is eligible to be appointed as Statutory Auditors have signified their willingness to accept the appointment as Statutory Auditors and have confirmed their eligibility under section 224(1-B) of the Companies Act 1956.

Response to Auditors Observations

Para 5 on Trade receivables, Sundry Creditors, Loans and advances and other advances: Company is in the process of reconciliation of the accounts and after completion of reconciliation, the confirmation will be obtained from the debtors, creditors and other parties.

Para 6 on the premium on redemption on FCCB Rs. 3902.25 Lakhs, neither charged to profit and loss account nor adjusted to securities premium account : Company is negotiating with the FCCB holders for refinancing the FCCB for further period of 3 years. After completion of the process, the premium arising at the time of workngout the amount to be refinanced, the premium if any will be accounted as per the standards.

Employees

There are no employee in the company who are drawing prescribed salary under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

Listing of Securities

The Company's equity shares are listed with the Bombay Stock Exchange Ltd. and the National Stock Exchange. The annual listing fee for the years 2010-12 and 2012-13 have been paid to these exchanges.

Report on Corporate Governance

Your Company has been practicing the principles of good Corporate Governance over the years and it is a continuous and on-going process. A detailed Report on Corporate Governance is given as Annexure 'A' to this Report. Report on Corporate Governance including Auditor's Certificate on compliance with the code of Corporate Governance under Clause 49 of the Listing Agreement is enclosed as Annexure to this Report.

Employee stock options

As required by Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the details of the options granted and other disclosures are furnished as Annexure – C.

Conservation of energy, technology absorption, foreign-exchange earnings and outgo

Information as required to be furnished under the provisions of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are as hereunder:

Conservation of energy

Energy conservation measures taken up:

ICSA uses electrical energy for its equipment such as air-conditioners, computer terminals, lighting and utilities at work places. As an on-going process, we continue to undertake the following measures to conserve energy-

- ❖ Incorporating new technologies in the air-conditioning system of the upcoming facilities to optimise power consumption
- ❖ Identifying and replacing low-efficient machinery (AC) in a phased manner
- ❖ Identifying and replacing outdated and low-efficient UPS systems in a phased manner

The Company also has in place the internal control procedures by which the cost of the electricity will be identified with the project and thereby, there will be an incentive for the concerned department to consume optimum power.

Additional investment and proposals for reduction of consumption of energy: Nil.

Total energy consumption requirement: Not applicable, as the Company is not engaged in any of the specified industries specified in Schedule 1 to the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988.

Research and Development

The Company is committed to continue its efforts in Research and Development. Our Research and Development activities will help us gear up for future opportunities. We invest and encourage continuous innovation.

Technology absorption, adoption and innovation

Efforts made in technology absorption : Enclosed - Form 'B'

Acknowledgements

Your Directors are thankful to all investors, customers, vendors, banks and service providers as well as regulatory and government authorities and other business constituents for their assistance, co-operation, understanding, support and encouragement. Your Directors also sincerely appreciate the high degree of professionalism, commitment and dedication displayed by the employees at all level in the initiatives of the Company.

By the order of the Board of Directors

for **ICSA (INDIA) Limited**

Sd/-

G. Bala Reddy

Chairman-cum Managing Director

Place: Hyderabad

Date:28.11.2012

Annexure to Directors' Report

FORM 'B'
(See rule 2)

Form for disclosure of particulars with respect to absorption, Research and Development (R & D)

1. Specific areas in which R & D has been carried out by the Company:

Embedded solutions and software for Energy Sector

2. Benefits derived as a result of the above R & D:

We believe that our R & D activities will help us gear up for future opportunities and enable us to provide state-of-the-art power automation solutions.

3. Future plans of action:

The Company will continue R & D in the embedded solutions.

4. Expenditure on R & D :

a) Capital	:	NIL
b) Recurring	:	NIL
c) Total	:	NIL
d) Total R & D expenditure as a percentage of total turnover	:	NIL

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption:

Adaptation and innovation

2. Benefits derived as a result of the above efforts:

Benefits like product development, product improvement, cost reduction among others.

3. In case of imported technology (imported during last five years reckoned from the beginning of the financial year) following information:

a) Technology imported	:	NIL
b) Year of import	:	NOT APPLICABLE
c) If not fully absorbed, areas where this did not take place, reasons therefore the same and future plan of action	:	NOT APPLICABLE

4. Foreign exchange earnings and outgo :

1)	Activities relating to exports, initiatives taken to increase exports, developments of new export markets for products and services and export plans	<p>The power sector has been receiving special attention from the private and government sectors world over. Every country has been realising the need to improve the status of the grids, bring in efficiency in Transmission and Distribution and manage demand and supply equation effectively. It is also acknowledged that adopting technology is the only way to achieve these objectives.</p> <p>Countries in which stakes are significant for the government are seeing reform initiatives either through funding programs or privatisation to fast-track development, and countries with private sector stakes are seeing technology deployments for efficiency building. Developed countries like the US and the UK are funding or incentivising utilities and co-operatives to deploy smart-grid technologies throughout the grid. While the developed world is a few years' advanced in initiating development, the Asian region is still lagging behind in these initiatives. Having said that, the Asian countries have also realised the need to make the grids smarter since the structure of power sector and the environment in which they operate are similar, viz. power losses by theft, inefficient commercial processes (metering, billing and collection), power deficit and resultant poor customer service.</p> <p>The Company's efforts in the last year have shown that the southeast Asian region is a good target market which includes Indonesia, Malaysia, Thailand, Vietnam since the distribution inefficiencies are much similar to those in India. These countries are also experiencing either privatisation or government interference to better handle power distribution. Power theft and poor customer service are considered as important factors by utilities for considering technology deployment. Several multi-lateral organisations like ADB, World Bank and IMF are funding projects taken up by the utilities that have energy-efficiency objective. The Company has also studied the type of the solutions that are required in these countries, and it is understood that automation technologies that have the capabilities of integrating into smart grid, power theft technologies, grid management technologies are mostly preferred.</p> <p>Having understood the landscape from a distance, the Company is now working towards approaching and explaining our capabilities to deploy through proper business development network to feel the pulse on the ground and the minds of the stakeholders in the utilities. Shortly, the Company plans to establish partner network to understand immediate and long-term opportunities.</p> <p>All the efforts the Company is making are in line to develop the market for a profitable long-term benefit.</p>
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- 2) Total foreign exchange used and earned :
- a. Foreign exchange earnings : NIL
 - b. Foreign exchange outgo : Rs. 525.71 Lakhs

Annexure - C to the Directors Report

Details of ESOPs:

Sl. No.	Description	ESOP Scheme - 2006	ESOP Scheme - 2007	ESOP Scheme - 2008	ESOP Scheme - 2009
1	Options granted	2,50,000 options of Rs. 2 each	5,00,000 options of Rs. 2 each	5,00,000 options of Rs. 2 each	5,00,000 options of Rs. 2 each
2	Pricing formula	The 'Exercise price' for conversion of each stock option into one equity share shall be the price, at a discount of 60% to 70% (at the discretion of compensation committee) of closing market price on the date of the grant, on the stock exchange which recorded the highest trading volume	80 per cent to 95 per cent	80 per cent to 95 per cent	80 per cent to 95 per cent
3	Options vested	250000	5,00,000	500000	1,50,000
	Options Exercised	250000	5,00,000	325000	1,50,000
4	Total number of shares arising as a result of exercise of options	250000	5,00,000	325000	1,50,000
5	Options lapsed	NIL	NIL	NIL	NIL
6	Variation of terms of options	NIL	NIL	NIL	NIL
7	Money realised by exercise of options	Rs. 17,50,00,000/-	Rs. 1,25,00,000/-	Rs. 84,50,000/-	Rs. 37,50,000/-
8	Total number of options in force as on 31.03.2012	0	0	1,75,000	3,50,000
9	Employee-wise details of options granted to i. Senior managerial personnel ii. Any other employee who received a grant in any year of options amounting to 5 per cent or more of options granted during the year iii. Identified employees who were granted options, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Enclosure - 1 Nil	Enclosure - 1 Nil	Enclosure - 1 Nil	Enclosure - 1 Nil
		Nil	Nil	Nil	Nil

Enclosure - 1

Employee-wise details of options of Rs. 2 each granted to senior managerial personnel and in force (i.e., options outstanding) as on the date of Report :

(Number of options of Rs. 2 each)

Serial number	Name of the employee	Designation	ESOP 2008	ESOP 2009
1	Mr. P. Kodanda Ramaiah	Director (Technical)	8,400	8,400
2	Mr. S.S.Dua	Director	NIL	NIL
3	Mr. Y.V.R Amana Reddy	Director	7,000	NIL
4	Mr. Mohd Abdul Rub	CEO (Infra)	7,700	7,000
5	Mr. Pervez Younus	Executive Vice President (SCADA)	NIL	7,00
6	Mr. Sushil Tiwari	Business Head (Metering Division)	NIL	3,500
7	Mr. Ravi Jatavallabha	Head (Corporate Planning & Strategy)	5,600	8,400
8	Mr. A.Ravindranath Reddy	Sr.Vice President (Finance)	2,800	4,900
9	Mr. L.S.Karindikar	Chief Technical Officer	NIL	NIL
10	Mr. G.Vinaya Kumar	Chief Technical Advisor	3,500	7,000
11	Mr. G.Satyanarayana	GM (Project Monitoring)	3,500	2,800
12	Mr. K. Srinivasa Rao	GM (Corporate HR)	3,500	3,500
13	Mr. K. Arun Kumar	DGM (Company Secretary & Legal)	2,800	4,200

**Annexure ‘A’ to the Directors’ Report
MANAGEMENT DISCUSSION AND ANALYSIS**

In nutshell, the business environment of your company was not very good during the year 2011-12. Company has seen steep fall in the business due to competition and inordinate delay in payment by the State Electricity Boards played major role in negative growth in business.

A. INDUSTRY OVERVIEW

The Indian economy has experienced unprecedented economic growth over the last decade. Today, India is the ninth largest economy in the world, driven by a real GDP growth of 8.7% in the last 5 years (7.5% over the last 10 years). Sustained growth in economy comes with growth from all sectors, among which growth in infrastructure sector is a key requirement for growth in sectors within manufacturing and services. With in infrastructure, growth in power sector is one of the most important requirements for sustained growth of a developing economy like India.

“Indian Economy has witnessed rapid growth in the past decade and to sustain a similar growth trajectory of 9%, power sector needs to grow at at least 8.1 % per annum” by Planning Commission.

**Power Generation
Demand - Supply position**

The energy availability in the country has increased by 5.6% in 2010-11, while the peak demand met has increased by 6% in the same period. Despite the increase in availability, India faced an energy deficit of 8.5% and a peak deficit of 9.8% in 2010-11. It is estimated that the energy deficit and peak deficit rose to 10% and 13% respectively in 2011-12.

The Indian power sector has an installed capacity of 209.27 Gigawatt (GW) as of Oct 2012, which is 5th largest in the world. Captive power plants generate an additional 31.5 GW. Of these generation capacities, thermal power plants constitute 66% of the installed capacity, hydroelectric about 19% and rest being a combination of wind, small hydro, biomass, waste-to-electricity and nuclear. During the financial year 2011-12, India generated 877 BU (877 000 MU) i.e. 877 TWh of electricity an increase of 8.11% over 2010-11 but the estimate of demand was 968 BU which resulted in a peak deficit of 9.4%. (MoP)

In terms of fuel, coal-fired plants account for 56% of India’s installed electricity capacity, compared to South Africa’s 92%; China’s 77%; and Australia’s 76%. After coal, renewal hydropower accounts for 19%, renewable energy

for 12% and natural gas for about 9%. (CEA)

The per capita average annual domestic electricity consumption in India in 2009 was 96 kWh in rural areas and 288 kWh in urban areas for those with access to electricity, in contrast to the worldwide per capita annual average of 2600 kWh and 6200 kWh in the European Union. India’s total domestic, agricultural and industrial per capita energy consumption estimates vary depending on the source. As of January 2012, the per capita total consumption in India stands at 778 kWh., while the target is to reach 1000 kWh by the end of 11th five year plan (CEA)

Challenges in Generation

India’s generation is dominated by coal based plants which is to the tune of 55-60% of the 217GW generated. Factors like Shortages of coal supply, erratic gas supply, low confidence on nuclear based power generation, government lethargy in clearances and land acquisitions, operational issues like bidding, and importantly worsening financial situation of the utilities create a lot of pressure on new capacity addition and further hampers growth in generation.

In the 12th five year plan, India has planned to add close to 75 GW of power generation capacities. The huge capacity addition plan also offers opportunity for developing evacuation capacities and supply related OEMs like conductor manufacturing, insulator manufacturing, tower fabrication and EPC.

**Power Transmission Scenario
Demand Supply position**

The transmission segment plays a key role in transmitting power to various distribution entities across the country. Hence, the transmission sector needs concomitant capacity additions in line with the generation capacity additions to enable seamless flow of power. The government’s focus on providing electricity to rural areas has led to the power T&D system being extended to remote villages. The total length of transmission lines in the country has increased several times over past 10 years.

In order to ensure reliable supply of power and optimal utilisation of generating capacity, a T&D system is organised in a grid, which interconnects various generating stations and load centres.

In India, the T&D system is a three-tier structure comprising distribution networks, state grids and regional grids. The distribution networks and state grids are primarily owned and operated by the respective SEBs or state governments (through state electricity departments). Most inter-state transmission links are owned and operated by PGCIL, with some jointly owned by the SEBs concerned. In addition,

PGCIL owns and operates a number of inter-regional transmission lines (part of the national grid) to facilitate the transfer of power from a surplus region to one with deficit.

The transmission system in India operates at several voltage levels:

- Extra high voltage (EHV): 765 kV, 400 kV and 220 kV
- High voltage: 132 kV and 66 kV
- Medium voltage: 33 kV, 11 kV, 6.6 kV and 3.3 kV
- Low voltage: 1.1 kV, 220 volts and below

The transmission line expanded from 52,034 ckm during the sixth plan to 221,549 ckm during the eleventh plan while the transmission substation size increased from 46,621 MVA to 303,637 MVA from the Sixth 5-year Plan to as on the current 5-year plan. The formation of national grid to facilitate an effective evacuation would have a total inter-regional transmission capacity of 37,150 MW.

India is now looking at linking the transmission system with its neighbouring countries Bhutan, Nepal and Sri Lanka. There are also plans to develop an undersea HVDC transmission link between Sri Lanka and India. Moreover, investments of Rs 550 bn have been planned at the interstate and intrastate levels to increase the inter-regional transmission capacity for the Eleventh 5-year Plan period.

In the current 5-year plan, a transmission plan has been evolved for strengthening the regional grids to establish and to operate both the regional and the national power grid to facilitate transfer of power across different regions and to support the generation capacity addition program of around 80 GW.

Challenges in Transmission

The difficulty encountered during the construction of the transmission lines was the Right of Way (ROW), especially in the hilly terrains of the Northern and North-Eastern regions, which are endowed with hydro resources. Transmission Super Highways are the solution for the ROWs so that they do not cause bottlenecks in harnessing generating resources. Interconnection of these highways from different parts of the country will ultimately lead to formation of a high-capacity national power grid.

The transmission sector will need to enhance private sector participation (PSP) to a large extent to meet the investment targets and also mitigate the implementation challenges. Transmission sector has fared well on the PSP front with seven Central Sector and four state sector projects amounting to around ₹10,000 crore awarded in the last three years since the announcement of the policy and laying of the framework.

Work on India's first 800kV HVDC transmission line between Biswanath Chariyali-Agra has already begun and it is understood that testing of 1,200kV transformer has also been undertaken. Besides such technology upgradation in the sector developments pertaining to the system operation automation, monitoring and control etc. have also begun. The challenge in future is how fast is India able to acquire the technologies and source the necessary skills for operating and maintaining it

With the planned investment in transmission sector of the tune of ₹140,000 crore until 2017, sooner or later the project developers would faces issues of financial closure due to credit limits and scarcity of funding. The project implementation issues like forest clearance, right of way, etc. though manageable, may lead to delays in implementation. With the advent of new technologies, availability and sourcing of trained and skilled manpower during operations period would become a critical challenge.

Power Distribution Sector

Distribution is the last segment in the electricity supply chain; it is however, a key segment as it forms the vital link between the end consumers and the power companies. Post the break up of the State Electricity Boards (SEBs) the distribution segment is decentralized and in few regions/ areas it has been privatized, however the SEBs are still handling a large part of power distribution.

Power distribution caters to both rural and urban areas, both of which have different characteristics. The consumer mix in the rural areas is largely residential and agricultural, while in the urban areas, the consumer mix is residential, commercial, and industrial to a certain extent

All India Average Technical & Commercial Losses* in %	
2002-03	32.54
2003-04	34.78
2004-05	34.33
2005-06	33.02
2006-07	30.59
2007-08	29.24
2008-09	28.44
2009-10	27.15
2010-2011	27.10
2011-12	26.89
Source: CEA	

A big challenge facing the power distribution sector is T&D losses, which are estimated to be as high as 27% in 2012. Though it has come down over the years from 32.5% in FY04, it continues to be much higher than T&D losses reported in other countries of the world. A number of technical and non-technical factors are contributing to the high transmission and distribution losses (T&D). These include political interference in terms of free power supply or subsidised power supply to agricultural users, lack of consumer education, theft, and inefficient use of electricity. A major share of these losses occurs in the distribution sector. Inadequate investments in the sector over the years for system improvement have resulted in unplanned extension of the distribution lines, overloading the distribution system elements.

The concept of Aggregate Technical & Commercial (AT&C) losses was introduced in 2001-2002 to capture the difference between the billing and collection. The commercial losses in the sector can be eliminated by improving metering efficiency, proper energy accounting & auditing and improved billing and collection efficiency. Greater accountability across the different segments would also help reduce the AT&C losses considerably.

The government initiated the Accelerated Power Development & Reform Programme in 2001 for strengthening the T&D network and reducing the AT&C losses and revised it with R-APDRP in 2009 with a budget of about RS. 52000 cr. this program was supposed to accomplish the loss reduction target to about 15% by the end of the 11th 5 year plan.

The ministry of power launched the Rajiv Gandhi Grameen Vidhyutikaran Yojana (RGGVY) program in Apr 2005, which aims at providing electricity to all villages and habitations in four years and to also provide access to electricity to all rural households. Rural electrification achieved during the 6th and the 7th plan periods was over 100,000. However, rural electrification achieved during 8th and 9th plan periods was not significant as a result RGGVY was launched in 2005 to remedy that. As of FY09 493,163 villages were electrified while 100,492 villages were left unelectrified.

Challenges in Distribution Sector

Distribution sector is plagued with numerous challenges amidst various steps taken by both the central and the state governments. Implementation of development programs has been slow, technology adoption timelines have been delayed and therefore the results have not seen the light it is supposed to.

The utility companies are facing a severe financial crunch that adds further pressure to implementing projects on time. The tariff's and the freebee's that adjoin the distribution

gamut add their toll to the problems already being faced by the sector. Base line data was a challenge that hampered further development and introduction of R-APDRP is aimed at collecting reliable data for further planning.

100% metering is the right target being chased by the state utilities that would sort many issues and pave way for a smart grid to be implemented across the country. Digitizing the meters, implementing SCADA technology, form the underlying technology for enhancing the grid technology adoption. While initiatives are being taken to adopt technology, availability of right technology and implementing it in time remain a considerable challenge.

Having discussed various prongs of the Indian power sector and its challenges it still offers numerous opportunities for ICSA in offering infrastructure and high quality electronic meters that help the sector realize its goals. ICSA's is focused in developing capabilities further to enhance its offering in both infrastructure and metering businesses.

It has become paramount to also look at alternative methodologies to approach the challenges faced during execution of these large projects. Hence focus on transmission infrastructure and providing metering solutions remain top priority in addressing transmission, distribution and base line data collection issues in Indian power sector.

B. PERFORMANCE

Company has achieved a turnover of Rs.941 crores during the year as compared to the turnover of previous year Rs.1415 crores and company has incurred a net loss of Rs.178 crores as against the net profit of Rs.125 crores. The reduction in turnover on account of non-availability of funds leads to cancellation of order by some of the SEBs and not getting new orders due to non-performance in the Infra Division.

The trend of the decrease in turnover is continuing due to bad cashflows of the company and the turnover of the company during the year 2012-13 will come down further as compared to the year 2011-12. Company is making efforts to improve the performance after getting the CDR package in March 2012, but the effect of which will start from the last quarter of 2012-13.

CORPORATE GOVERNANCE

The company is committed for maximum transparency in all its dealings and places prominence on business ethics. In fulfillment of its unflinching commitment towards Corporate Governance, your company has been following best practice as per Listing Agreement and allied laws. A report on the compliance of the Corporate Governance code of the Listing Agreement is furnished below:

1. Company’s philosophy on code of governance

At ICSA, The best philosophy of the corporate governance is to achieve business excellence and dedicate itself for increasing long term shareholder’s value. The Company’s philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. At ICSA, all employees are guided by a Code of Conduct, which sets forth the Company’s policies on important issues, including relationship with our customers, shareholders and government. Global capital investors feel comfortable in an environment where the bedrock of Corporate Governance is best protected and practiced and bypass where Corporate Governance is limited or not followed. Companies stand to gain by adopting systems that bolster stakeholders’ trust through transparency, accountability and fairness.

**2. Board of Directors
Composition**

Our policy towards the composition of the Board is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board. The Board comprises two Executive and two Non-Executive Directors as on March 31st, 2012, in conformity with the Listing Agreement.

Name of the Director	Category of Director	Designation
Mr. G. Bala Reddy	Promoter, Executive	Chairman & Managing Director
Mr. P. Kodanda Ramaiah*	Executive	Director-Technical
Mr. S.S. Dua*	Independent and Non-Executive	Director
Mr. Y.V. Ramana Reddy*	Independent and Non-Executive	Director
Dr. Venkatasatya Prasad Tholada*	Independent- Executive	Whole Time Director
Mr. Mandra Sarveswar Reddy*	Independent and Non-Executive	Director
Mr. V. Shyam Sunder Reddy	Independent and Non-Executive	Director

*Mr. P. Kodanda Ramaiah, Director-Technical resigned on February 14, 2012. Simultaneously, Mr. S.S. Dua and Mr. Y.V. Ramana Reddy resigned in April 10, 2012 and Dr. Venkatasatya Prasad Tholada and Mr. Mandra Sarveswar Reddy has joined the board on May 15, 2012.

Mr. V. Shyam Sunder Reddy retires by rotation and being eligible, offers himself for reappointment.

Meetings and attendance

Attendance of each Director at the Board meetings and last Annual General Meeting:

Name of Director	Number of meetings held	Number of meetings attended	Attendance at last AGM	Number of other companies		
				Directorships	Committee memberships #	Committee Chairmanships #
Mr. G. Bala Reddy	19	19	Yes	10	1	Nil
Mr. P. Kodanda Ramaiah*	19	10	Yes	Nil	Nil	Nil
Mr. S.S. Dua*	19	Nil	Yes	3	Nil	Nil
Mr. Y.V. Ramana Reddy*	19	19	Yes	1	Nil	Nil
Dr. Venkatasatya Prasad Tholada	19	NA	NA	Nil	Nil	Nil
Mr. Mandra Sarveswar Reddy	19	NA	NA	1	Nil	Nil
Mr. V. Shyam Sunder Reddy	19	19	Yes	2	Nil	Nil

For the purpose of considering the limit on the memberships of the committees, the Audit Committee, the Remuneration Committee and the Shareholders’/Investors Grievance Committee are considered.

Composition of Committees of Board in which a director is a member or Chairperson as on March 31, 2012:

Name of Director	Committees			
	Audit	Remuneration	Shareholders	Compensation
Mr. P. Kodanda Ramaiah*	Member	Member	Member	Chairman
Mr. Y. V. Ramana Reddy	Member	Chairman	Chairman	Member
Mr. V. Shyam Sunder Reddy	Chairman	Member	Member	Member

After resignation of Mr. P. Kodanda Ramaiah and Mr. YV Ramana Reddy, the composition of committees remained as follows during the year:

Name of Director	Committees			
	Audit	Remuneration	Shareholders	Compensation
Mr. V. Shyam Sunder Reddy	Chairman	Member	Chairman	Member
Dr. Venkatasatya Prasad Tholada	Member	Member	Member	Member
Mr. Mandra Sarveswar Reddy	Member	Chairman	Member	Chairman

Number of Board of Directors meetings and dates on which held

S.No	Date	S.No	Date
1	April 18, 2011	11	November 8, 2011
2	May 4, 2011	12	November 15, 2011
3	May 20, 2011	13	December 5, 2011
4	June 17, 2011	14	December 9, 2011
5	June 30, 2011	15	January 3, 2012
6	August 2, 2011	16	January 18, 2012
7	August 12, 2011	17	February 14, 2012
8	August 22, 2011	18	March 19, 2012
9	September 19, 2011	19	March 30, 2012
10	October 17, 2011		

Board meeting procedures

The draft agenda papers along with all relevant information to be discussed at the upcoming Board meeting is sent to the Directors prior to the Board meeting to invite suggestions from each Board member for their views and for the inclusion of items on the agenda if any. Relevant materials to be considered at the meeting are circulated to the Board before the Board meeting.

Information supplied to the Board

The Board of Directors of ICSA (INDIA) Limited is presented with various issues affecting the business and environment whenever applicable and materially significant. The Board is also given presentations covering finance, sales, compliance and marketing, covering all the major business operations and segments of the Company at each of the scheduled Board meetings. The processes for Board and committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board of Directors.

Directors' membership in Boards/committees of other companies

In terms of the Listing Agreement, none of the Directors of our Company were members in more than 10 committees nor acted as Chairman of more than five committees across all companies in which they were Directors.

Shareholdings of Directors as on 31.03.2012:

Sl No.	Name of the Director	Number of shares held	% to total equity
1	Mr. G. Bala Reddy	3340227	6.94%
2	Mr. P. Kodanda Ramaiah	Nil	0.00%
3	Mr. S. S. Dua	9000	0.02%
4	Mr. Shyam Sunder Reddy	10,000	0.02%
5	Mr. Y. V. Ramana Reddy	16,800	0.03%

3. Committees of the Board

A. Audit Committee

The terms of reference, composition and meetings of Audit Committee are described as hereunder:

- i. Brief description of terms of reference
- ii. Composition, name of members and Chairperson
- iii. Meetings and attendance during the year

I. Brief description of the terms of reference of the Audit Committee

The Audit Committee reviews, acts and reports to the Board of Directors with respect to:

- Auditing and accounting matters, including the appointment of independent auditors;
- Company compliance with legal and statutory requirements;
- Integrity of the Company's financial statements, the scope of the annual audits and fees to be paid to the independent auditors;
- Performance of the Company's internal audit function, independent auditors and accounting practices and other matters as may be required in accordance with the rules and regulation of the exchanges from time to time.

Although the financial results are sent to the Audit Committee and the Board at the same time, the Audit Committee reviews the audited quarterly, half-yearly and yearly financial results with the management before submitting them to the Board for its consideration and approval. The Chairman of the Audit Committee is present at the Annual General Meeting.

ii. Composition and qualifications

The Audit Committee comprises of the following three independent Directors Till February 14, 2012:

Mr. V. Shyam Sunder Reddy	Chairman
Mr. Y. V. Ramana Reddy	Member
Mr. P. Kodanda Ramaiah	Member

Mr. P. Kodanda Ramaiah resigned on February 14, 2012 and Mr. Y. V. Ramana Reddy resigned in April 12, 2012 from the Board. In their place Dr. Venkatasatya Prasad Tholada and Mr. M.S. Reddy was inducted on the Board in the meeting of Board of Directors held on May 15, 2012. The Composition of present Audit Committee is as follows:

Mr. V. Shyam Sunder Reddy	Chairman
Dr. Venkatasatya Prasad Tholada	Member
Mr. M.S. Reddy	Member

None of the members receive, directly or indirectly, any consulting, advisory or compensatory fees from the Company other than their remuneration as a Director.

iii. Meetings and Attendance during the year

The Audit Committee met Four times during the financial year 2011-12 as mentioned below:

Serial number	Date	Committee strength	Number of members present
1	May 20, 2011	3	3
2	August 12, 2011	3	3
3	November 15, 2011	3	3
4	February 14, 2012	3	2

Attendance at Audit Committee meetings during the financial year:

Name of Director	Number of meetings attended
Mr. V. Shyam Sunder Reddy	4
Mr. Y. V. Ramana Reddy	4
Mr. P. Kodanda Ramaiah	3

B. Remuneration and Compensation committees

The terms of reference, composition and meetings of Remuneration and Compensation committees are described as hereunder:

i. Brief description of terms of reference of Remuneration Committee

- To determine salaries, benefits to employees and Directors of your Company
- Develop and recommend, to the Board, Corporate Governance guidelines applicable to the Company
- Implement policies and processes relating to Corporate Governance principles

ii. Composition

The Remuneration Committee comprises the following three independent members of the Board, as below (Upto February 14, 2012):

Mr. Y. V. Ramana Reddy	Chairman
Mr. V. Shyam Sunder Reddy	Member
Mr. P. Kodanda Ramaiah	Member

Mr. P. Kodanda Ramaiah resigned on February 14, 2012 and Mr. Y. V. Ramana Reddy resigned on April 12, 2012 from the Board. In their place Dr. Venkatasatya Prasad Tholada and Mr. M.S. Reddy was inducted on the Board in the meeting of Board of Directors held on May 15, 2012. The Composition of present Audit Committee is as follows:

Mr. M.S. Reddy	Chairman
Dr. Venkatasatya Prasad Tholada	Member
Mr. V. Shyam Sunder Reddy	Member

iii. Meetings and attendance during the year

During the year the committee met on May 20, 2011 where all the members were present.

iv. Brief description of terms of reference of Compensation Committee

- To determine stock option grants to employees and Directors of your Company.

v. Composition

The Compensation Committee comprises the following members of the Board, as below:

Mr. P. Kodanda Ramaiah	Chairman
Mr. Y. V. Ramana Reddy	Member
Mr. V. Shyam Sunder Reddy	Member

Mr. P. Kodanda Ramaiah resigned on February 14, 2012 and Mr. Y. V. Ramana Reddy resigned on April 12, 2012 from the Board. In their place Dr. Venkatasatya Prasad Tholada and Mr. M.S. Reddy was inducted on the Board in the meeting of Board of Directors held on May 15, 2012. The Composition of present Audit Committee is as follows:

Mr. M.S. Reddy	Chairman
Dr. Venkatasatya Prasad Tholada	Member
Mr. V. Shyam Sunder Reddy	Member

vi. Meetings and attendance during the year

The Compensation Committee met thrice in the year on April 18, 2011, June 17, 2011 and August 22, 2011 and all members were present.

vii. Remuneration policy and criteria of making payments to Executive and Non-Executive Directors

Executive Directors

Executive Directors are paid remuneration within the limits envisaged under Schedule XIII of the Companies Act, 1956. The remuneration payable is recommended by the Remuneration Committee to the Board and is approved by the Board as well as the shareholders of the Company.

Non-Executive Director

Non-Executive Independent Directors paid sitting fee for attending the meetings.

viii. Details of remuneration to all Directors

The details of remuneration paid/payable for the financial year 2011-12 to the Directors of the Company are as follows:

Name of the Director	Relationship with other Directors (Yes/No)	Remuneration	Commission	Sitting fees
Mr. G. Bala Reddy	No	Rs.48,00,000	NIL	NIL
Mr. P. Kodanda Ramaiah	No	Rs. 14,67,000	NIL	NIL
Mr. S. S. Dua	No	NIL	NIL	Rs. 5,000
Mr. Y. V. Ramana Reddy	No	NIL	NIL	Rs.95,000
Mr. V. Shyam Sunder Reddy	No	NIL	NIL	Rs. 95,000

The Details of stock options granted to Directors are shown in Enclosure – 1 of the Directors report.

C. Shareholders’ & Investors’ Grievance Committee

Brief description of the terms of reference

The Shareholders & Investors Grievance Committee administers mainly the following:

- Transfer of shares
- Transmission of shares
- Issuance of duplicate share certificates as and when required with approval of the Board
- Shareholders/Investors grievance issues from time to time and redresses the same

The composition of Directors managing the Committee and other details are described as hereunder:

The composition of the Shareholders’/Investors’ Grievances Committee is as follows:

Mr. Y. V. Ramana Reddy	Chairman
Mr. V. Shyam Sunder Reddy	Member
Mr. P. Kodanda Ramaiah	Member

Mr. P. Kodanda Ramaiah resigned on February 14, 2012 and Mr. Y. V. Ramana Reddy resigned on April 12, 2012 from the Board. In their place Dr. Venkatasatya Prasad Tholada and Mr. M.S. Reddy was inducted on the Board in the meeting of Board of Directors held on May 15, 2012. The Composition of present Audit Committee is as follows:

Mr. M.S. Reddy	Chairman
Dr. Venkatasatya Prasad Tholada	Member
Mr. V. Shyam Sunder Reddy	Member

Name and designation of compliance officer as on March 31, 2012:

Ms. Shabnam Siddiqui – Company Secretary

4. Management discussion and analysis report

Management discussion and analysis report as required under Clause 49 (IV) (F) is given as Annexure to this report.

5. CEO/CMDs' declaration

Pursuant to the provisions of Clause 49 (I) (D) (ii) of the Listing Agreement, the declaration by Chairman and Managing Director of the Company declaring that all the members of the Board and the senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company, is set out as an Annexure to this report.

6. CEO/ CMD certification

As required under Clause 49 of the Listing Agreement with the stock exchanges, the Managing Director and Executive Director certified to the Board the financial statements for the year ended March 31, 2012 and is set out as an Annexure to this report.

7. GENERAL BODY MEETINGS

General information pertaining to last three years Annual General Meetings is as follows:

i) Location and time where last three Annual General Meetings were held are given

Financial year	Date and Time of AGM	Location of the meeting
2008-09	September 30, 2009 At 12.00 Noon	Kohinoor, Taj Deccan, Banjara Hills, Hyderabad – 500 034.
2009-10	July 30, 2010 At 12.00 Noon	Kohinoor, Taj Deccan, Banjara Hills, Hyderabad – 500 034.
2010-11	June 30, 2011 At 12.00 noon	Kohinoor, Taj Deccan, Banjara Hills, Hyderabad – 500 034

ii) Details of special resolutions, postal ballot during the previous four AGMs:

Date of the AGM	Number of special resolutions passed	Resolutions requiring postal ballot	Postal ballot procedure
September 30, 2009 12.00 noon	5	NIL	N.A
July 30, 2010 12.00 noon	4	NIL	N.A
June 30, 2011 At 12.00 noon	6	NIL	N.A

8. Disclosures

i. Related party transactions

The details of related party transactions during the year under review are shown in notes to accounts which form part of this report.

ii. Compliances by the Company

During the last three years, no penalties or strictures were imposed on the Company by the stock exchanges or any other statutory authorities on matters related to capital markets. There was notice from SEBI on non-compliance of clause 35 & 41 of listing agreement and violation of regulation 8A of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, which has been settled by providing the clarification.

iii. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this Clause

Your Company complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this report.

9. ICSA Insider Trading Policy:

The Company has in place an Insider Trading Policy to comply with all relevant Insider Trading regulations. In accordance with the policy, the Company announces quiet/silent period for designated employees from time to time.

10. ICSA Code of Conduct:

The ICSA Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, senior management and SBU Heads/Head of Departments of the Company.

ICSA's Code of Conduct aims to maintain highest level of ethical standards and professional behavior. The purpose of this code is also to deter wrongdoing and promote ethical conduct.

11. Means of communication

The Company's website www.icsa-india.com contains an exclusive Investors' section providing financials, press releases, shareholding pattern, news about the Company and certain other shareholder information.

The Company regularly intimates unaudited, as well as audited financial results to the stock exchanges immediately after these are taken on record by the Board. These financial results are published in the newspapers and also on the website of the Company www.icsa-india.com.

12. General shareholder information

The requirement of general shareholders information is described as hereunder:

i. Annual General Meeting

Day, Date and Time	28 th day, December 2012 at 12.00 noon
Venue	At the Daspalla Hotel, Madhapur, Hyderabad – 500 081.

ii. Profile of Directors seeking re-appointment/appointment

Name of the Director	Date of Birth	Date of appointment/re-appointment	Experience in specific areas	Qualifications	Shareholding in the Company	Directorships in other companies
Mr. V Shyam Sunder Reddy	08/08/1966	December 31, 2005	He has 18 years of experience in the field of civil construction in India	B.A, LLB	6,500 shares of Rs. 2 each	BRG Energy Limited
Mr. M Sarverswar Reddy	01/07/1967	May 15, 2012	He has 22 years experience in business development specially in power sector i.e. power generation, solar & wind mills, transmission and distribution of power and Embedded Systems	B.Sc	Nil	Nil
Dr. Venkatasatya Prasad Tholada	15/07/1967	May 15, 2012	He has 21 years experience in settling goals, operational strategies, gearing up production to the market requirements, quality assurance and general management, administration and finance. profitable Company.	Post Graduate in Economis, Public Admn & Political Science	10,505 shares of Rs.2 each	PR Cements Limited

Disclosure in terms of Clause 49(IV)(G)(ia) of the Listing Agreement:- There are no inter-se relationships between the Board members

ii. Financial calendar

The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the relevant quarter.

iii. Date of book closure: From 26.12.2012 (Wednesday) to 28.12.2012 (Friday), inclusive of both days

iv. Listing on stock exchanges and stock code

S.No.	Listing on stock exchanges with	Stock code	Address
1	Bombay Stock Exchange Limited	531524	P J Towers, Fort, Mumbai – 400 001
2	National Stock Exchange Limited	ICSA	Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051

- v. **Listing fee:** The Company paid the listing fee for the year 2012-13 to BSE and NSE
- vi. **Annual Custodial Charges to Depositories:** The Company paid annual custodial charges for the year 2012-13 to National Securities Depository Limited and Central Depository Services (India) Limited.
- vii. High/Low during each month of the financial year:

Month	BSE price		Number of shares traded
	High (Rs.)	Low (Rs.)	
Apr-11	128.00	115.30	698733
May-11	123.80	107.50	1575513
Jun-11	119.70	99.55	432322
Jul-11	107.40	88.35	736753
Aug-11	95.90	62.70	1081478
Sep-11	84.00	64.00	1021788
Oct-11	67.80	53.50	832298
Nov-11	59.40	36.50	757659
Dec-11	42.00	17.70	7269300
Jan-12	37.90	19.80	2572711
Feb-12	31.10	24.55	3446101
Mar-12	26.40	16.40	1911269

viii. **Transfer system**

The Share Transfers are affected as often as required by the Shareholders' and Investors' Grievance Committee to approve share transfers.

ix. **Distribution of shareholding as on March 31, 2012:**

Share of Nominal Value of	Shareholders		Share Amount	
	Rs.	Number	In Rs.	% to total
(1)	(2)	(3)	(4)	(5)
1-5000	44216	96.87	21944996	22.79
5001-10000	735	1.61	5392640	5.60
10001-20000	348	0.76	5043312	5.24
20001-30000	115	0.25	2863354	2.97
30001-40000	62	0.14	2205418	2.29
40001-50000	44	0.10	2021002	2.10
50001-100000	56	0.12	4072336	4.23
100001- and above	67	0.15	52733942	54.78
Total	45643	100	96277000	100.00

xi Shareholding pattern as on 31.03.2012:

Category code	Category of Shareholder	Number of Share holders	Total number of shares	Number of shares held in demate-rialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
1	Indian					
(a)	Individuals/hindu undivided family	3	5355877	5355877	11.13	11.13
(b)	Central government/state government(s)	0	0	0	-	-
(c)	Bodies corporate	1	646000	646000	1.34	1.34
(d)	Financial Institutions/banks	0	0	0	-	-
(e)	Any others(specify)	0	0	0	-	-
	Sub total(A)(1)	4	6001877	6001877	12.47	12.47
2	Foreign					
A	Individuals (non-residents individuals/foreign individuals)	0	0	0	0	0
B	Bodies corporate	0	0	0	0	0
C	Institutions	0	0	0	0	0
D	Any others(specify)	0	0	0	0	0
	Sub-total(A)(2)	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4	6001877	6001877	12.47	12.47
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/UTI	0	0	0	-	-
(b)	Financial institutions /banks	0	0	0	-	-
(c)	Central government/state government(s)	0	0	0	-	-
(d)	Venture capital funds	0	0	0	-	-
(e)	Insurance companies	4	2107364	2107364	4.38	4.38
(f)	Foreign institutional investors	20	6674710	6674710	13.87	13.87
(g)	Foreign venture capital investors	0	0	0	-	-
(h)	Any other (specify)	0	0	0	-	-
	Sub-total (B)(1)	24	8782074	8782074	18.24	18.24
B 2	Non-institutions					
(a)	Bodies corporate	798	5859311	5843261	12.17	12.17
(b)	Individuals					
I	Individuals- i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	43821	17424906	16766124	36.20	36.20
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	18	6411521	6411521	13.32	13.32
(c)	Any other (specify)	252	1370785	1370785	2.85	2.85
(c-i)	NRI's	6	4900	4900	0.01	0.01
C-ii	Foreign bodies corp	3	808845	808845	1.68	1.68
	Sub-total (B)(2)	45612	33354549	32679717	69.29	69.29

(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	45636	42136623	41461791	87.53	87.53
	TOTAL (A)+(B)	45640	48138500	47463668	100.00	100.00
(C)	Shares held by custodians and against which depository receipts have been issued	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	45640	48138500	47463668	100.00	100.00

xii Dematerialisation of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. As on March, 2012, 98.60% of the Company's equity share capital stood dematerialised.

Demat ISIN No. for NSDL and CDSL for equity shares – INE306B01029.

xiii. Outstanding GDRs/ADRs/warrants or any convertible instrument, conversion date and likely impact on equity:

The Company did not issue any GDRs/ADRs.

xiv. Contact Ddetails:

For any queries regarding transfer/demat of shares:

Registrar & Share Transfer Agents:

Venture Capital and Corporate Investments Pvt. Ltd
12-10-167, Bharatnagar, Hyderabad – 500018
Email id: info@vccilindia.com
Tel: 040-23818475 / 23818476, Fax: 040-23868024

For any queries regarding shares/dividend/compliance:

Ms. Shabnam Siddiqui
Company Secretary
ICSA (India) Limited
1st Floor, Software Units Layout,
Cyberabad, Hyderabad – 500081, Andhra Pradesh
Email id: secretarial@icsa-india.com
Tel: 040-23115619, 23114923, 23114928, Fax: 040-23114921

For any queries relating to financial statements and investor correspondence:

Mr. Chinna Gurappa
Chief Financial Officer
ICSA (India) Limited
5th Floor, Software Units Layout,
Cyberabad, Hyderabad – 500081, Andhra Pradesh
Email id: chinnagurappa@icsa-india.com
Tel: 040-23115619, 23114923, 23114928, Fax: 040-23114921

By the order of the Board of Directors
for I C S A (INDIA) LIMITED

Sd/-

G. BALA REDDY
CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad
Date: November 28, 2012

Annexure to Corporate Governance report**Declaration under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct**

I, G. Bala Reddy, Chairman & Managing Director of the Company, hereby declares that the Board of Directors has laid down a Code of Conduct for its Board members and senior management personnel of the Company and the Board members and senior management personnel have affirmed compliance with the said Code of Conduct during the Financial Year 2011-12.

By the order of the Board of Directors
for I C S A (INDIA) LIMITED

Sd/-

G. BALA REDDY
CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad

Date: November 28, 2012

Certification by CMD and Executive Director of the Company

To the Board of Directors of ICSA (INDIA) Limited,

We, G. Bala Reddy, Managing Director, CMD and Venkatasatya Prasad Tholada, Executive Director of the Company do hereby jointly and severally certify that:

- (a) We have reviewed the Balance Sheet and Profit and Loss account (standalone and consolidated), and all the schedules and notes on accounts, as well as the cash flow statements, and the Directors' report for the year ended March 31, 2012, and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or contain statements that might be misleading or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made
 - (ii) These statements and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations
- (b) There were, to the best of our knowledge and belief, no transactions entered into by the Company during the year which were fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
 - (i) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - (ii) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting.
 - (iii) Evaluated the effectiveness of the Company's disclosure, controls and procedures.

- (iv) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
- (d) We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing the equivalent functions):
 - (i) There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarise and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - (ii) There were no significant changes in internal controls during the year covered by this report.
 - (iii) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - (iv) There were no instances of fraud of which we are aware, that involve the management or other employees who have a significant role in the Company's internal control system.
- (e) In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.
- (f) We affirm that we have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.

For ICSA (INDIA) Limited

Sd/-

G. Bala Reddy
CMD

Sd/-

Venkatasatya Prasad Tholada
Executive Director

Date: 28th November, 2012
Place: Hyderabad

CERTIFICATE

To
The Members of
I C S A (India) Limited

We have examined the compliance of conditions of corporate governance by ICSA (India) Limited, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliances of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management:

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, We have to state that, the company has certified that as on March 31, 2012 there were no investor grievances remaining pending for a period exceeding one month, and as explained to us by the management, the company has reported to the share holders/ investors grievance committee regularly on the statement of such grievances.

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

VDNR&ASSOCIATES
Chartered Accountants

Partner
Venkateswarlu.D
Membership No.: 028488
Firm Reg. No. 011251S

Place: Hyderabad
Date: November 28, 2012

AUDITOR'S REPORT

To
The Members of ICSA (INDIA) LIMITED.,
Hyderabad.

1. We have audited the attached Balance Sheet of ICSA (INDIA) LIMITED, as at March 31, 2012 the Statement of Profit and Loss for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date which we signed in reference to this report. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, we report that :
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board

of Directors, We report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Sec. 274 of the Companies Act, 1956;

5. **Trade receivables ,Sundry Creditors, Loans and advances, Other Advances** are subject to confirmation from the concerned parties.
6. **The premium on redemption on FCCB Rs.3902.25 Lakhs, neither charged to profit & loss account nor adjusted to securities premium account.** In our opinion and to the best of our information and according to the explanations given to us, **the said accounts subject to our comment in para 5 and para 6 above,** read in conjunction with the Notes annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in so far as its relates to balance sheet, of the state of affairs of the company as at March 31, 2012;
 - b. in so far as its relates to statement of profit and loss, of the loss for the year ended on that date; and
 - c. in so far as its relates to cash flow statement, of the cash flows for the year ended on that date:

VDNR&ASSOCIATES
Chartered Accountants

Partner

Venkateswarlu.D

Membership No.: 028488

Firm Reg. No. 011251S

Place: Hyderabad
Date: November 28, 2012

Annexure To The Auditors' Report

Referred to as in paragraph 3 of our report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year, and there is also a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off a substantial part of the Fixed Assets, according to the information and explanations given to us.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence Clause (iii) [a] to [g] of paragraph 4 of the Companies (Auditor's report) Order 2003 is not applicable to the Company for the current year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- (v) a. According to the information and explanations given to us, that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the

information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted public deposits covered by the provisions of sections 58 A and 58AA of the companies act 1956, and the companies (Acceptance of Deposits) Rules, 1975 framed there under apply.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, the company has maintained cost records where ever applicable.
- (ix) a. The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.
- b. According to the information and explanation given to us , no undisputed amounts payable in respect of sales tax, service tax, customs duty and excise duty were in arrears, as at March 31, 2012 for a period of more than six months from the date they become payable.
- c. According to the information and explanation given to us , there were dues of income tax, sales tax, service tax, customs duty, and excise duty, which have not been deposited on account of dispute as under:

Name of the Statute	Nature of Dues	Amount Rs.	Period to which the amount relates	Forum Where dispute is pending
Income tax Act, 1961	Income tax	8,48,12,347/-	FY.2008-2009	DCIT CIRCLE-2(1), HYDERABAD

- (x) In our opinion, the company has no accumulated losses. Further, the company has incurred cash losses during the financial year covered by our audit Rs.15,508.46 lakhs and has not incurred cash losses during the immediately preceding financial year.

- (xi) According to the information and explanations given to us, the company has defaulted in repayment of dues to a financial institution, or banks. Refer Note No.27.c
- (xii) We are of the opinion that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and the company is not required to maintain any records thereof.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xcii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.
- (xx) The company had not raised any money by public issues during the period covered by audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

VDNR & ASSOCIATES
Chartered Accountants

Partner

Venkateswarlu.D

Place: Hyderabad
Date: November 28, 2012

Membership No.: 028488
Firm Reg. No. 011251S

Balance Sheet as at March 31, 2012

Rupees in Lakhs

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
A EQUITY AND LIABILITIES:			
1] Shareholders' Funds:			
a) Share Capital	3	962.77	955.02
b) Reserves and Surplus	4	66,567.91	82,647.60
c) Money received against Share Warrants			1,087.50
Sub-total		— 67,530.68	— 84,690.12
2] Share Application Money pending for allotment		10.50	8.25
3] Non-Current Liabilities			
a) Long - Term Borrowings	5	50,348.56	17,482.59
b) Deferred Tax Liability(Net)		—	40.68
c) Long - Term Provisions	6	47.91	42.86
Sub-total		50,396.47	17,566.13
4] Current Liabilities			
a) Short - Term Borrowings	7	52,948.40	65,662.65
b) Trade Payables	8	25,967.31	26,877.74
c) Other Current Liabilities	9	14,768.39	10,790.82
d) Short- Term Provisions	10	142.76	6,927.92
Sub-total		93,826.86	110,259.12
Total		211,764.51	212,523.62
B ASSETS			
1] Non-Current Assets			
a) Fixed Assets			
(1) Tangible Assets	11	13,607.89	14,585.72
(2) In tangible Assets		1,945.96	2,867.39
b) Non-Current Investments	12	201.75	201.75
c) Deferred tax Asset		477.92	
d) Long Term Loans & Advances	13	41,719.11	37,342.91
e) Other Non-Current Assets	14	17,050.07	15,770.64
Sub-total		75,002.70	70,768.41
2] Current Assets			
a) Inventories	15	48,150.28	48,738.05
b) Trade Receivables	16	65,294.83	62,399.26
c) Cash and Bank Balances	17	609.48	6,654.51
d) Short Term Loans & Advances	18	22,585.75	23,772.72
e) Other Current Assets	19	121.48	190.67
Sub - total		136,761.81	141,755.21
Total		211,764.51	212,523.62
Significant Accounting Policies	1 to 27		
Notes on Financial statements			

As per our report of even date
For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu.D
Partner
M.No.028488

G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2012

Rupees in Lakhs

	Notes	Year ended March 31, 2012	Year ended March 31, 2011
I REVENUE :			
(a) Net Sales/Revenue from Operations	20	91,497.53	140,611.85
(b) Less: Excise Duty		21.33	223.43
Net Sales		91,476.20	140,388.42
Other Income		2,660.45	1,102.93
Total		94,136.65	141,491.35
II EXPENSES :			
(a) Cost of Material consumed	21	43,063.03	60,196.06
(b) Change in Inventories of Finished Goods & Work in progress	22	462.63	(16,390.20)
(c) Employee benefits Expenses	23	2,315.30	4,260.58
(d) Finance Cost	24	11,895.25	9,837.98
(e) Depreciation and Amortisation Expenses	25	2,816.83	2,787.68
(f) Other Expenses	26	51,908.90	63,437.57
Total		112,461.94	124,129.68
Profit/(Loss) Before Exceptional and Extraordinary Items		(18,325.29)	17,361.67
Exceptional Items		—	—
Profit/(Loss) Before Extraordinary Items		(18,325.29)	17,361.67
Extraordinary Items			
Profit/(Loss) Before tax		(18,325.29)	17,361.67
Current Tax		—	5,925.64
Deferred tax/Liability (Asset)		(518.60)	(1,127.16)
Profit/(Loss) for the period		(17,806.69)	12,563.18
Balance brought forward from previous year		48,812.62	38,508.03
Balance available for Appropriation		31,005.93	51,071.21
Appropriations:			
Proposed Dividend		—	859.52
Corporate Dividend Tax		—	142.76
Transfer to General Reserve		—	1,256.32
Balance carried to Balance sheet		31,005.93	48,812.62
Earnings per share in Rs. (Face Value of Rs.2/- each)			
Basic (No. of Shares used in calculation - 48050006)		(37.06)	—
Diluted (No. of Shares used in calculation - 48379418)		(36.23)	—
Basic (No. of Shares used in calculation - 47516156)		—	26.44
Diluted (No. of Shares used in calculation - 54500435)		—	23.54
Significant Accounting Policies	1 to		
Notes on Financial statements	27		

As per our report of even date
For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu. D
Partner
M.No.028488

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Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary

Cash Flow Statement for the year ended 31 March, 2012

Rupees in lakhs

Particulars	For the year ended	
	31-Mar-12	31-Mar-11
A. Cash flow from operating activities		
Net Profit / (Loss) before tax	(18,325.29)	17,361.67
Adjustments for:		
Depreciation and amortisation expenses	2,816.83	2,751.34
Previous year Income tax Excess provision reversed	(2,325.22)	—
Loss on sale of fixed assets	0.21	1.21
Finance cost	11,895.25	9,837.98
Interest income	(335.13)	(358.37)
Dividend income	—	(0.01)
Operating profit / (loss) before working capital changes	(6,273.35)	29,593.82
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	587.77	(28,410.97)
Trade receivables	(2,895.57)	(8,853.62)
Short-term loans and advances	1,186.96	7,199.83
Long-term loans and advances	(4,376.20)	(14,750.45)
Other current assets	69.19	104.58
Other non-current assets	(1,279.43)	(7,235.30)
	(6,707.27)	(51,945.93)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(910.43)	15,393.49
Other current liabilities	3,977.56	(1,713.72)
Long-term provisions	5.05	40.08
	3,072.19	13,719.85
Cash generated from operations	(9,908.44)	(8,632.26)
Income tax paid	(5,445.32)	(4,580.98)
Net cash flow from operating activities (A)	(15,353.76)	(13,213.24)
B. Cash flow from investing activities		
Purchase of fixed assets	(161.52)	(511.92)
Proceeds from sale of fixed assets	1.15	1.88
Long term Investments	—	0.11
Interest income	335.13	358.37
Dividend income	—	0.01
Net cash flow from investing activities (B)	174.75	(151.55)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	1,734.76	884.00
Share application money received	2.25	1,088.25
Proceeds from long-term borrowings	32,865.97	230.75
Repayment of long-term borrowings	—	(571.25)
Net increase in working capital borrowings	(10,214.24)	26,672.15
Repayment of other short-term borrowings	(2,500.00)	(3,993.22)
Finance cost	(11,895.25)	(9,837.98)
Dividend paid	(859.52)	(756.62)
Tax on dividend	—	(128.59)
Net cash flow from financing activities (C)	9,133.97	13,587.49
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(6,045.04)	222.70
Cash and cash equivalents at the beginning of the year	6,654.51	6,431.81
Cash and cash equivalents at the end of the year	609.48	6,654.51

As per our report of even date
For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu.D
Partner
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G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary

Notes on Financial Statements For the Year ended 31st March, 2012

Note 3 Share capital

(i)

Rupees in Lakhs

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised Equity shares of Rupees 2/- each	75,000,000	1,500.00	75,000,000	1,500.00
	75,000,000	1,500.00	75,000,000	1,500.00
(b) Issued Equity shares of Rupees 2/- each	48,138,500	962.77	47,750,985	955.02
(c) Subscribed and fully paid up Equity shares of Rupees 2/- each	48,138,500	962.77	47,750,985	955.02
Total	48,138,500	962.77	47,750,985	955.02

Note 3 Share capital (contd.)

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012	As at 31 March, 2011
Equity shares		
G. Bala Reddy	3,340,227	7,792,433
Percentage of Holding	6.94%	16.32%

(iii) The reconciliation of the number of shares outstanding is set out below

Particulars	As at 31 March, 2012 No of Shares	As at 31 March, 2011 No of Shares
Equity shares at beginning of the year	47,750,985	47,288,488
Add: Shares issued on exercise of Employees Stock Options	387,515	462,497
Less: Buy back of shares	—	—
Equity shares at end of the year	48,138,500	47,750,985

Note 4 Reserves and surplus

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
Capital Reserve		
Opeing balance	249.70	249.70
Add: During the year	1,087.50	—
Closing balance	1,337.20	249.70
(a) Securities premium account		
Opening balance	27,123.43	25,823.64
Add : Premium on shares issued during the year	617.41	1,299.79
Closing balance	27,740.84	27,123.43
(b) General reserve		
Opening balance	5,870.23	4,613.91
Add: Transferred from surplus in Statement of Profit and Loss	—	1,256.32
Closing balance	5,870.23	5,870.23
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	48,812.62	38,508.03
Add: Profit / (Loss) for the year	(17,806.69)	10,304.59
	31,005.93	48,812.62

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
(d) Reserve for Employee Stock Option Scheme		
Opening balance	591.62	1,016.66
Add: Addition during the year	520.50	712.50
Less: Deletion during the year	498.40	1,137.54
Closing balance	<u>613.73</u>	<u>591.62</u>
Total	<u>66,567.92</u>	<u>82,647.60</u>
Note 5 Long-term borrowings		
(a) Term loans (Secured)		
Andhra Bank	3,616.00	3,094.27
Oriental Bank of commerce	9,986.91	-
Funded Interest Term Loan		
Bank of India	559.24	-
Punjab National Bank	824.87	-
State Bank of India	1,498.51	-
Union Bank of India	598.07	-
IDBI Bank Limited	558.97	-
Andhra Bank	1,479.34	-
Oriental Bank of Commerce	942.95	-
Working Capital Term Loan		
Bank of India	1,292.38	-
Punjab National Bank	1,827.82	-
State Bank of India	2,410.21	-
Union Bank of India	1,924.78	-
IDBI Bank Limited	126.49	-
Andhra Bank	1,220.46	-
(b) Long-term maturities of finance lease obligations (Secured)		
Vehicle Loans	14.57	25.00
(c) Un secured loans		
FCCB	10,698.43	9,363.31
Canara Bank	5,000.00	5,000.00
Shriram City Union Finance Limited	2,768.58	-
Aditya Birla Finance Limited	3,000.00	-
Total	<u>50,348.56</u>	<u>17,482.59</u>

Hypothecation details refer Note No.27(o)

Vehicle loans are secured by hypothecation of Vehicles.

Note 6 Long-Term provisions

(a) Provision for employee benefits		
(i) Provision for gratuity	47.91	42.86
Total	<u>47.91</u>	<u>42.86</u>

Note 7 Short-term borrowings – Secured

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans repayable on demand		
From banks	—	—
(b) Working Capital loans		
Bank of India	6,560.59	8,484.92
Punjab National Bank	9,876.86	10,035.66
State Bank of India	14,370.48	14,590.16
Union Bank of India	3,685.52	5,507.77
IDBI Bank Limited	7,377.93	7,499.13
Andhra Bank	11,077.03	13,015.74
State Bank of India specific project	—	3,033.21
Development Credit Bank	—	996.05
(c) Short term loans	—	—
IDBI Bank Limited	—	2,000.00
Punjab National Bank	—	500.00
Total	52,948.40	65,662.65

Hypothecation details refer Note No.27(o)

Note 8 Trade payables

Trade payables:

Micro, Small and medium size enterprises #

Others

Total

—	—
25,967.31	26,877.74
25,967.31	26,877.74

The company has not received the required information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amount unpaid at the year end together with the interest paid/payable as required under the said Act have not been made.

Note 9 Other current liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Current maturities of long-term debt	—	571.25
(b) Current maturities of finance lease obligations	10.43	16.77
(c) Other current liabilities	1,749.86	836.29
(d) Payables for expenses	1,136.88	175.82
(e) Advance from customers	10,087.11	8,295.92
(f) Un-claimed Dividend	42.97	42.99
(g) TDS Payable	1,741.12	851.78
Total	14,768.39	10,790.82

Note 10 Short-term provisions

(i) Provision for tax	—	5,925.64
(ii) Proposed Dividend	—	859.52
(iii) Provision for corporate dividend tax	142.76	142.76
Total	142.76	6,927.92

Notes - 11												
FIXED ASSETS												
Assets	Gross block						Depreciation				Net block	
	As at 01.04.2011	Additions	Deletions	As at 31.03.2012	As at 01.04.2011	For the Year	Deletions	31.03.2012	As at 31.03.2012	As at 31.03.2011		
TANGIBLE ASSETS												
Land	405.97	—	—	405.97	—	—	—	—	406	406		
Office Buildings	206.68	—	—	206.68	11.23	3.37	—	14.60	192	195		
Factory Buildings	3,302.21	—	—	3,302.21	144.69	110.29	—	254.98	3,047	3,158		
Furniture & Fixtures	134.57	1.12	—	135.68	38.33	8.57	—	46.90	89	96		
Office Equipment	117.11	2.78	—	119.89	17.71	5.66	—	23.37	97	99		
Vehicles	262.44	2.14	1.69	262.89	68.72	25.10	0.55	93.27	170	194		
Electrical Installations	14.79	—	—	14.79	6.27	0.94	—	7.21	8	9		
Computers	2,983.30	5.56	—	2,988.86	1,786.90	484.19	—	2,271.09	718	1,196		
Plant & Machinery (Projects)	10,364.89	148.04	—	10,512.93	1,132.38	498.21	—	1,630.59	8,882	9,233		
TOTAL (A)	17,791.96	159.64	1.69	17,949.90	3,206.23	1,136.33	0.55	4,342.01	13,607.89	14,585.72		
INTANGIBLE ASSETS												
Development Software	3,883.76	1.88	—	3,885.64	1,935.66	629.56	—	2,565.22	1,320	1,948		
Testing Tools	1,812.13	—	—	1,812.13	892.85	293.75	—	1,186.60	626	919		
TOTAL(B)	5,695.89	1.88	-	5,697.77	2,828.51	923.31	-	3,751.81	1,945.96	2,867.39		
Total (A+B)	23,487.85	161.52	1.69	23,647.67	6,034.74	2,059.63	0.55	8,093.83	15,553.85	17,453.11		
Previous year figures	22,979.02	511.92	3.09	23,487.84	4,005.14	2,030.48	0.88	6,034.74	17,453.10	18,973.87		

Note 12 Non-current investments

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2011	As at 31 March, 2011
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
In Equity shares -Quoted fully paid up	1.89	—	1.89	1.99	—	1.99
Investment in Subsidiary	199.86	—	199.86	199.86	—	199.86
Less: Provision for diminution in value of investments	—	—	—	0.11	—	0.11
Total	201.75	—	201.75	201.75	—	201.75

Note 13 Long-term loans and advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, considered good		
(a) Advance to subcontractors	18,450.93	13,351.07
(b) Advance others	7,242.33	7,327.83
(c) Advance to Suppliers	16,025.85	16,664.00
Total	41,719.11	37,342.91
Note 14 Other non-current assets		
Earnest Money Deposits	141.24	215.62
Deposits with others	794.76	777.88
Retention Money Receivable	13,732.76	11,681.59
	14,668.76	12,675.09
Misc expenses to the extent not written off		
FCCB Issue Expenses	516.70	516.70
Add: Addition during the year	—	—
Less: Written off during the year	—	—
	516.70	516.70
Defferred Employee Compensation	591.62	1,016.66
Add: Addition during the year	520.50	712.50
Less: Written off during the year	498.40	1,137.54
	613.73	591.62
Defferred Revenue / Development Expenditure		
Product Development Expenses	1,802.54	2,099.24
Add: Addition during the year	—	460.49
Less: Written off during the year	757.20	757.20
	1,045.34	1,802.54
Prepaid Expenses	205.54	184.68
Total	17,050.07	15,770.64
Note 15 Inventories		
(a) Materials, Stores & Spares at sites	23,700.82	23,821.60
(b) Work-in-progress	24,449.46	24,869.77
(c) Finished goods (other than those acquired for trading)	—	46.69
Total	48,150.28	48,738.05

Note 16 Trade Receivables

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	42,245.74	11,515.87
Other Trade receivables		
Unsecured, considered good	23,049.08	50,883.39
Total	65,294.83	62,399.26
Note 17 Cash and cash equivalents		
(a) Cash on hand	9.83	108.62
(b) Balances with banks		
(i) In current accounts	159.49	411.29
(ii) In deposit accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	440.16	6,134.61
Total	609.48	6,654.51
Note 18 Short-term loans and advances		
(a) Loans and advances		
Unsecured, considered good		
Advance for Raw materials	7,834.95	7,493.41
Advance for subcontractors	13,633.79	12,666.41
Loans to Subsidiary	8.62	8.62
Advance Tax & TDS	1,108.39	3,604.28
Total	22,585.75	23,772.72
Note 19 Other current assets		
Prepaid Expenses	121.48	190.67
Total	121.48	190.67
Note 20 Revenue from operations		
Project works	69,415.88	96,935.51
Embedded sales	21,364.18	42,836.01
Power Generation	717.47	840.32
	91,497.53	140,611.85
Less:		
Excise duty	21.33	223.43
Total	91,476.20	140,388.42
Other income		
Dividend income	—	0.01
Foreign exchange fluctuation	—	365.72
Interest on fixed deposit	335.13	358.37
Income tax excess provision reversed for fy. 2010-2011	2,325.22	—
LD Charges Received	—	98.82
Other receipts	0.11	280.00
	—	—
Total – Other operating & Non operating income	2,660.45	1,102.93

Note 21 Cost of materials consumed

Rupees in Lakhs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Opening stock	23,821.60	11,796.81
Add: Purchases	42,942.24	72,220.86
	66,763.84	84,017.66
Less: Closing stock	23,700.82	23,821.60
Cost of material consumed	43,063.03	60,196.06

Note 22 Changes in inventories of finished goods and work-in-progress

Inventories at the end of the year:

Finished goods	—	46.69
Work-in-progress	24,449.46	24,869.77
	24,449.46	24,916.45

Inventories at the beginning of the year:

Work-in-progress	24,869.77	8,530.28
Finished goods	46.69	—
Less: Excise Duty provision on Finished Goods reversal	4.36	4.03
	24,912.09	8,526.25
Net (increase) / decrease	462.63	(16,390.20)

Note 23 Employee benefits expenses

Salaries, Allowances and Other Benefits	1,649.13	2,165.06
Contribution to PF and Other Funds	66.80	115.26
Staff Welfare and Incentives	38.31	90.32
Employee Compensation expenses under ESOP	498.40	1,137.54
Directors Remuneration	47.97	375.78
Managerial Commission	—	365.58
Managerial allowances	14.70	11.05
Total	2,315.30	4,260.58

Note 24 Finance cost

(i) Interest on Borrowings	11,560.94	8,935.52
(ii) Bank Charges & Commission	334.31	902.46
Total	11,895.25	9,837.98

Note 25 Depreciation and amortisation Expenses

Depreciation	2,059.63	2,030.48
Misc expenses written off	757.20	757.20
Total	2,816.83	2,787.68

Note 26 Other expenses

Rupees in Lakhs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Direct expenses		
Sub-contract Bills	38,962.60	55,581.94
Freight Charges	388.68	405.96
Service Tax	771.45	999.78
Selling and Administrative Expenses		
Auditors Remuneration		
Audit fee	20.00	30.00
Tax Audit fee	2.50	2.50
Certification	2.50	2.50
Other Services	5.00	5.00
Books, Periodicals and Membership	50.56	53.20
Communication Expenses	66.08	56.43
Bad Debts Written off	6,842.58	—
Income tax paid	478.03	551.83
Consultancy/Professional Charges	476.42	551.74
Conveyance and Travelling Expenses	348.08	338.83
Electricity Charges	63.31	65.78
Sales Tax	471.65	2,836.80
Insurance	91.42	129.61
Business Promotion Expenses	310.90	258.32
Annual Maintenance charges	178.83	—
Office Maintenance	142.03	143.31
Printing and Stationery	56.98	66.65
Rates, Taxes and Registration Fees	119.98	173.59
Rent	424.61	473.06
Exchange fluctuation	1,324.49	—
Other Expenses	310.22	710.76
Total	51,908.90	63,437.57

As per our report of even date

For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu.D
Partner
M.No.028488

G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary

Additional Notes on Financial Statements For the Year ended 31st March, 2012

Note 27

- a) Income Tax:- The Assessment till AY 2009-10 is completed. There is a demand for Rs.8.48 crores against the disallowance of the certificate for FIRC and not considering the total TDS receivable. But company has filed the revision petition with the details of FIRC and with the details of additional TDS receivable to pass the revised order. After passing the order, there will not be any liability on this account.

b) Contingent liabilities and commitments (to the extent not provided for)

i) (Rupees in lakhs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Bank Guarantees	28,323.38	38,043.18
b) Letter of credits	-	11,043.73

- ii) As per CDR package the interest has been reduced to 11% p.a. from 15% p.a. The differential interest at 4% p.a. is payable as Right of Recompense to the banks after completion of 7 years from the cut-off date of CDR package. The differential interest from October 2011 to March 2012 is Rs.1677.58 Lakhs.

iii) TDS dues:- As on 31.03.2012, there are dues of TDS as follows:- (Rupees in lakhs)

SI No	Year	TDS	Interest	Total
1	2010-11	707.69	170.83	878.52
2	2011-12	880.58	52.09	932.67
	Total	1588.27	222.92	1811.19

The contingent liability towards the interest on TDS is Rs.222.92 Lakhs.

- c) Default in repayment of term loans and payment of interest:- During the year there was repayment of term loan installment of Andhra Bank of Rs.571.25 Lakhs were due out of which the company was not paid an amount of Rs.523.65 lakhs, this has been restructured under CDR scheme. Interest unpaid on the working capital loans/adhoc loans/term loans as on 31.03.2012 an amount of Rs.6461.94 lakhs have been converted into Funded Interest Term Loan by the banks.

d) **Foreign Exchange In ward :** (Rupees in lakhs)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Export realisations pertaining to previous years	—	935.57
Total	—	935.57

Foreign Exchange out go : (Rupees in lakhs)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Value of imports during the year (C.I.F. Basis)		
Raw Material	91.45	1046.79
Plant and machinery	146.56	—
Total	238.01	1,046.79

Expenditure in foreign currency :

(Rupees in lakhs)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Interest and Bank charges (FCCB)	281.05	243.82
Professional charges	-	4.53
Licence fees	-	1.37
Travelling exps	6.65	3.05
Total	287.70	252.77

e) **Earning Per share**

Amount in Rupees

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Earnings per share		
Net profit after tax as per Statement of Profit and Loss attributable to Equity share holders (In Rupees)	(1,780,669,263)	1,256,318,158
Adjusted profit for diluted Eps	(1,753,000,725)	1,282,908,463
Weighted average number of equity shares- Basic	48,050,006	47,516,156
Weighted average number of equity shares- Diluted	48,379,418	54,500,435
EPS-Basic (in Rupees)	(37.06)	26.44
EPS-Diluted (in Rupees)	(36.23)	23.54

- f) Loans and advances, Sundry Debtors, Sundry Creditors and other Advances are subject to confirmation and reconciliation from the concerned parties.
- g) FCCB issue expenses are being written off in proportion to conversion of FCCBs into Equity Shares or repayment of such FCCBs (as the case may be) as and when such conversion/repayment takes place.
- h) Inventory is valued at cost or net realisable value, whichever is less on FIFO basis. Inventories are physically verified and certified by the management.
- i) During the year the company has allotted 387515 Equity shares of Rs.2/- each to its employees on exercise of Employees Stock Option.
- J) During the financial year 2010-2011, Company has allotted 30,00,000 fully convertible warrants (FCWs) to promoters & others at an issue price of Rs.145/- per warrant and these FCWs were due for conversion on or before February 11, 2012. Since the equity shares of the company are trading far below the issue price, the warrant holders did not exercise their conversion right on these warrants. Hence these warrants stand cancelled and the initial amount of 25% of the issue price paid by these holders at the time of allotment of these FCWs being Rs.10,87,50,000/- stands forfeited.

k) Segment Information:

The company has identified three reportable segments Viz. Infrastructure project and services, Embedded solutions and software services and Power Generation. Segments have been identified and reported taking in to account nature of product and services. The accounting policies adopted for segment reporting are in line with the accounting policy of the company.

i) Primary Segment information

Particulars	For the year ended 31 March, 2012			
	Business segments			
	Infrastructure projects and services	Embedded solutions and software services	Power Generation	Total
Revenue	69415.88	21342.85	717.47	91476.2
	96,070.05	43,478.05	840.32	140,388.42
Total	69415.88	21342.85	717.47	91476.2
	96,070.05	43,478.05	840.32	140,388.42
Segment result	(8,057.88)	(1,267.16)	234.56	(9,090.48)
	13,250.77	12,295.18	550.76	26,096.71
Operating income				(9,090.48)
				26,096.71
Other Un allocable income (net)				2660.45
				1,102.93
Profit before interest and taxes				(6,430.03)
				27,199.64
Interest				11895.25
				9,837.98
Tax expense				
Current tax				—
				5,925.64
Deferred tax liability/(Asset)				(518.60)
				(1,127.16)
				(17,806.68)
Net profit for the year				12,563.18

ii) Secondary Segment Information

Particulars	For the year ended 31 March, 2012			
	Business segments			
	Infrastructure projects and services	Embedded solutions and software services	Power Generation	Total
Segment assets	184079.8	18085.24	5315	207480.04
	160,595.67	40,191.54	5,737.56	206,524.77
Unallocable assets				4284.47
				5,998.84
Total assets				211764.51
				212,523.61
Segment liabilities	129636.81	2814.17	3616	136066.98
	96,769.20	15,916.82	3,665.52	116,351.54
Unallocable liabilities				10928.35
				11,473.70
Total liabilities				146995.33
				127,825.24

				Rupees in lakhs
Other information				
Capital expenditure (allocable)	—	—	—	—
Capital expenditure (unallocable)	—	—	—	—
Depreciation and amortisation (allocable)	318.94	923.31	289.56	1531.81
	<i>318.88</i>	<i>922.13</i>	<i>289.56</i>	<i>1,530.57</i>
Depreciation and amortisation (unallocable)	—	—	—	1285.02
Other significant non-cash expenses (allocable)	—	—	—	1,257.11
Other significant non-cash expenses (unallocable)	—	—	—	—

Figures in Italic represents Previous Year amount

L) **Deferred tax (liability)/Asset** (Rupees in lakhs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of depreciation	—	62.75
Tax effect of items constituting deferred tax assets	—	—
Provision for compensated absences, gratuity and other employee benefits	1.97	—
On difference between book balance and tax balance of depreciation	253.89	—
Disallowances under Section 43B of the Income Tax Act, 1961	28.76	—
Others	233.97	22.07
Net deferred tax (liability)/Asset	518.60	(40.68)

m) **FCCB:-**

The FCCB have matured in March 2012 & April 2012 and the premium for redemption have been worked out to an amount of Rs.3902.25 lakhs but not accounted in the books of accounts as on 31.03.2012, because of Company has approached the FCCB holders for restructure the pending amount to be repaid in March 2015.

Company approached the RBI (through SBI) for permission for refinancing the FCCB. The letter of approval has been issued by RBI to SBI, CAG Branch by stating that there is no objection for refinancing of the FCCB's of ICSA (India) Limited. The management is discussing with the FCCB holders for rollover of the same for the further period.

n) As per accounting standards 18, the disclosure of transactions with the related parties are given below:

i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

S.No.	Name of the Related party	Relationship
1	ICSA International PTE Limited	100% subsidiary
2	PR Cements Limited	Associate
3	Sahasra Investments Pvt Ltd	Associate
4	BRG Energy Limited	Associate
5	Cura Technologies Limited	Associate
6	G. Bala Reddy	Key Management
7	P. Kodandaramaiah	

ii) Transactions during the year with the related parties

Rupees in lakhs

S.No.	Nature of Transactions	Associates	Key Management
1	Sales	— (15.23)	— —
2	Purchases/Subcontract works	317.52 (6,731.63)	— —
3	Rent & Amenities	383.79 (479.81)	— —
4	Professional Charges	— (9.68)	— —
5	Advance received for Services	— (897.80)	— —
6	Managerial Remuneration	— —	62.67 (386.83)
7	Managerial Commission	— —	— (365.58)

Note: Figures shown in brackets pertaining to previous year.

iii) Amounts due from/to related parties as at the year end:

(Rupees in lakhs)

S.No.	Name of the Related party	Due to	Due from
1	ICSA International PTE Limited	— —	8.62 (8.62)
2	PR Cements Limited	117.63 —	— (36.12)
3	BRG Energy Limited	— —	4,170.82 (2,732.15)
4	Cura Technologies Limited	966.24 (928.17)	100.00 (100.00)

Note: Figures shown in brackets pertaining to previous year.

o) **Hypothecation details of Loans:**

- i) Term Loan of Andhra Bank:- Exclusive charge on the wind mills at Tamil Nadu & Karnataka
- ii) OBC:- 1st pari passu charge on Fixed Assets (excluding Wind Mill) of the company and 2nd pari passu charge on Current Assets of the company.
- iii) WCTL (AB, BOI, IDBI Bank Ltd, PNB, SBI & UBI):- 1st pari passu charge on Fixed Assets (excluding Wind Mill) of the company and 2nd pari passu on Current Assets of the company.
- iv) FITL (AB, BOI, IDBI Bank Ltd, OBC, PNB, SBI & UBI):- 1st pari passu charge on Fixed Assets (excluding Wind Mill) of the company and 2nd pari passu of Current Assets of the company.
- v) SBI:- EM on Flat at Vasantkunj, New Delhi
- vi) All loans are having the personal guarantee of Mr. G.Bala Reddy
- vii) Pledge of Shares (Rs.2 each):- SBI-725000 shares, UBI-198763 shares, OBC-2232143 shares and for all banks - 69323 shares.

p) **CDR package**

The loans of the company have been restructured under the Corporate Debt Restructuring (CDR) System, The CDR package was sanctioned by CDR Empowered Group, at the meeting held on 16.03.2012 and approval letters has been given by the CDR Cell on 31.03.2012. where all the banks, who has extended financial assistance given the loans to the company has agreed for restructure of the loans.

The letters from individual banks also has been issued by Banks. Salient Features of the CDR package is given below:-

1. Cut-off date (COD) for loans has been considered as 1st October 2011. The loans outstanding as on this date has been considered for restructuring.
2. Interest rate on the loans has been fixed at 1% p.a above SBI Base Rate of 10% p.a. i.e.11% p.a as on 31.03.2012.
3. Term Loans has been restructured with a moratorium of 24 months from COD and repayable in 26 quarterly ballooning installments starting from 1st October 2013.
4. The irregularity in the Cash Credit has been carved out as Working Capital Term Loan with a moratorium of 24 months from COD and repayable in 26 quarterly ballooning installments starting from 1st October 2013.
5. The unpaid interest as on 30.09.2011 and interest from 01.10.2011 to 30.09.2012 on term loans and interest from 01.10.2011 to 31.03.2012 on cash credit has been restructured as Funded Interest Term Loan-I, repayable in 16 quarterly installments starting from FY 2014.
6. The interest on Cash Credit from April 2012 to June 2012 has been restructured as Funded Interest Term Loan-II, repayable in 3 quarterly installments by March 2013.
7. The loan of NBFC to be repaid from FY 2013 to FY 2016 without any interest.
8. Cash Credit and the Non-fund based limits as per the appraisal of the banks.
9. Promoters shall bring funds as per the applicable terms of CDR package.
10. The lenders shall have the right to recompense the reliefs/sacrifices/waivers extended by respective CDR lenders as per guidelines.

The CDR package has been implemented in all respects with SBI as the monitoring agency for monitoring the implementation of the CDR package.

Loans repayable in the year 2012-13

Since the repayment of term loans restructured as on 31.03.2012, is starting in the month of October 2013, there are no installments of term loan repayable in the year 2012-13. But an amount of Rs.2.50 crores is repayable in the year 2012-13 to the Aditya Birla Finance Limited.

- q) The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu .D
Partner
M.No.028488

G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary

Notes forming part of the financial statements

Note 1

1 Corporate information

ICSA (INDIA) LIMITED (the “ company “) The company is engaged in the business of Rural Electrification, Construction of Sub stations, Conversion of LT line to HT lines etc and engaged in the business of providing energy Audit solutions to bring down Transmission & Distribution (T&D) losses by using its technologies for power distribution companies and also engaged in the business of development and maintenance of technology solutions which includes embedded solutions and software for Power, Oil, Gas and other sectors. The company registered office at Plot no.12, Software units layout , Cyberabad, Hyderabad-500081, Andhrapradesh.

2 Significant accounting policies

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value.

under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) (Companies (Accounting standards)Rules, 2006, as amended) and other relevant provisions of the companies Act, 1956.

2.1 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.2 Inventories

Inventories are valued at the lower of cost on FIFO basis and the net realisable value after providing for

obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

Note 2

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

Assets costing less than `Rupees 5,000/- each are fully depreciated in the year of capitalisation

2.6 Revenue recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Income from services

“Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.”

2.7 Tangible fixed assets

“Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project. “

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing

authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.9 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

“Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

In the case of integral operations, assets and liabilities (other than non-monetary items), are translated at the exchange rate prevailing on the Balance Sheet date. Non-monetary items are carried at historical cost. Revenue and expenses are translated at the average exchange rates prevailing during the year. Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.”

Treatment of exchange differences

“Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences on restatement / settlement of loans to non-integral foreign operations that are considered as net investment in such operations are accumulated in a “Foreign currency translation reserve” until disposal/recovery of the net investment.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not

relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon."

2.10 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

"Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis."

2.11 Investments

"Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Tangible Fixed Assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets."

2.12 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated

and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.13 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

2.14 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.15 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

"The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur."

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the

Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.16 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

"The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.17 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.18 Taxes on income

"Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. "

2.19 Premium on redemption of Bonds/Debentures

Premium on redemption of Bonds/Debentures, net of tax impact, are adjusted against the Securities premium account.

Statement pursuant to Section 212 of Companies Act, 1956 in respect of the Subsidiary Company:		
S. No.	Particulars / Name of the Subsidiary Company	ICSA International PTE Limited
1.	Financial Year of the Subsidiary Company ended on	March 31, 2012
2.	Date from which it became subsidiary Company	Jan 3, 2007 (Incorporation Date)
3.	Number of shares held by Holding Company in the Subsidiary Company	5,00,000 shares of SG\$ 1 each
4.	Extent holding of ICSA International PTE Ltd	100%
5.	Net Aggregate amount of profit / (losses) of the subsidiary so far as they concern numbers of ICSA International PTE Ltd	
	a) for the current financial year of the Subsidiary	
	i. Dealt with in the accounts of the Holding Company	Rs. (2.11)Lakhs
	ii. Not Dealt with in the accounts of the Holding Company	NIL
	b) for the previos financial years since it became Subsidiary	
	i. Dealt with in the accounts of the Holding Company	Rs.(218.39)Lakhs
	ii. Not Dealt with in the accounts of the Holding Company	NIL
6.	As the financial year of the Subsidiary coincides with the financial year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.	

for and on behalf of the Board

G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Shabnam Siddiqui
Company Secretary

Place: Hyderabad
Date: November 28, 2012

ICSA INTERNATIONAL PTE. LTD.

(Incorporated in the Republic of Singapore)

Regn No: -200700123R

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

The directors submit their report together with the audited financial statements of the Company for the year ended 31 March 2012

DIRECTORS:

The directors in office at the date of this report are:

GOPU BALA REDDY
TANGIRALA VENKATA RAMANA
NAGOTHU RAVI PRASAD

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES:

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES:

According to the register of directors shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company or any related corporations except as stated below :

	As at 01.04.2011	As at 31.03.2012
ICSA (INDIA) LTD Ordinary shares of Rs 2/- each		
GOPU BALA REDDY	7,792,433	3,340,227

DIRECTORS' CONTRACTUAL BENEFITS:

During the year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the director or with a firm of which he is a member or with a Company in which he has a substantial financial interest other than those disclosed in the financial statements.

OPTIONS GRANTED:

During the year, there were no options to take up unissued shares of the Company.

OPTIONS EXERCISED:

During the year, no shares have been issued by virtue of the exercise of options granted.

OPTIONS OUTSTANDING:

There were no shares options outstanding, as at 31 March 2012.

INDEPENDENT AUDITOR:

The independent auditor MGI Singapore Pac, has expressed its willingness to accept re-appointment.

GOPU BALA REDDY
DIRECTOR
INDIA / SINGAPORE

NAGOTHU RAVI PRASAD
DIRECTOR

DATE : 26.11.2012

STATEMENT BY DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

In the opinion of the directors,

- a) the accompanying balance sheet, Statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 and of the results of the business, the changes in equity and the cash flows of the Company for the financial year ended on that date and
- b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DATE : 26.11.2012

GOPU BALA REDDY
DIRECTOR
INDIA / SINGAPORE

NAGOTHU RAVI PRASAD
DIRECTOR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICSA INTERNATIONAL PTE. LTD.

We have audited the financial statements of ICSA INTERNATIONAL PTE. LTD. (the 'Company') which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2012 and of the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

MGI SINGAPORE PAC

CERTIFIED PUBLICS ACCOUNTANTS
(A MEMBER OF MGI INTERNATIONAL)

SINGAPORE

DATE : 26.11.2012

BALANCE SHEET AS AT 31 MARCH 2012

	NOTE	2012 S \$	2011 S \$
ASSETS			
Current Assets			
Trade and other receivables	5	3,660	3,660
Cash and cash equivalents	6	6,405	6,710
TOTAL ASSETS		10,065	10,370
LIABILITIES AND EQUITY			
Current Liabilities			
Accruals	7	29,530	24,610
Amount owing to holding company	8	25,646	25,646
Provision for tax	4	—	—
		55,176	50,256
Equity			
Issued capital	9	500,000	500,000
Accumulated (losses) /Retained profit		(545,111)	(539,886)
Shareholders' equity		(45,111)	(39,886)
TOTAL LIABILITIES AND EQUITY		10,065	10,370

The annexed notes form an integral part of and should be read in conjunction with these financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012

	NOTE	2012 S\$	2011 S\$
REVENUE			
Other operating expenses		5,225	58,041
(Loss) before tax	3	(5,225)	(58,041)
Less: Tax expense - under provision in previous year	4	—	—
Net (loss) after tax		(5,225)	(58,041)
Other comprehensive income		—	—
Total comprehensive income		(5,225)	(58,041)

The annexed notes form an integral part of and should be read in conjunction with these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2012

	Issued Capital	Accumulated (losses)	Total
	S\$	S\$	S\$
Balance as at 31 March 2010	500,000	(481,845)	18,155
Issuance of Ordinary shares	—	—	—
Total comprehensive income	—	(58,041)	(58,041)
Balance as at 31 March 2011	500,000	(539,886)	(39,886)
Issuance of Ordinary shares	—	—	—
Total comprehensive income	—	(5,225)	—
Balance as at 31 March 2012	500,000	(545,111)	(45,111)

The annexed notes form an integral part of and should be read in conjunction with these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012

	NOTE	2012 S\$	2011 S\$
Cash flows from operating activities			
Net (loss) for the year		(5,225)	(58,041)
Operating (loss) before reinvestment of capital		(5,225)	(58,041)
Decrease in trade and other receivables		—	46,215
Increase in trade and other payables		4,920	6,220
Cash provided by / (used in) operations		(305)	(5,606)
Income tax paid		—	—
Net cash provided by / (used in) operating activities		(305)	(5,606)
Net Increase/(decrease) in cash & cash equivalents		(305)	(5,606)
Cash & cash equivalents at the beginning of the year		6,710	12,316
Cash & cash equivalents at end of the year	6	6,405	6,710

The annexed notes form an integral part of and should be read in conjunction with these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

The financial statements of the Company for the year ended 31 March 2012 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is incorporated as a limited liability Company and domiciled in the Republic of Singapore.

The principal activity of the Company is to carry out research and experimental development on engineering and other industrial design services.

The Company's registered office is at 10 Jalan Besar # 10-12 Sim Lim Tower Singapore 208787.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with Singapore Financial Reporting Standards requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions, the areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

2.2 REVENUE RECOGNITION

Revenue is measured at this fair value of this consideration received or receivable and represents the amount receivable for goods and services provided in the normal course of business, net of discounts.

Sale of services

Revenue from services that are short term duration is recognized upon completion of the services.

2.3 FINANCIAL ASSETS

Classification

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

Recognition and derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the income statement.

Financial liabilities include trade payables and other payables. Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received less directly attributable transaction costs and

subsequently measured at amortised cost using the effective interest rate method.

2.4 CASH AND CASH EQUIVALENT

Cash and bank balances comprise cash on hand and balances with bank in current accounts.

2.5 CURRENCY TRANSLATION

Functional currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company (“the functional currency”). The financial statements are prepared in Singapore dollars, which is the functional currency of the Company.

Transactions and balances

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit and loss account in the period in which they arise. However, where a foreign currency transaction is to be settled at a contracted rate or is covered by a related or matching forward exchange contract, the rate of exchange specified in the contract will be used and any corresponding monetary assets or liabilities will not be retranslated.

2.6 INCOME TAXES

Current income tax liabilities for current and prior periods are recognised at the amounts expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/ liabilities are recognised for all deductible / taxable temporary differences arising between the tax bases of assets and liabilities and tax assets/liabilities and their carrying amounts in the financial statements except when the deferred income tax assets /liabilities From the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting not taxable profit nor loss.

Deferred tax asset is recognised to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised. Current and deferred income taxes are recognised as income or expenses in the income statement for the period, except to the extent that

the tax arises from a transaction which is recognised directly to equity.

2.7 BORROWING COST

Borrowing costs are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition or production of an asset which necessarily takes substantial period of time to prepare for its intended use or sale.

2.8 RELATED PARTY

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. Related parties may be individuals or other entities.

2.9 EMPLOYEE BENEFITS

The Company contributes to the Central Provident Fund (“CPF”), a defined contribution plan regulated and managed by the Government of Singapore, which applies to only one employee. The Company’s contributions to CPF are charged to the profit and loss account in the period to which the contributions relate.

2.10 PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION

All items of property, plant and equipment are initially recorded at cost. All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off or revealed amount of other property, plant and equipment over their useful lives. The estimated useful lives are as follows:

Computers	3 years
Furniture & fixture	3 years
Projector	3 years
Renovation	3 years

2.11 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

3 (LOSS) BEFORE TAX

This has been arrived after charging:

	2012	2011
	S\$	S\$
Audit fee	2,500	2,500
Professional fee	2,420	12,720
	4,920	15,220

4 TAXATION

Current taxation

Under provision in previous year

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Company's profit as a result of the following:

	2012	2011
	S\$	S\$
Current taxation	—	—
Under provision in previous year	—	—
Profit before taxation	(5,225)	(58,041)
Tax at statutory rate of 17% (2010:17%)	(888)	(9,867)
Expenses that are not deductible for tax purposes	888	9,867
Tax effect on non taxable income	—	—

MOVEMENT

Balance B/F

Paid during the year

Current tax

Balance C/F

5 OTHER RECEIVABLES

Amount due from related parties

	3,660	3,660
	3,660	3,660

This non trade amount due to related parties is unsecured, interest free and repayable on demand.

6 CASH AND CASH EQUIVALENTS

Cash Bank

Cash and cash equivalents are denominated in the following currencies.

Singapore dollars

United states dollars

	6,405	6,710
	6,405	6,710
	5,102	5,402
	1,303	1,308
	6,405	6,710

7 OTHER PAYABLES

Accruals

	29,530	24,610
	29,530	24,610

8 HOLDING AND ULTIMATE HOLDING COMPANY

The Company's holding and ultimate holding Company is ICSA (India) Ltd a Company incorporated in India. The non-trade amount due to holding Company is unsecured interest-free and repayable on demand.



9 SHARE CAPITAL

	2012	2011
	S\$	S\$
Issued & fully paid up with no par value		
500,000 Ordinary shares	500,000	500,000

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development by issuing or redeeming equity and debts instruments when necessary.

The board of directors monitors its capital based on net debt and total capital. Net debt calculated as borrowings plus trade and other payables less cash and bank deposits. Total capital is calculated as equity plus net debt.

The Company is not subject to any externally imposed capital requirements.

	2012	2011
	S\$	S\$
Net debt	48,771	43,546
Total equity	—	—
Total capital	48,771	43,546

10 RELATED PARTY TRANSACTIONS

During the financial year, no significant transaction, other than those disclosed elsewhere in the financial statements, with a related party on terms agreed between the parties were transacted.

11 FINANCIAL RISK MANAGEMENT

The Company does not have any written financial risk management policies and guidelines. The Company does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange. The Company's exposure to financial risks associated with financial instruments held in the ordinary course of business include

a) Price risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company receives commission income in United States Dollars. The Company is exposed to foreign currencies exchange rate risk for the cash and cash equivalents denominated in United States dollars for working capital purposes. At the balance sheet date, there are no such transactions reported for the Company in this year.

The sensitivity of Company's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currency of the Company, with all the variable held constant is insignificant for the year.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company has no interest-bearing financial instruments, hence, is not exposed to any movements in market interest rates.

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Company does not hold any quoted or marketable financial instrument, hence, is not exposed to any movements in market prices.

- b) Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentrations of credit risk. Cash is held with financial institutions of good standing/established financial institutions/ reputable financial institutions.
- c) Liquidity risk
Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The Company maintains sufficient level of cash and cash equivalents and has available adequate amount to meet its working capital requirements
- (d) Cash flow risk
Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The Company is not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.
- (e) Fair value estimation of financial assets and liabilities
The fair values of financial assets traded in active markets are based on quoted market bid-prices at the balance sheet date. The fair values of currency forwards and the embedded foreign exchange derivatives are determined using actively quoted forward currency exchange rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

12 NEW OR REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

The Company has not applied the following new/ revised FRS or interpretations that have been issued as of the balance sheet date but not yet effective:

FRS 19	Employee Benefits
FRS 27	Separate Financial Statements
FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
FRS 113	Fair Value Measurements
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 107	Disclosures-Transfers of Financial Assets

The initial application of these standards and interpretations, where applicable, are not expected to have any material impact on the financial statements of the Company.



DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	2012 S\$
REVENUE	
Less: Expenses	
Audit fees	2,500
Accounting fee	500
Bank charges	300
Exchange loss	5
Nominee secretary fee	600
Registered office fee	420
Secretarial fee	500
Tax service fee	400
	<u>5,225</u>
Net (loss) for the year	<u>(5,225)</u>

ICSA
CONSOLIDATED FINANCIAL STATEMENTS
AS ON 31-03-2012

AUDITOR'S REPORT

The Board of Directors of ICSA (INDIA) LIMITED on the consolidated financial statements of ICSA (INDIA) LIMITED and its subsidiary,

1. We have audited the attached consolidated Balance Sheet of ICSA (INDIA) LIMITED (the Company) and its Subsidiary (Collectively referred as "the ICSA Group") as at March 31, 2012 and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement of the Group for the year ended on that date both annexed thereto. These Financial Statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on the financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rupees 224.57 Lakhs as at March 31, 2012 as the case may be and accumulated loss of Rupees 220.50 Lakhs for the year ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by company's management in accordance with the requirements of Accounting standard (AS) 21 (consolidated financial statements), Accounting standard (AS) 23 (Accounting for investment in associates in consolidated financial statements) and Accounting Standard (AS) 27 (financial reporting of interest in joint ventures) issued by the Institute of Chartered Accountants of India.
5. Based on our audit on consolidation of reports of other auditors on separate financial statements and on the other financial information of the subsidiary, and to the best of our information and according to the explanations given to us, In our opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of consolidated balance sheet, of the state of affairs of the ICSA Group as at March 31, 2012;
 - ii. in the case of consolidated Statement of profit and loss, of the Loss of the ICSA Group for the year ended on that date; and
 - iii. in the case of the consolidated cash flow statement, of the cash flows of the ICSA Group for the year ended on that date.

for VDNR & ASSOCIATES
Chartered Accountants

Venkateswarlu. D
Partner

Place: Hyderabad
Date: November 28, 2012.

Membership No.: 028488
Firm Reg. No.0112515

Consolidated Balance Sheet as at March 31, 2012

Rupees in Lakhs

Particulars	Notes	As at March 31, 2012	As at March 31, 2011
A EQUITY AND LIABILITIES:			
1] Shareholders' Funds:			
a) Share Capital	3	962.77	955.02
b) Reserves and Surplus	4	66,380.20	82,463.11
c) Money received against Share Warrants		—	1,087.50
Sub-total		67,342.97	84,505.63
2] Share Application Money pending for allotment		10.50	8.25
3] Non-Current Liabilities			
a) Long - Term Borrowings	5	50,348.56	17,482.59
b) Deferred Tax Liabilitie(Net)		—	40.68
c) Long - Term Provisions	6	47.91	42.86
Sub-total		50,396.47	17,566.13
4] Current Liabilities			
a) Short - Term Borrowings	7	52,948.40	65,662.64
b) Trade Payables	8	25,967.31	26,877.74
c) Other Current Liabilities	9	14,780.33	10,799.90
d) Short- Term Provisions	10	142.76	6,927.92
Sub-total		93,838.80	110,268.20
Total		211,588.74	212,348.20
B ASSETS			
1] Non-Current Assets			
a) Fixed Assets	11		
(1) Tangible Assets		13,606.24	14,584.85
(2) In tangible Assets		1,976.24	2,897.67
b) Non-Current Investments	12	1.89	1.89
c) Deferred tax Asset (Net)		477.92	—
d) Long Term Loans & Advances	13	41,720.59	37,344.19
e) Other Non-Current Assets	14	17,050.08	15,770.64
Sub-total		74,832.96	70,599.24
2] Current Assets			
a) Inventories	15	48,150.28	48,738.05
b) Trade Receivables	16	65,294.83	62,399.26
c) Cash and Bank Balances	17	612.07	6,656.89
d) Short Term Loans & Advances	18	22,577.13	23,764.09
e) Other Current Assets	19	121.48	190.67
Total		136,755.78	141,748.96
Total		211,588.74	212,348.20
Significant Accounting Policies	1 to		
Notes on Financial statements	27		

As per our report of even date

For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu.D
Partner
M.No.028488

G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2012.

Rupees in Lakhs

	Notes	Year ended March 31, 2012	Year ended March 31, 2011
I REVENUE :-			
(a) Net Sales/Revenue from Operations	20	91,497.53	140,611.85
(b) Less: Excise Duty		21.33	223.43
Net Sales		91,476.20	140,388.42
Other Income		2,660.45	1,102.87
Total		94,136.65	141,491.29
II EXPENSES :-			
(a) Cost of Material consumed	21	43,063.03	60,196.07
(b) Change in Inventories of Finished Goods & Work in progress	22	462.63	(16,390.20)
(c) Employee benefits Expenses	23	2,315.30	4,260.58
(d) Finance Cost	24	11,895.37	9,838.05
(e) Depreciation and Amortisation Expenses	25	2,817.61	2,787.69
(f) Other Expenses	26	51,911.23	63,458.01
Total		112,465.17	124,150.20
Profit/(Loss) Before Exceptional and Extraordinary Items		(18,328.52)	17,341.10
Exceptional Items		—	—
Profit/(Loss) Before Extraordinary Items		(18,328.52)	17,341.10
Extraordinary Items		—	—
Profit/(Loss) Before tax		(18,328.52)	17,341.10
Current Tax		—	5,925.64
Deferred tax/Liability (Asset)		(518.60)	(1,127.16)
Profit/(Loss) for the period		(17,809.92)	12,542.61
Balance brought forward from previous year		48,628.12	38,344.10
Balance available for Appropriation		30,818.20	50,886.71
Appropriations:			
Proposed Dividend	—	—	859.52
Corporate Dividend Tax	—	—	142.76
Transfer to General Reserve	—	—	1,256.32
Balance carried to Balance sheet		30,818.20	48,628.11
Earnings per share in Rs. (Face Value of Rs.2/- each)			
Basic (No. of Shares used in calculation -48050006)		(37.07)	—
Diluted (No. of Shares used in calculation -48379418)		(36.24)	—
Basic (No. of Shares used in calculation - 47516156)		—	26.40
Diluted (No. of Shares used in calculation - 54500435)		—	23.50
Significant Accounting Policies	1 to 27		
Notes on Financial statements			

As per our report of even date
For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu.D
Partner
M.No.028488

G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March, 2012

Rupees in lakhs

Particulars	For the year ended	
	31-Mar-12	31-Mar-11
A. Cash flow from operating activities		
Net Profit / (Loss) before tax	(18,328.52)	17,341.10
Adjustments for:		
Depreciation and amortisation expenses	2,817.61	2,751.34
Previous year Income tax Excess provision reversed	(2,325.22)	—
Loss on sale of fixed assets	0.21	1.21
Finance cost	11,895.37	9,838.04
Interest income	(335.13)	(358.37)
Dividend income	—	(0.01)
Operating profit / (loss) before working capital changes	(6,275.69)	29,573.30
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	587.77	(28,410.97)
Trade receivables	(2,895.57)	(8,853.62)
Short-term loans and advances	1,186.96	7,199.83
Long-term loans and advances	(4,376.40)	(14,741.82)
Other current assets	69.19	104.58
Other non-current assets	(1,279.43)	(7,229.20)
	(6,707.47)	(51,931.21)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(910.43)	15,393.49
Other current liabilities	3,980.43	(1,707.57)
Long-term provisions	5.05	40.08
	3,075.06	13,725.99
Cash generated from operations	(9,908.10)	(8,631.92)
Income tax paid	(5,445.32)	(4,580.98)
Net cash flow from operating activities (A)	(15,353.42)	(13,212.90)
B. Cash flow from investing activities		
Purchase of fixed assets	(161.52)	(510.48)
Proceeds from sale of fixed assets	1.15	1.88
Long term Investments	—	0.11
Interest income	335.13	358.37
Dividend income	—	0.01
Net cash flow from investing activities (B)	174.75	(150.11)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	1,734.76	884.00
Share application money received	2.25	1,088.25
Proceeds from long-term borrowings	32,865.97	230.75
Repayment of long-term borrowings	—	(574.56)
Net increase in working capital borrowings	(10,214.24)	26,672.14
Repayment of other short-term borrowings	(2,500.00)	(3,993.22)
Finance cost	(11,895.37)	(9,838.04)
Dividend paid	(859.52)	(756.62)
Tax on dividend	—	(128.59)
Net cash flow from financing activities (C)	9,133.85	13,584.12
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(6,044.82)	221.12
Cash and cash equivalents at the beginning of the year	6,656.89	6,435.76
Cash and cash equivalents at the end of the year	612.07	6,656.89

As per our report of even date

For VDNR & ASSOCIATES

Chartered Accountants

Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu.D

Partner

M.No.028488

Place: Hyderabad

Date: November 28, 2012

G. Bala Reddy

Managing Director

Venkatasatya Prasad Tholada

Executive Director

Shabnam Siddiqui

Company Secretary

Notes on Consolidated Financial Statements For the Year ended 31st March, 2012

Note 3 Share capital

Rupees in Lakhs

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised				
Equity shares of Rupees 2/- each	75,000,000	1,500.00	75,000,000	1,500.00
	75,000,000	1,500.00	75,000,000	1,500.00
(b) Issued				
Equity shares of Rupees 2/- each	48,138,500	962.77	47,750,985	955.02
(c) Subscribed and fully paid up				
Equity shares of Rupees 2/- each	48,138,500	962.77	47,750,985	955.02
Total	48,138,500	962.77	47,750,985	955.02

Note 3 Share capital (contd.)

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012	As at 31 March, 2011
Equity shares		
G.Bala Reddy	3,340,227	7,792,433
Percentage of Holding	6.94%	16.32%

(iii) The reconciliation of the number of shares outstanding is set out below

Rupees in Lakhs

Particulars	As at 31 March, 2012 No of Shares	As at 31 March, 2011 No of Shares
Equity shares at beginning of the year	47,750,985	47,288,488
Add: Shares issued on exercise of Employees Stock Options	387,515	462,497
Less: Buy back of shares	—	—
Equity shares at end of the year	48,138,500	47,750,985

Note 4 Reserves and surplus

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
Capital Reserve		
Opeing balance	249.70	249.70
Add: During the year	1,087.50	—
Closing balance	1,337.20	249.70
(a) Securities premium account		
Opening balance	27,123.43	25,823.64
Add : Premium on shares issued during the year	617.41	1,299.79
Closing balance	27,740.84	27,123.43
(b) General reserve		
Opening balance	5,870.23	4,613.91
Add: Transferred from surplus in Statement of Profit and Loss	—	1,256.32
Closing balance	5,870.23	5,870.23

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	48,628.12	38,344.11
Add: Profit / (Loss) for the year	(17,809.92)	10,284.01
	30,818.20	48,628.12
(d) Reserve for Employee Stock Option Scheme		
Opening balance	591.63	1,016.66
Add: Addition during the year	520.50	712.50
Less: Deletion during the year	498.40	1,137.53
Closing balance	613.74	591.63
Total	66,380.20	82,463.11

Note 5 Long-term borrowings

(a) Term loans (Secured)		
Andhra Bank	3,616.00	3,094.27
Oriental Bank of commerce	9,986.91	—
Funded Interest Term Loan		
Bank of India	559.24	—
Punjab National Bank	824.87	—
State Bank of India	1,498.51	—
Union Bank of India	598.07	—
IDBI Bank Limited	558.97	—
Andhra Bank	1,479.34	—
Oriental Bank of Commerce	942.95	—
Working Capital Term Loan		
Bank of India	1,292.38	—
Punjab National Bank	1,827.82	—
State Bank of India	2,410.21	—
Union Bank of India	1,924.78	—
IDBI Bank Limited	126.49	—
Andhra Bank	1,220.46	—
(b) Long-term maturities of finance lease obligations (Secured)		
Vehicle Loans	14.57	25.00
(c) Un secured loans		
FCCB	10,698.43	9,363.31
Canara Bank	5,000.00	5,000.00
Shriram City Union Finance Limited	2,768.58	—
Aditya Birla finance limited	3,000.00	—
Total	50,348.56	17,482.59

Hypothecation details refer Note No.27(o)

Vehicle loans are secured by hypothecation of Vehicles.

Note 6 Long-Term provisions

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Provision for employee benefits		
(i) Provision for gratuity	47.91	42.86
Total	47.91	42.86

Note 7 Short-term borrowings

(a) Loans repayable on demand	—	—
(b) Working capital loans (Secured)		
Bank of India	6,560.59	8,484.92
Punjab National Bank	9,876.86	10,035.66
State Bank of India	14,370.48	14,590.16
Union Bank of India	3,685.52	5,507.77
IDBI Bank Limited	7,377.93	7,499.13
Andhra Bank	11,077.03	13,015.74
State Bank of India specific project	—	3,033.21
Development Credit Bank	—	996.05
(c) Short term loans		
IDBI Bank Limited	—	2,000.00
Punjab National Bank	—	500.00
Total	52,948.40	65,662.64

Hypothecation details refer Note No.27(o)

Note 8 Trade payables

Trade payables:		
Micro , Small and medium size enterprises #	—	—
Others	25,967.31	26,877.74
Total	25,967.31	26,877.74

The company has not received the required information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amount unpaid at the year end together with the interest paid/ payable as required under the said Act have not been made.

Note 9 Other current liabilities

(a) Current maturities of long-term debt	—	571.25
(b) Current maturities of finance lease obligations	10.43	16.77
(c) Other current liabilities	1,761.81	845.37
(d) Payables for expenses	1,136.88	175.82
(e) Advance from customers	10,087.11	8,295.92
(f) Un-claimed Dividend	42.97	42.99
(g) TDS Payable	1,741.12	851.78
Total	14,780.33	10,799.90

Note 10 Short-term provisions

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
(i) Provision for tax	—	5,925.64
(ii) Proposed Dividend	—	859.52
(iii) Provision for corporate dividend tax	142.76	142.76
Total	142.76	6,927.92

Note 12 Non-current investments

Particulars	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011	As at 31 March, 2011	As at 31 March, 2011
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
In Equity shares -Quoted fully paid up	1.89	—	1.89	2.00	—	2.00
Less: Provision for diminution in value of investments	—	—	—	0.11	—	0.11
Total	1.89	—	1.89	1.89	—	1.89

Note 13 Long-term loans and advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unsecured, considered good		
(a) Advance to subcontractors	18,450.93	13,351.07
(b) Advance others	7,243.81	7,329.12
(c) Advance to Suppliers	16,025.85	16,664.00
Total	41,720.59	37,344.19

Note 14 Other non-current assets

Earnest Money Deposits	141.24	215.62
Deposits with others	794.76	777.88
Retention Money Receivable	13,732.76	11,681.59
	14,668.76	12,675.09

Misc expenses to the extent not written off

FCCB Issue Expenses	516.70	516.70
Add: Addition during the year	—	—
Less: Written off during the year	—	—
	516.70	516.70

Defferred Employee Compensation

Add: Addition during the year	520.50	712.50
Less: Written off during the year	498.40	1,137.54
	613.73	591.62

Defferred Revenue / Development Expenditure

Product Development Expenses	1,802.55	2,099.24
Add: Addition during the year	—	460.49
Less: Written off during the year	757.20	757.19
	1,045.35	1,802.55
Prepaid Expenses	205.54	184.68
Total	17,050.08	15,770.64

Notes - 11									
CONSOLIDATED FIXED ASSETS									
Assets	Gross block				Depreciation			Net block	
	As at 01.04.2011	Additions	Dele- tions	As at 31.03.2012	As at 01.04.2011	For the Year	Dele- tions	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS									
Land	405.97	—	—	405.97	—	—	—	406	406
Office Buildings	206.68	—	—	206.68	13.57	3.37	—	16.94	190
Factory Buildings	3,302.20	—	—	3,302.20	144.69	110.29	—	254.98	3,047
Furniture & Fixtures	141.84	1.12	—	142.96	43.93	9.03	—	52.96	90
Office Equipment	117.54	2.78	—	120.32	18.18	5.68	—	23.86	96
Vehicles	262.45	2.14	1.69	262.89	68.72	25.10	0.55	93.27	170
Electrical Installation	14.79	—	—	14.79	6.28	0.94	—	7.21	8
Computers	2,985.11	5.56	—	2,990.67	1,788.87	484.48	—	2,273.35	717
Plant & Machinery (Projects)	10,364.89	148.04	—	10,512.93	1,132.38	498.21	—	1,630.60	8,882
TOTAL (A)	17,801.46	159.64	1.69	17,959.41	3,216.62	1,137.10	0.55	4,353.17	13,606.24
INTANGIBLE ASSETS									
Development Software	3,883.76	1.88	—	3,885.64	1,935.66	629.56	—	2,565.22	1,320
Testing Tools	1,812.13	—	—	1,812.13	892.85	293.75	—	1,186.60	626
Good will on consolidation	30.28	—	—	30.28	—	—	—	—	30
TOTAL(B)	5,726.18	1.88	—	5,728.05	2,828.51	923.31	—	3,751.82	1,976.24
Total (A+B)	23,527.64	161.52	1.69	23,687.46	6,045.13	2,060.41	0.55	8,104.99	15,582.47
Previous year figures	23,019.92	511.92	4.19	23,527.63	4,015.53	2,030.48	0.88	6,045.12	17,482.51
									19,004.39

Note 15 Inventories

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Materials, Stores & Spares at sites	23,700.82	23,821.60
(b) Work-in-progress	24,449.46	24,869.77
(c) Finished goods (other than those acquired for trading)	—	46.69
Total	48,150.28	48,738.05

Note 16 Trade Receivables

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Unsecured, considered good	42,245.74	11,515.87
Other Trade receivables		
Unsecured, considered good	23,049.08	50,883.39
Total	65,294.83	62,399.26

Note 17 Cash and cash equivalents

(a) Cash on hand	9.83	108.62
(b) Balances with banks		
(i) In current accounts	162.09	413.66
(iii) In deposit accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	440.16	6,134.61
Total	612.07	6,656.89

Note 18 Short-term loans and advances

(a) Loans and advances		
Unsecured, considered good		
Advance for Raw materials	7,834.95	7,493.41
Advance for subcontractors	13,633.79	12,666.41
Advance Tax & TDS	1,108.39	3,604.28
Total	22,577.13	23,764.09

Note 19 Other current assets

Prepaid Expenses	121.48	190.67
Total	121.48	190.67

Note 20 Revenue from operations

Project works	69,415.88	96,935.51
Embedded sales	21,364.18	42,836.01
Power Generation	717.47	840.32
	91,497.53	140,611.85
Less:		
Excise duty	21.33	223.43
Total	91,476.20	140,388.42

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
Other income		
Dividend income	—	0.01
Foreign exchange fluctuation	—	365.67
Interest on fixed deposit	335.13	358.37
Income tax excess provision reversed for fy.2010-2011	2,325.22	—
LD Charges Received	—	98.82
Other receipts	0.11	280.00
Total	2,660.45	1,102.87

Note 21 Cost of materials consumed

Opening stock	23,821.60	11,796.81
Add: Purchases	42,942.24	72,220.87
	66,763.84	84,017.67
Less: Closing stock	23,700.82	23,821.60
Cost of material consumed	43,063.03	60,196.07

Note 22 Changes in inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Inventories at the end of the year:		
Finished goods	—	46.69
Work-in-progress	24,449.46	24,869.77
	24,449.46	24,916.45
Inventories at the beginning of the year:		
Work-in-progress	24,869.77	8,530.28
Finished goods	46.69	—
Less: Excise Duty provision on Finished Goods reversal	4.36	4.03
	24,912.09	8,526.25
Net (increase) / decrease	462.63	(16,390.20)

Note 23 Employee benefits expenses

Rupees in Lakhs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Salaries, Allowances and Other Benefits	1,649.13	2,165.06
Contribution to PF and Other Funds	66.80	115.26
Staff Welfare and Incentives	38.31	90.32
Employee Comensation expenses under ESOP	498.40	1,137.54
Directors Remuneration	47.97	375.78
Managerial Commission	—	365.58
Managerial allowances	14.70	11.05
Total	2,315.30	4,260.58

Note 24 Finance cost

i) Interest on Borrowings	11,560.94	8,935.52
(ii) Bank Charges & Commission	334.44	902.52
Total	11,895.37	9,838.05

Note 25 Depreciation and amortisation expenses

Depreciation	2,060.41	2,030.48
Misc expenses written off	757.20	757.21
Total	2,817.61	2,787.69

Note 26 Other expenses

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
Direct expenses		
Sub-contract Bills	38,962.60	55,581.94
Freight Charges	388.68	405.96
Service Tax	771.45	999.78
Selling and Administrative Expenses	—	—
Auditors Remuneration		
Audit fee	21.01	30.88
Tax Audit fee	2.50	2.50
Certification	2.50	2.50
Other Services	5.00	5.00
Books, Periodicals and Memberships	50.56	53.20
Communication Expenses	66.08	56.43
Bad Debts Written off	6,842.58	—
Income tax paid	478.03	551.83
Consultancy/Professional Charges	477.40	570.24
Conveyance and Travelling Expenses	348.08	338.83
Electricity Charges	63.31	65.78
Sales Tax	471.65	2,836.80
Insurance	91.42	129.61
Business Promotion Expenses	310.90	258.32
Annual Maintenance charges	178.83	—
Office Maintenance	142.03	143.31
Printing and Stationery	56.98	66.65
Rates, Taxes and Registration Fees	119.98	173.74
Rent	424.61	473.06
Exchange fluctuation	1,324.84	—
Other Expenses	310.22	711.65
Total	51,911.23	63,458.01

As per our report of even date

For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu.D
Partner
M.No.028488

G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary

Additional Notes on Consolidated Financial Statements For the Year ended 31st March, 2012

Note 27

a. Basis of consolidation:

The consolidated financial statements of ICSA (India) Limited (the company) and its subsidiary company, ICSA International PTE Ltd (collectively referred to as “the ICSA Group”) as on March 31, 2012.

The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the company and its subsidiary have been consolidated on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard 21 on ‘consolidated financial statements’ issued by the Institute of Chartered Accountants of India.
- ii) The financial statements of the subsidiary, used in the consolidation are drawn-up to the same reporting as that of the company i.e., March 31, 2012.
- iii) The excess of cost to the company which arose on account of exchange fluctuation, of its investment in the subsidiary over the company’s portion of equity is recognized in the financial statement as exchange fluctuation.
- iv) The financial statement of the following subsidiary has been consolidated as per Accounting Standard 21 on ‘consolidated financial statements’ issued by the Institute of Chartered Accountants of India

Name of the subsidiary: **ICSA INTERNATIONAL PTE LTD**
 Incorporated in Singapore
 Regd. No. 200700123R

b) Income Tax:- The Assessment till AY 2009-10 is completed. There is a demand for Rs.8.48 crores against the disallowance of the certificate for FIRC and not considering the total TDS receivable. But company has filed the revision petition with the details of FIRC and with the details of additional TDS receivable to pass the revised order. After passing the order, there will not be any liability on this account.

c) Contingent liabilities and commitments (to the extent not provided for)

i) (Rupees in lakhs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Bank Guarantees	28,323.38	38,043.18
(b) Letter of credits	—	11,043.73

ii) As per CDR package the interest has been reduced to 11% p.a. from 15% p.a. The differential interest at 4% p.a. is payable as Right of Recompense to the banks after completion of 7 years from the cut-off date of CDR package. The differential interest from October 2011 to March 2012 is Rs.1677.58 Lakhs.

iii) TDS dues:- As on 31.03.2012, there are dues of TDS as follows:- (Rupees in lakhs)

Sl.No.	Year	TDS	Interest	Total
1	2010-11	707.69	170.83	878.52
2	2011-12	880.58	52.09	932.67
	Total	1588.27	222.92	1811.19

The contingent liability towards the interest on TDS is Rs.222.92 Lakhs.

d) Default in repayment of term loans and payment of interest:- During the year there was repayment of term loan installment of Andhra Bank of Rs.571.25 Lakhs were due out of which the company was not

paid an amount of Rs.523.65 lakhs, this has been restructured under CDR scheme. Interest unpaid on the working capital loans/adhoc loans/term loans as on 31.03.2012 an amount of Rs.6461.94 lakhs have been converted into Funded Interest Term Loan by the banks.

e) **Foreign Exchange In ward :** (Rupees in lakhs)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Export realisations pertaining to previous years	—	935.57
Total	—	935.57
Foreign Exchange out go :		
Value of imports during the year (C.I.F. Basis)		
Raw Material	91.45	1046.79
Plant and machinery	146.56	—
Total	238.01	1,046.79

Expenditure in foreign currency : (Rupees in lakhs)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Interest and Bank charges (FCCB)	281.05	243.82
Professional charges	—	4.53
Licence fees	—	1.37
Travelling exps	6.65	3.05
Total	287.70	252.77

f) **Earning Per share** Amount in Rupees

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Earning per share		
Net profit after tax as per Statement of Profit and Loss attributable to Equity share holders (In Rupees)	(1,780,992,337)	1,254,261,262
Adjusted profit for diluted Eps	(1,753,323,799)	1,280,854,717
Weighted average number of equity shares- Basic	48,050,006	47,516,156
Weighted average number of equity shares- Diluted	48,379,418	54,500,435
EPS-Basic (in Rupees)	(37.07)	26.40
EPS-Diluted (in Rupees)	(36.24)	23.50

- g) Loans and advances, Sundry Debtors, Sundry Creditors and other Advances are subject to confirmation and reconciliation from the concerned parties.
- h) FCCB issue expenses are being written off in proportion to conversion of FCCBs into Equity Shares or repayment of such FCCBs (as the case may be) as and when such conversion/repayment takes place.
- i) Inventory is valued at cost or net realisable value, whichever is less on FIFO basis. Inventories are physically verified and certified by the management.
- j) During the year the company has allotted 387515 Equity shares of Rs.2/- each to its employees on exercise of Employees Stock Option.

- k) During the financial year 2010-2011, Company has allotted 30,00,000 fully convertible warrants (FCWs) to promoters & others at an issue price of Rs.145/- per warrant and these FCWs were due for conversion on or before February 11, 2012. Since the equity shares of the company are trading far below the issue price, the warrant holders did not exercise their conversion right on these warrants. Hence these warrants stand cancelled and the initial amount of 25% of the issue price paid by these holders at the time of allotment of these FCWs being Rs.10,87,50,000/- stands forfeited.

l) **Segment Information:**

The company has identified three reportable segments Viz. Infrastructure project and services, Embedded solutions and software services and Power Generation. Segments have been identified and reported taking in to account nature of product and services. The accounting policies adopted for segment reporting are in line with the accounting policy of the company.

i) Primary Segment information

Rupees in Lakhs

Particulars	For the year ended 31 March, 2012			
	Business segments			
	Infrastructure projects and services	Embedded solutions and software services	Power Generation	Total
Revenue	69415.88	21342.85	717.47	91476.2
	96,070.05	43,478.05	840.32	140,388.42
Total	69415.88	21342.85	717.47	91476.2
	96,070.05	43,478.05	840.32	140,388.42
Segment result	(8,057.88)	(1,267.16)	234.56	(9,090.48)
	13,250.77	12,295.18	550.76	26,096.71
Operating income				(9,090.48)
				26,096.71
Other Un allocable income (net)				2660.45
				1,102.93
Profit before interest and taxes				(6,430.03)
				27,199.64
Interest				11895.25
				9,837.98
Tax expense				
Current tax				-
				5,925.64
Deferred tax liability/(Asset)				(518.60)
				(1,127.16)
Net profit for the year				(17,806.68)
				12,563.18

ii) Secondary Segment Information

Particulars	For the year ended 31 March, 2012			
	Business segments			
	Infrastructure projects and services	Embedded solutions and software services	Power Generation	Total
Segment assets	184079.8	18085.24	5315	207480.04
	<i>160,595.67</i>	<i>40,191.54</i>	<i>5,737.56</i>	<i>206,524.77</i>
Unallocable assets				4284.47
				<i>5,998.84</i>
Total assets				211764.51
				<i>212,523.61</i>
Segment liabilities	<i>129636.81</i>	<i>2814.17</i>	<i>3616</i>	<i>136066.98</i>
	96,769.20	15,916.82	3,665.52	116,351.54
Unallocable liabilities				10928.35
				<i>11,473.70</i>
Total liabilities				146995.33
				<i>127,825.24</i>
Other information				
Capital expenditure (allocable)	—	—	—	—
Capital expenditure (unallocable)	—	—	—	—
Depreciation and amortisation (allocable)	318.94	923.31	289.56	1531.81
	<i>318.88</i>	<i>922.13</i>	<i>289.56</i>	<i>1,530.57</i>
Depreciation and amortisation (unallocable)				1285.02
				<i>1,257.11</i>
Other significant non-cash expenses (allocable)	—	—	—	—
Other significant non-cash expenses (unallocable)	—	—	—	—

Figures in Italic represents Previous Year amount

m) **Deferred tax (liability)/Asset**

Rupees in Lakhs

Particulars	As at 31 March, 2012	As at 31 March, 2011
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of depreciation	—	62.75
Tax effect of items constituting deferred tax assets	—	—
Provision for compensated absences, gratuity and other employee benefits	1.97	—
On difference between book balance and tax balance of depreciation	253.89	—
Disallowances under Section 43B of the Income Tax Act, 1961	28.76	—
Others	233.97	22.07
Net deferred tax (liability)/Asset	518.60	(40.68)

n) **FCCB:-**

The FCCB have matured in March 2012 & April 2012 and the premium for redemption have been worked out to an amount of Rs.3902.25 lakhs but not accounted in the books of accounts as on 31.03.2012, because of Company has approached the FCCB holders for restructure the pending amount to be repaid in March 2015.

Company approached the RBI (through SBI) for permission for refinancing the FCCB. The letter of approval has been issued by RBI to SBI, CAG Branch by stating that there is no objection for refinancing of the FCCB's of ICSA (India) Limited. The management is discussing with the FCCB holders for rollover of the same for the further period.

o) As per accounting standards 18 , the disclosure of transactions with the related parties are given below:

i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

S.No.	Name of the Related party	Relationship
1	ICSA International PTE Limited	100% subsidiary
2	PR Cements Limited	Associate
3	Sahasra Investments Pvt Ltd	Associate
4	BRG Energy limited	Associate
5	Cura Technologies Limited	Associate
	G.Bala Reddy	Key Management
	P.Kodandaramaiah	

ii) Transactions during the year with the related parties Rupees in lakhs

S.No.	Nature of Transactions	Associates	Key Management
1	Sales	— (15.23)	— —
2	Purchases/Subcontract works	317.52 (6,731.63)	— —
3	Rent & Amenities	383.79 (479.81)	— —
4	Professional Charges	— (9.68)	— —
5	Advance received for Services	— (897.80)	— —
6	Managerial Remuneration	— —	62.67 (386.83)
7	Managerial Commission	— —	— (365.58)

Note: Figures shown in brackets pertaining to previous year.

iii) Amounts due from/to related parties as at the year end:

S.No.	Name of the Related party	Due to	Due from
1	ICSA International PTE Limited	—	8.62
		—	(8.62)
2	PR Cements Limited	117.63	—
		—	(36.12)
3	BRG Energy Limited	—	4,170.82
		—	(2,732.15)
4	Cura Technologies Limited	966.24	100.00
		(928.17)	(100.00)

Note: Figures shown in brackets pertaining to previous year.

p) Hypothecation details of Loans:

- i) Term Loan from Andhra Bank:- Exclusive charge on the wind mills at Tamil Nadu & Karnataka.
- ii) Term Loan from OBC:- 1st pari passu charge on Fixed Assets (excluding wind mills) of the company and 2nd pari passu charge on Current Assets of the company.
- iii) WCTL (AB, BOI, IDBI Bank Ltd, PNB, SBI & UBI):- 1st pari passu charge on Fixed Assets (excluding Wind Mill) of the company and 2nd pari passu on Current Assets of the company.
- iv) FITL (AB, BOI, IDBI Bank Ltd, OBC, PNB, SBI & UBI):- 1st pari passu charge on Fixed Assets (excluding Wind Mill) of the company and 2nd pari passu of Current Assets of the company.
- v) SBI:- EM on Flat at Vasantkunj, New Delhi.
- vi) All loans are having the personal guarantee of Mr. Bala Reddy.
- vii) Pledge of Shares (Rs.2 each):- SBI-725000 shares, UBI-198763 shares, OBC-2232143 shares and for all banks -69323 shares.

q) **CDR package**

The loans of the company have been restructured under the Corporate Debt Restructuring (CDR) System, The CDR package was sanctioned by CDR Empowered Group, at the meeting held on 16.03.2012 and approval letters has been given by the CDR Cell on 31.03.2012. where all the banks, who has extended financial assistance given the loans to the company has agreed for restructure of the loans.

The letters from individual banks also has been issued by Banks. Salient Features of the CDR package is given below:-

1. Cut-off date (COD) for loans has been considered as 1st October 2011. The loans outstanding as on this date has been considered for restructuring.
2. Interest rate on the loans has been fixed at 1% p.a above SBI Base Rate of 10% p.a. i.e.11% p.a as on 31.03.2012.
3. Term Loans has been restructured with a moratorium of 24 months from COD and repayable in 26 quarterly ballooning installments starting from 1st October 2013.
4. The irregularity in the Cash Credit has been carved out as Working Capital Term Loan with a moratorium of 24 months from COD and repayable in 26 quarterly ballooning installments starting from 1st October 2013.
5. The unpaid interest as on 30.09.2011 and interest from 01.10.2011 to 30.09.2012 on term

- loans and interest from 01.10.2011 to 31.03.2012 on cash credit has been restructured as Funded Interest Term Loan-I, repayable in 16 quarterly installments starting from FY 2014.
6. The interest on Cash Credit from April 2012 to June 2012 has been restructured as Funded Interest Term Loan-II, repayable in 3 quarterly installments by March 2013.
 7. The loan of NBFC to be repaid from FY 2013 to FY 2016 without any interest.
 8. Cash Credit and the Non-fund based limits as per the appraisal of the banks.
 9. Promoters shall bring funds as per the applicable terms of CDR package.
 10. The lenders shall have the right to recompense the reliefs/sacrifices/waivers extended by respective CDR lenders as per guidelines. The CDR package has been implemented in all respects with SBI as the monitoring agency for monitoring the implementation of the CDR package.

Loans repayable in the year 2012-13

Since the repayment of term loans restructured as on 31.03.2012, is starting in the month of October 2013, there are no installments of term loan repayable in the year 2012-13. But an amount of Rs.2.50 crores is repayable in the year 2012-13 to the Aditya Birla Finance Limited.

- r) The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date

For VDNR & ASSOCIATES
Chartered Accountants
Firm Registration No.011251S

for and on behalf of the Board

Venkateswarlu.D
Partner
M.No.028488

G. Bala Reddy
Managing Director

Venkatasatya Prasad Tholada
Executive Director

Place: Hyderabad
Date: November 28, 2012

Shabnam Siddiqui
Company Secretary



ICSA (INDIA) LIMITED

Registered Office : 1st Floor, Plot No. 12, Software Units Layout, Madhapur, HYDERABAD - 81

ATTENDANCE SLIP

18th Annual General Meeting December 28, 2012

DP.Id*	
Client Id*	

Reg. Folio No.

Name and Address of the Shareholder : _____

No. of Share(s) held : _____

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 18th Annual General Meeting of the Company at Hotel Daspalla, Madhapur, Hyderabad – 500 081, (A.P), on Friday, the 28th day of December, 2012 at 12.00 Noon,

** Member's/Proxy's name in Block Letters

** Member's/Proxy's Signature

Note : 1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the Entrance of the Meeting Hall.

2. This Attendance Slip is valid only in case shares are held on the date of the meeting.

* Applicable for Investors holding shares in electronic form.

** Strike out whichever is not applicable.



ICSA (INDIA) LIMITED

Registered Office : 1st Floor, Plot No. 12, Software Units Layout, Madhapur, HYDERABAD - 81

PROXY FORM

DP.Id*	
Client Id*	

Reg. Folio No.

I/We

of

being member/members of M/s. ICSA (INDIA) LIMITED, here by appoint of

or failing him

of

as my / our proxy to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held at Hotel Daspalla, Madhapur, Hyderabad – 500 081, (A.P), on Friday, the 28th day of December, 2012 at 12.00 Noon, and at every adjournment thereof.

Signed this day of, 2012.

Affix
Revenue
Stamp

Note : 1. Proxy need not be a member.

2. Proxy Form, complete in all respects, should reach the Registered Office of the Company not later than 48 hours before the commencement Signature of the Meeting.

*Applicable for Investors holding shares in electronic form.



If undelivered, please return to :

ICSA (INDIA) LIMITED

Registered Office :

Plot # 12, Software Units Layout,
Cyberabad, Hyderabad - 500 081.
www.icsa-india.com