An ISO 9001 : 2000 Company

**ICSA (India) Limited**

Registered Office

1st Floor, Plot No.12, Software Units Layout

Cyberabad, Hyderabad - 500081, India

www.icsa-india.com


**ICSA (INDIA) LIMITED** • Annual Report 2009-10

## Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words like 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# CONTENTS...



# CORPORATE INFORMATION

## Board of Directors:

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

Mr. P. Kodanda Ramaiah
*Director -Technical*

Mr. S. S. Dua
*Director*

Mr. Y.V. Ramana Reddy
*Director*

Mr. V. Shyam Sunder Reddy
*Director*

## Company Secretary

Mr. K. Arun Kumar

## Auditors

VDNR & Associates
Chartered Accountants, Hyderabad

## Bankers

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

## Registered Office

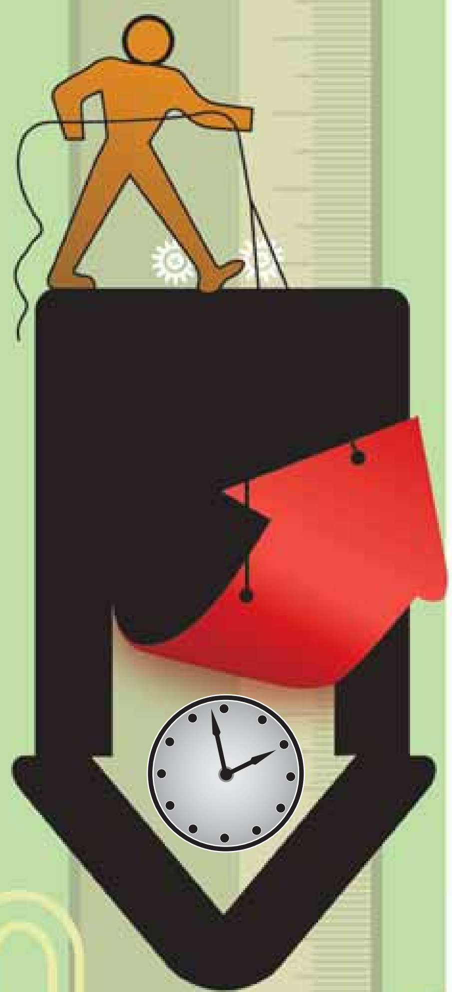
ICSA (India) Limited
1st Floor, Plot No.12, Software Units Layout
Cyberabad, Hyderabad - 500081, India
E-Mail: secretarial@icsa-india.com
Visit us at : www.icsa-india.com


Concept, research and design by
TRISYS
info@trisyscom.com

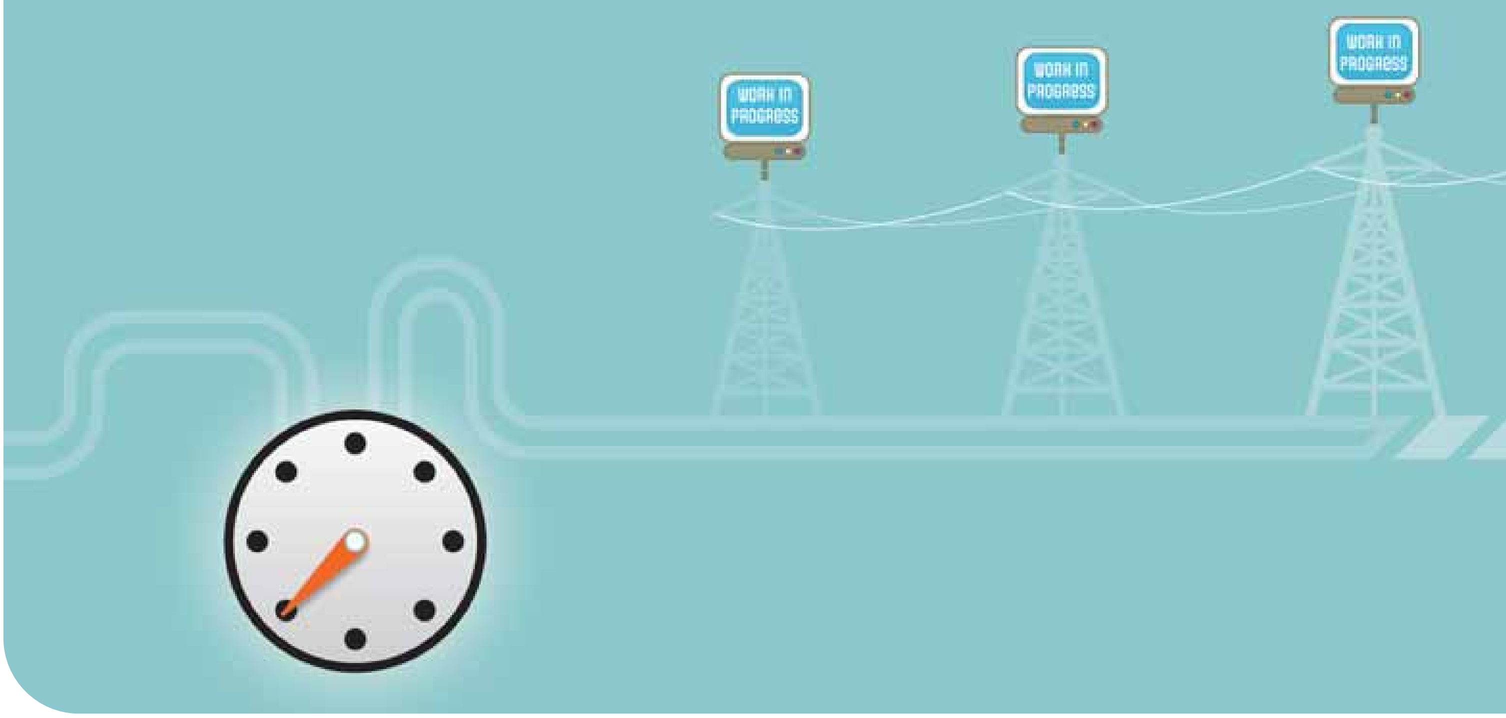
SHAREHOLDERS WILL NOTICE A 10.26 PER CENT INCREASE IN OUR TOPLINE BUT A 20.29 PER CENT DECLINE IN OUR BOTTOMLINE IN 2009-10.

THE BIG MESSAGE THAT WE WISH TO COMMUNICATE IS THAT WE EMBARKED ON A NUMBER OF INITIATIVES TO RETURN TO RAPID BOTTOMLINE GROWTH.

THE BEST IS YET TO COME.



ECONOMIC SLOWDOWN.
GENERAL ELECTIONS.
APDRP REPLACEMENT.
R-APDRP FUNDING AND OPERATIONAL RESTRUCTURING.
GROWING COMPETITION.
DELAY IN PROJECT APPROVAL AND EXECUTION. THESE ARE SOME OF THE REASONS WHY WE REPORTED LOWER NUMBERS IN 2009-10.



# ICSA'S PRUDENCE PREVAILED. ICSA IDENTIFIED RESPONSIBLE DRIVERS TO RETURN THE COMPANY TO ATTRACTIVE GROWTH 2010-11 ONWARDS.

- Refocused its marketing on automation
- Identified new business opportunities like SCADA and SMART Energy Meters
- Ventured into the high-end transmission business

ICSA IS A UNIQUE COMPANY.

PROVIDING CUSTOMISED, EMBEDDED AND TURNKEY SOLUTIONS.

FOR INDIA'S POWER, OIL, GAS AND WATER SECTORS.

# ICSA STRENGTHENED ITS SECTORAL FOCUS WITH TWO OBJECTIVES.

# TO ENHANCE CUSTOMER EFFICIENCY AND GENERATE A SUPERIOR BUSINESS RETURN;

# TO HELP THE COUNTRY SAVE RESOURCES.

# THIS SIMPLE BUSINESS IDEA TRANSLATED INTO A 97.36 PER CENT FIVE-YEAR CAGR IN REVENUES LEADING TO 2009-10.

## Lineage

- Headed by Mr. G. Bala Reddy (Chairman and Managing Director)

## Offerings

- Innovative products suitable for power utilities in energy management, energy audit and control applications and a versatile data acquisition system using several communication media such as GSM, GPRS, CDMA, PLCC, optical fibre and RF
- Embedded technology for the power sector including products like sub-station controllers, distribution transformer controllers and automatic meter reading systems, among others
- Remote monitoring system that finds application in sectors like oil & gas and water utilities, among others
- Turnkey and EPC services in the power infrastructure development

## Presence

- Headquartered in Hyderabad (India), International Subsidiary in Singapore, manufacturing unit in Hyderabad, Wind mills in the states of Karnataka and Tamil Nadu.
- Present across 13 states with 32 site offices and over 70 locations
- Equity shares listed on the Bombay Stock Exchange and National Stock Exchange

## Awards and accolades

- Deloitte featured ICSA as one of the Technology Fast 50 Indian Companies' for three consecutive years
- *Forbes Asia* ranked ICSA among India's Under a Billion Fast Growing Companies in September 2009
- *Businessworld* ranked ICSA in Top 50 by ROA and P/E in November 2009
- The Chairman and Managing Director was an Ernst & Young Finalist for the 'Entrepreneur of the Year' 2008 India Award and ranked India's 73rd 'Most Valuable CEO' by Business World
- *Business Today* ranked ICSA:
  - Sixth among top 10 by 5 year sales growth
  - Third among top 10 by 10 year sales growth
  - Fourth among top 10 by 5 year profit growth
  - Third among top 10 by 10-year profit growth

# WHAT WE ACHIEVED IN 2009-10

## Financials

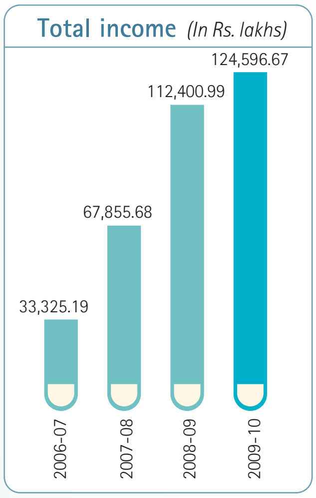
- Net sales increased 10.26 per cent from Rs. 112,353 lakh in 2008-09 to Rs. 123,745.23 lakh
- EBIDTA declined 9.23 per cent from Rs. 27,072 lakh in 2008-09 to Rs. 24,575 lakh
- Post-tax profit declined 20.29 per cent from Rs. 15,286.08 lakh in 2008-09 to Rs. 12,184.59 lakh
- Cash profit declined 13.17 per cent from Rs. 16,493 lakh in 2008-09 to Rs. 14,321 lakh

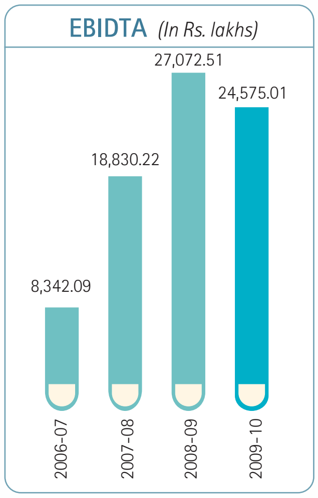
## Corporate

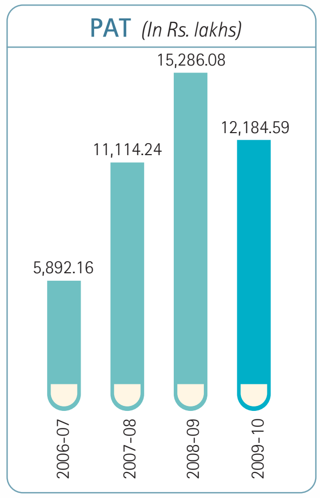
- Tied up with Dongfang Electronics Company Limited of China for SCADA-DMS applications
- Enhanced monthly meter manufacturing capacity from 25,000 to 150,000
- Received orders from PowerGrid Corporation of India Limited for executing A 400-kV sub-station and transmission line project
- Received ISO 14001 certification

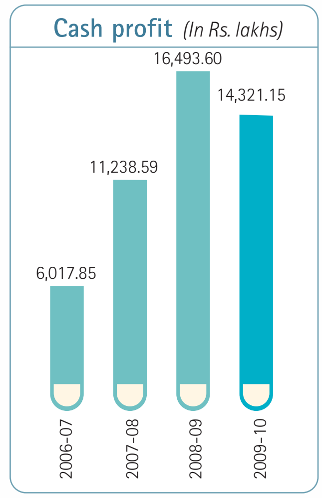
## Major product developments

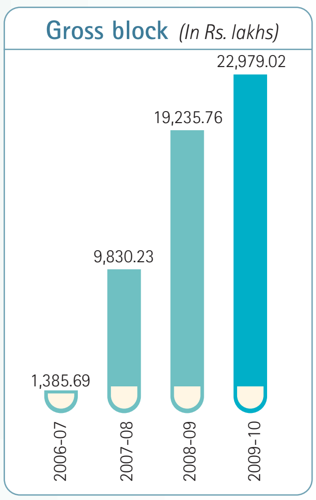
- Developed feeder RTU for SCADA applications
- Developed SMART energy meters for three-phased lines



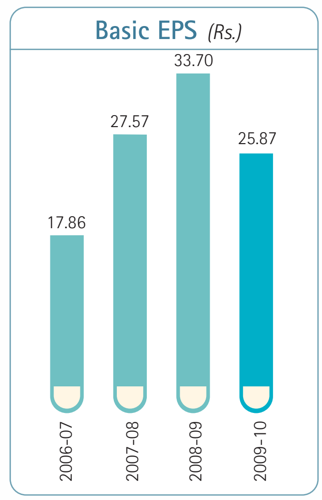



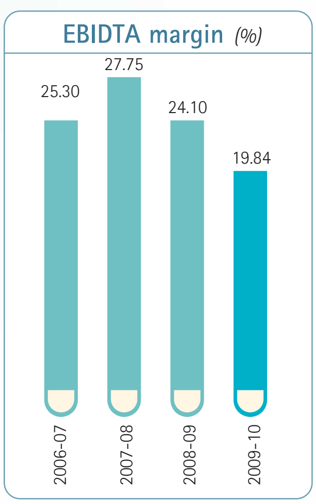



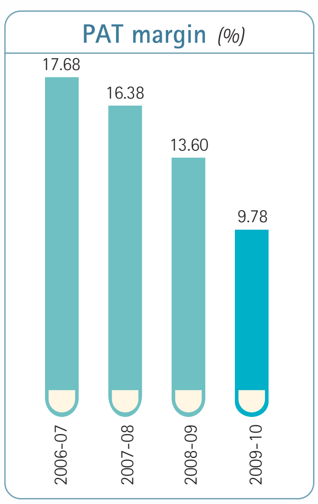



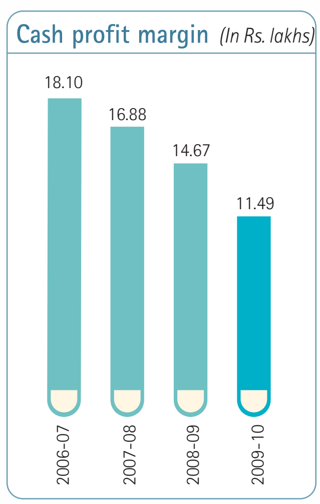



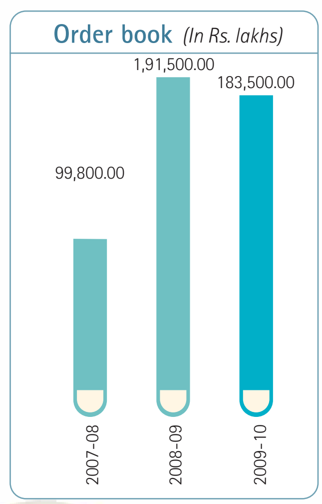

# OUR FINANCIAL PERFORMANCE




# "ICSA IS POISED FOR A BIG LEAP IN THE FORESEEABLE FUTURE."

*Dear Shareholders,*

IN THE HISTORY OF ANY RAPIDLY GROWING ORGANISATION, THERE WILL BE INTERVENING YEARS OF PLATEAUING GROWTH. THE YEAR 2009-10 WAS ONE SUCH YEAR FOR US.

Even as revenues increased 10.26 per cent, EBIDTA declined 9.23 per cent and post-tax profit declined 20.29 per cent.

This was the result of a number of external factors:

- The government replaced the erstwhile APDRP with the restructured APDRP, implemented through Power Finance Corporation (PFC). PFC empanelled system integrators as primary customers, who outsourced assignments to network solution providers, GIS solution providers and meter data acquisition and solution providers, among others. So, while ICSA bid directly to customers under the erstwhile APDRP segment, it is now required to bid to system integrators in the new R-APDRP environment. This has considerably slowed new order inflow in the ESS segment for the Company
- The new structure slowed the floating of new tenders in the technology segment, affecting ESS segment growth.

## 2009-10 in review

Your management responded with speed to these realities through various initiatives:

**IPS segment:** Unlike the ESS segment, the

IPS segment is independent of nodal agencies. The Company continued to build capabilities to execute larger projects in this segment. It graduated from 11 kV, 33 kV and 220 kV projects to 400 kV transmission projects, executing its first 400 kV project in 2009-10. It focused on increasing project size. Going ahead, we expect to expand in 400 kV transmission sub-station and lines projects.

**ESS segment:** We strengthened our embedded solution and software services to generate larger volumes in the coming years through the introduction of new products. The Company tied up with Dongfang Electronics Company Limited for SCADA-DMS projects, among other initiatives like renewing our sales strategies and increasing the number of channels.

**Strategic tie-up:** We tied up with Dongfang Electronics Company Limited for SCADA-based applications in the Distribution Management System (DMS). Dongfang possesses a rich experience in the implementation of SCADA-based technologies the world over. So, while ICSA will provide the hardware, engineering, installation and commissioning and support, Dongfang will provide the required software.

**SCADA empanelment:** Under the R-APDRP, a new structure called SCADA Implementation Agencies (SIA) was created. SIAs will be eligible to bid directly for SCADA-based projects. During the year under review, the consortium of DFE with ICSA has been empanelled as a SCADA implementation agency by PFC.

**Strengthening SMART meter capacity:** Following the acquisition of a meter manufacturing unit, we scaled production capacity from 25,000 meters a month to 150,000 meters a month. This capacity investment will enable us to scale our business through the wider introduction of SMART meters and reduce costs through a backward integration into the direct manufacturing of ESS products.

**We tied up with Dongfang Electronics Company Limited for SCADA-based applications in the Distribution Management System (DMS).**

**SMART meter certifications:** Our energy meters received certifications from various NABL-accredited testing laboratories, enabling us to bid for tenders by the utilities.

**New product development:** Our R&D department developed new products and newer versions of existing products with enhanced communication capabilities, improving product acceptability.

**Completion of PQMS project:** We completed a pilot project for installing a power quality management system (PQMS) in Baroda for MGVCL under the DRUMS project. All our products in the project are running successfully and we expect larger orders for the same.

## Industry overview

In India, more than a quarter of the power generated (these estimates vary on the higher side from state to state) is lost due to technical and commercial reasons.

The government targeted a reduction in commercial losses from 23 per cent to 5 per cent in the Eleventh Five Year Plan. As this progressively transpires, distribution companies will finally be liquid enough to re-invest in strengthening their networks. The urgency to reduce commercial loss represents the basis of ICSA's existence, which possesses products and services to automate distribution companies.

There is a second basis for the Company's existence. With a revised projected power capacity addition of 90,000 MW in the Eleventh Five Year Plan and more than 1,00,000 MW in the Twelfth Plan, India will need to reinforce its T&D infrastructure.

ICSA's SCADA-DMS implementation is just the product for this sensitising environment. Our state-of-the art introduction encompasses all networks and, in doing so,

can reduce aggregate technical and commercial (AT&C) loss and increase energy management efficiency.

This SCADA opportunity is estimated at Rs. 2,000 - 2,500 crore in three years. Our Company is among the few in India to possess this SCADA capability.

Going ahead, the country's proposed implementation of SMART grids will facilitate a more efficient electricity flow over a shared, interoperable network. The implementation will comprise hardware and software applications seamlessly integrated to ensure real-time and uninterrupted communication with each other. The result: intelligent bi-directional digital networks.

By the virtue of its established presence in the T&D automation and infrastructure space, ICSA is expected to drive its second phase of growth.

## Preparing for the future

As R-APDRP outlay translates into actual disbursement, the power sector will be automated strengthening the market for ICSA's embedded products, SCADA-DMS solutions and SMART energy meters in the following ways:

- Our embedded products will cater to the urgent need for reducing T&D losses in India.

## Planned capacity additions for transmission lines

| | Unit | At the end of the Tenth Five Year Plan (March 2007) | Additions planned under the Eleventh Five Year Plan |
|---|---|---|---|
| 765KV | Ckm | 1,704 | 5,428 |
| HVDC +/- 500 KV | Ckm | 5,872 | 5,206 |
| HVDC 200KV monopole | Ckm | 162 | 0 |
| 400 KV | Ckm | 75,722 | 49,278 |
| 230/220 KV | Ckm | 114,629 | 35,371 |
| **Total** | **Ckm** | **198,089** | **95,283** |

*[Source: CEA]*

## Substation capacity addition under the Eleventh Five Year Plan

| | Unit | At the end of the Tenth Five Year Plan (March 2007) | Additions planned under the Eleventh Five Year Plan |
|---|---|---|---|
| HVDC BTB | MW | 3,000 | -- |
| HVDC bipole + monopole | MW | 5,200 | 6,000 |
| HVDC terminal capacity | MW | 8,200 | 6,000 |
| 765 KV | MVA | 2,000 | 51,000 |
| 400 KV | MVA | 92,942 | 52,058 |
| 230/220 KV | MVA | 156,497 | 73,503 |
| Total AC sub-station capacity | MVA | 251,439 | 176,561 |

*[Source: CEA]*

■ Our empanelment for SCADA solutions by PFC will enhance revenues, leveraging our existing experience in the implementation of automating equipment.

■ Our growing production of SMART meters will help reduce AT&C losses.

In the IPS segment, our projects rollout ranged from 11 kV to 400 kV and we expect to graduate to bigger projects and overseas assignments in sub-station deployment.

## Value

ICSA entered the business of infrastructure projects in 2000 and embedded services in 2004, reporting a 97.36 per cent CAGR in revenues in the five years leading to 2009-10. The Company is now building capabilities to graduate to the next league. This should enable it to emerge as a large integrated power solutions organisation in the coming years.

**G Bala Reddy**

*Chairman and Managing Director*

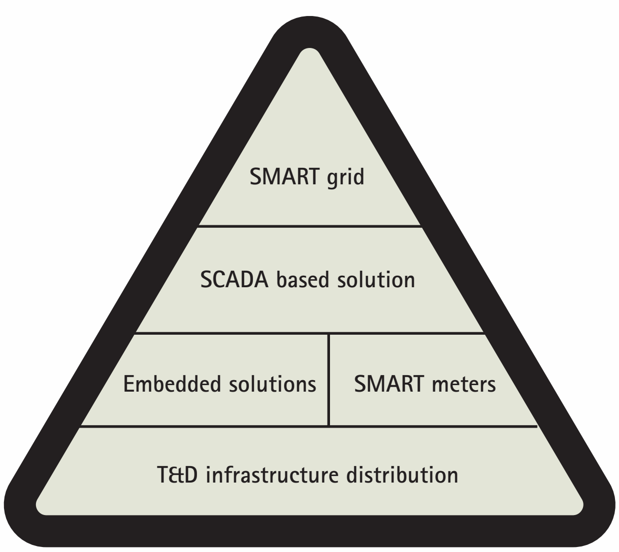
## The SCADA system

The SCADA system will facilitate the following advantages: real-time distribution system monitoring, load balancing, improvement in voltage profiles, competent load handling during load shedding and restoration, efficient network planning and easier scalability through proven power system planning tools.

The superior data acquisition systems will also enable the following:

■ Pilferage points plugging ■ Enhanced quality power supply ■ Faster fault identification
■ Accelerated power restoration ■ Superior network planning and design

## The futuristic ICSA business model



## 33

The percentage of AT&C loss in India

## 95

The percentage of ICSA's revenues from the Indian power sector

## 150

The strength of the Company's R&D team

## 50,000

Rs. crore, the budget for R-APDRP in the Eleventh Plan (against Rs. 30,000 cr for APDRP in the Tenth Plan)

*(Source: Fairwealth Research)*

**32**

per cent is the penetration of pipelines in India compared with 79 per cent world over

*(Source: VCK Research)*

**11,665**

The length of crude oil pipelines in India (in km)

*(Source: Indian Infrastructure, April 2010)*

**10,900**

The length of gas pipelines in India (in km)

*(Source: Indian Infrastructure, April 2010)*

**7,500**

Allocation under Rajiv Gandhi Drinking Water Mission (in Rs. crore)

# SMART GRID. THE FUTURE OF POWER T&D IN INDIA.
# AND HOW ICSA IS PREPARED FOR IT.

THE SMART GRID USES COMPUTERS AND COMMUNICATION TECHNOLOGIES, LEADING TO A MORE EFFICIENT ELECTRICITY FLOW OVER A SHARED, INTEROPERABLE NETWORK FROM GENERATION TO TRANSMISSION TO DISTRIBUTION.

This grid will comprise hardware devices and software applications, seamlessly integrated to ensure real-time and uninterrupted communication with each other, making the grid an intelligent bidirectional digital network (unlike the conventional unidirectional alternative).

In smart grids, in-system losses are a mere 4-5 per cent when compared with over 15-20 per cent-plus in legacy grids.

These smart grids will comprise hardware (smart meters, energy management technologies, wireless sensor networks, control systems like SCADA - and software system integrators and demand response programs). Demand-side incentives will need to be managed with pricing models that optimise consumption and minimise peak load usage.

## Smart grid features

- Smart grid technology will provide incentives like low-cost power to consumers for time-specific appliance use at the distribution level. This will also require the rationalisation of the existing tariff structure and introduction of 'time-of-the-day' tariffs. Moreover, power grids will be able to monitor individual power consumption patterns from centralised control rooms.
- Smart grids will use real-time information from embedded sensors and automated controls to anticipate, detect and respond to power outages, power quality problems and service disruptions.
- Smart grids will control power loss due to overhead power line failure by designing networks in a way that the failure of one network part does not affect supply to end users.
- Smart grid technologies will identify and respond better to man-made or natural disruptions better.
- Smart grid technologies will enable power grids to operate with larger renewable energy resources.
- Smart grids will enable power generators to schedule switches between different generation modes in line with demand. This assumes significance following capacity addition in wind and solar power generation, which are time-dependent.
- Smart grids will manage the transition from a centralised, producer-controlled network to one less centralised and more consumer-interactive.
- Smart grids will enable consumers to exercise 'demand response' and shed load depending on grid demand and availability conditions. In the circumstances, tariff policies that incentivise bulk consumers, especially industries, to shift some share of their production away from peak times, will smoothen the load profile.
- Smart grids will enable power distribution utilities to know where the power is flowing, when and at which quantity. This can help reduce power thefts, a common Indian feature.
- In many Indian homes, power connection is poor and users can access electricity only during certain times of the day. Grid load balancing and distribution automation services will help in consistent supply.

## Status of smart grid in India

India struggled to control AT&C losses, almost 30 per cent in 2009. While less than a fifth can be attributed to technical losses, the bulk is commercial and arising from theft, irregular billing and poor collections. Besides, the critical nodes of the distribution network (sub-stations, distribution transformers and energy meters) work as silos without integration.

To sustain economic growth, India needs to build a modern, intelligent grid. In line with this urgency, the Indian government initiated the upgradation of its transmission and distribution infrastructure, leading to the proposed introduction of a smart grid, which promises to provide a stable infrastructure.

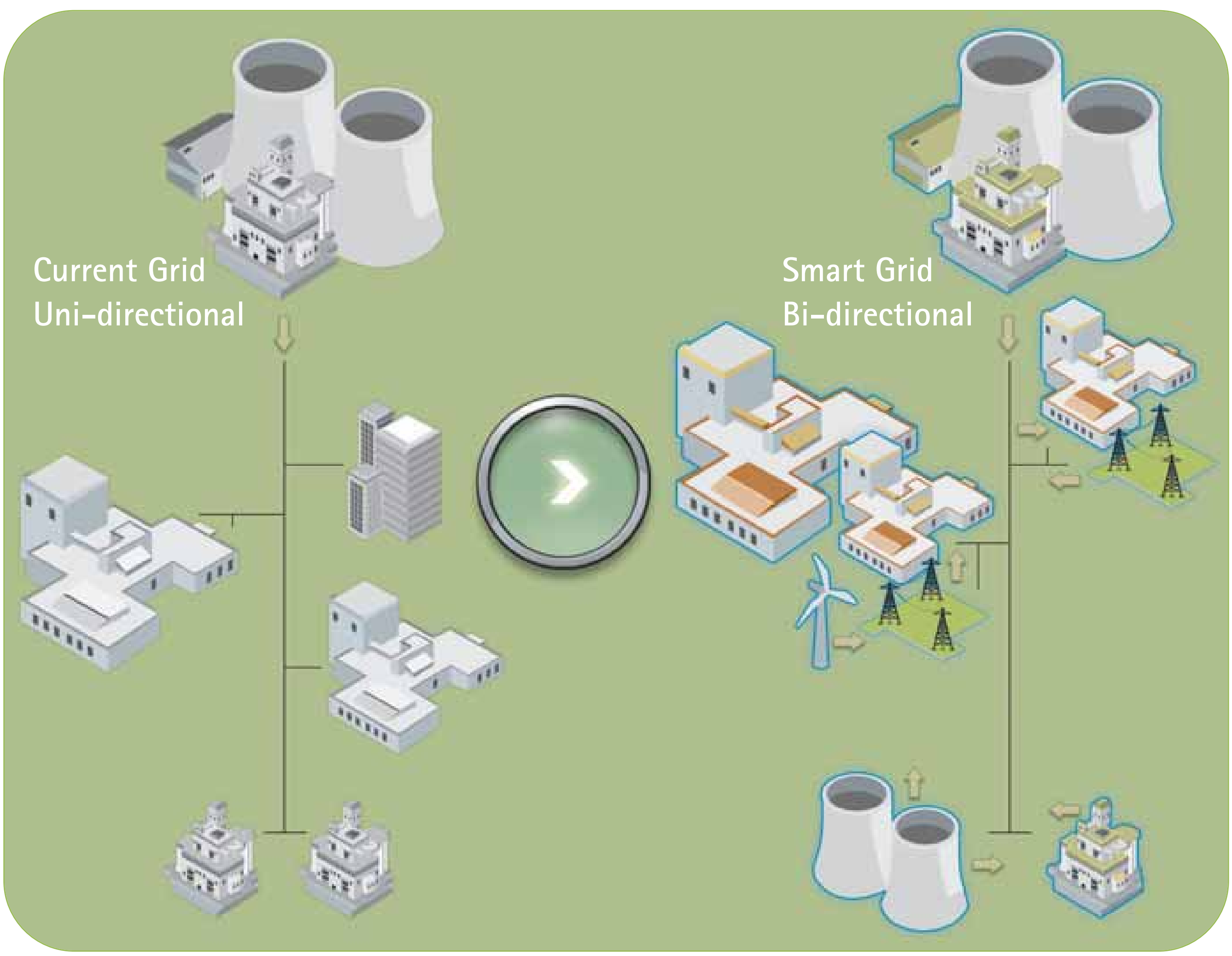
Following the recommendations of a task force, the R-APDRP was initiated to intensify IT use in distribution. India is uniquely positioned to invest in smart grids and bypass the old grid model.

## ICSA can help India build smart grids

ICSA provides a suite of pioneering embedded solutions and quality infrastructure in energy management, energy audit and control applications. It provides a versatile data acquisition system using several communication media (GSM, GPRS, CDMA, PLCC, optical fibre and RF, among others). It provides embedded and high performance communications software with advanced real time functionality that can be used throughout the energy sector.

ICSA's smart energy meters – high-accuracy electronic function, tamper detection, remote billing, disconnection and reconnection features – can help reduce AT&C losses.

In doing so, ICSA, a company that pioneered the intelligent telemetry business in India, can help the country become 'smarter'.



Case study

# A SMART GRID CITY

- HOW MANY KILOWATT HOURS DO YOU USE IN YOUR HOME?
- HOW MUCH DO YOU PAY PER KILOWATT HOUR?
- HOW MUCH DO YOU SAVE IF YOU RAISE YOUR THERMOSTAT TWO DEGREES IN THE SUMMER?
- IF A NEIGHBOURHOOD PURCHASES A PLUG-IN HYBRID ELECTRIC VEHICLE (PHEV), WOULD LIGHTS DIM IF EVERYONE PLUGGED IN TOGETHER?

Imagine a future when the internet helps program appliances to capitalise on off-peak electric tariff. Or when your utility is driven by adequate energy produced by wind or solar energy. Or when your electric company can remotely detect a transformer close to failing and prevent a blackout through timely intervention. Or when plug-in electric cars can be charged from home solar arrays to transmit power on demand to the grid.

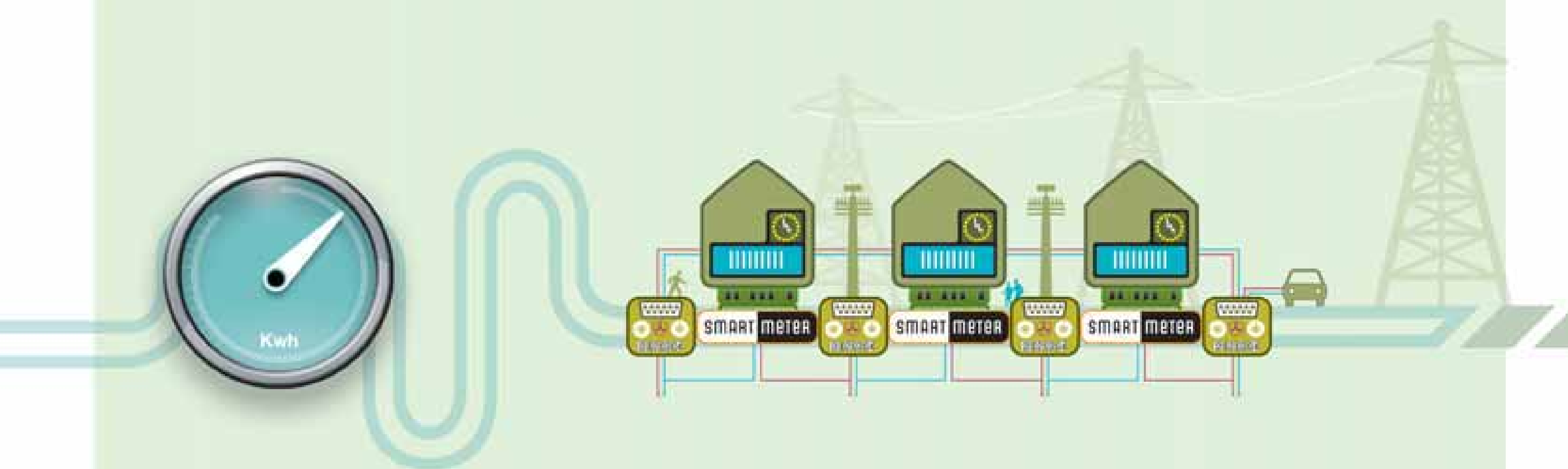
This future is now. In Boulder, Colorado, as Xcel Energy, a major U.S. electricity and natural gas company with regulated operations in eight states, provides a comprehensive portfolio of energy-related products and services to 3.4 million electricity customers and 1.9 million natural gas customers. The result: the world's first smart grid city.

Boulder (Colorado) is the first installation of an electrical smart grid. The project backbone is a broadband information network wired into power lines. Xcel laid more than 200 miles of fiber optic cable, 4,600 residential and small business transformers and nearly 16,000 smart meters, all connected into the smart grid system. This generates a wealth of information about power consumption for the benefit of customers and utilities.

For instance, the smart meter is able to assess the environmental impact of their consumption or conservation in understandable terms: like the number of trees saved or the number of pizzas that could have been microwaved with the conserved energy. The meter also makes it possible to see when most electricity is being consumed by the rest of the city so that they may be able to time their consumption in accordance with grid load.

## Benefits

- Households with solar panels on their roof can – if on sunny days they produce more electricity than they need for their own use – sell surplus power to the utility via the Smart Grid system and generate revenues.
- Hybrid car owners with fully charged batteries can connect to the grid and upload power in return for a reduction in their next electricity bill.
- Power companies can read customer meters remotely, reduce outages and false power outage calls quicker.



# ICSA AND DONGFANG

## Dongfang's rich experience

Dongfang Electronics Company Limited, China (DONGFANG) has been working in the area of power automation systems for more than 25 years. The Company possesses a full range including SCADA/EMS/DMS/AMR, RTU, protection relay, substation control system, digital fault recorder and automatic devices, meter, power supply and communication devices among others. It has produced more than 522 sets of SCADA/EMS/DMS systems for power control centres and 7,000 RTUs and 2,000 substation automation systems for customers in China and other countries.

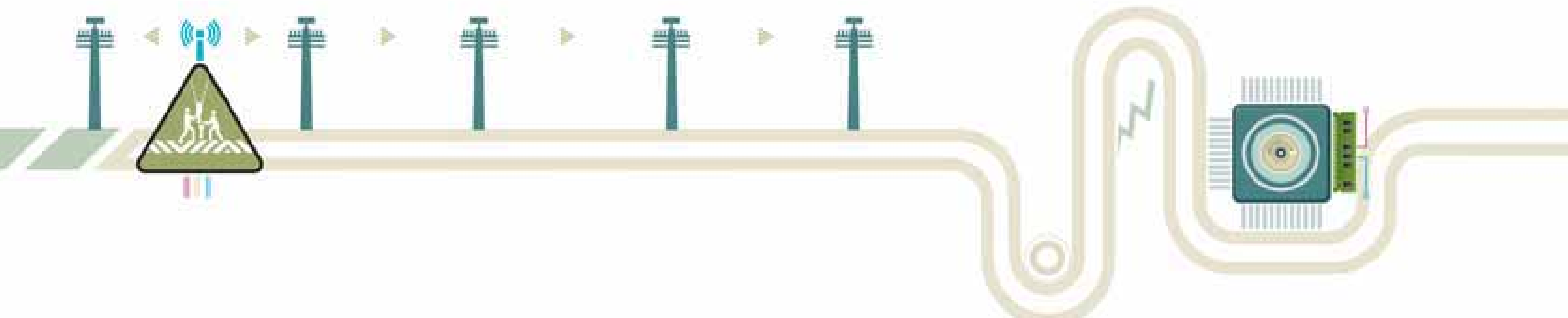
The result is that more than 70 city distribution control centres use Dongfang's SCADA/DMS system. Its DF8000 SCADA/DMS/EMS system represents an integrated solution for analysis, simulation and operation of electric power generation, transmission and distribution, providing supervisory and control, network analysis, safe and economical operation instruction, dispatch information management, dispatcher training simulator, data integration platform with third party software and communication between different control centres among others.

Dongfang filed seven patent applications and launches around 10 new products annually.

Dongfang's SCADA applications will play an important role as the Indian Ministry of Power identified SCADA as a critical development that each utility will need to incorporate for strengthening and scaling its network.

ICSA partnered with Dongfang Electronics Company Limited in empanelment as a SCADA implementation agency by Power Finance Corporation and provide SCADA solutions for the country's power sector, This alliance will help reduce Aggregate Technical and Commercial (AT&C) losses and increase energy management efficiency through real-time distribution system control.

ICSA's experience in the Indian T&D sector, presence in the SCADA-DMS hardware and Dongfang's software-cum-implementation experience will combine to catalyse sustainable growth for the Company.



## Unique technology

To service the growing needs of the power sector, ICSA developed a unique technology that enables the use of various communication options like GSM (Data call / SMS / GPRS) RF and PLCC, resulting in low operational costs and high expandability without the need for additional equipment.

## Universal

ICSA uses an industry standard open protocol that is platform-independent. The Company's products function irrespective of the type or brand of existing energy meters. Besides, modifications can be executed at a short notice.

# ICSA'S

## Available market

More than 35 per cent of the energy generated in India is lost in transmission and distribution. Only 58 per cent of the energy produced is actually billed and less than 48 per cent eventually realised. ICSA's niche product portfolio caters to this segment, facilitating commercial loss reduction.

## Market size

It is estimated that India's Metered Data Acquisition business will open up opportunities worth Rs. 20 billion, helping ICSA pull in orders worth Rs. 4-5 billion under this segment. The IAMRs market was estimated at Rs. 300 bn, T&D monitoring segment at Rs. 55 bn and the agriculture load-management segment at Rs. 53 bn over the Plan period *(Source: Daiwa Research)*.

## Value chain

ICSA graduated from solutions to complete product delivery through the acquisition of the energy meter plant of ECE Industries (Hyderabad). The Company also built up capabilities in the SCADA-DMS. It climbed the value-chain in the IPS segment, executing a 400-kV sub-station and transmission line project, and now intends to execute 765 kV projects.

## Skilled manpower

The Company employs a team of more than 950 professionals 150 R&D professionals including.

## Asset-light strategy

The Company follows an asset-light strategy, which ensures that capital-intensive manufacture is outsourced, enhancing investments in research and new product development.

## Industry buoyancy

The R-APDRP budget of Rs. 50,000 crore will be invested across three years; Rs. 10,000 cr will be dedicated to technology acquisition. ICSA's embedded systems will address this large industry opportunity.

# STRENGTHS

## Competitive edge

ICSA leverages the advantages of an organised industry presence in a largely unorganised sector. The Company works with large customers and has patented its principal product offerings (has four patented embedded system products).

## Sectoral presence

ICSA is a proxy of the growth coming out of India's power, oil and gas, mining, irrigation, transport and water utility sectors.

## Strong financials

The Company possesses a robust Balance Sheet with total assets of Rs. 1,33,730.83 lakh and a strong debt-equity ratio of 0.86 (as on March 31, 2010).

## Business synergy

The Company's focus on the power sector in both segments is complementary. The execution of projects in the power transmission segment enhanced T&D insights, leading to corresponding product development.

# CREATING CAPABILITIES TO ADDRESS THE
# FUTURE

THE MINISTRY OF POWER INTENDS TO FLOAT SCADA-RELATED TENDERS WORTH RS.2,000 – 2,500 CRORE OVER THE NEXT THREE YEARS. ICSA IS BUILDING ITS COMPETENCE TO CAPITALISE ON THIS SIGNIFICANT OPPORTUNITY.

- Software solutions will be integrated to SCADA-DMS projects; ICSA tied up with Dongfang Electronics Company Limited, a leading global company, to provide software solutions for these projects.
- An empanelment with nodal agency Power Finance Corporation will be imperative to bid and bag orders; the consortium of ICSA and Dongfang was empanelled by PFC in 2009.
- A backward integration into hardware manufacture will enhance control, quality and cost-effectiveness; ICSA developed various hardware products (micro-RTU and feeder RTU) for SCADA-DMS.
- The ability to automate power networks will represent a critical advantage in being awarded projects and being able to implement them; ICSA possesses a rich five-year related experience.

**Result:** ICSA is strategically positioned to capitalise on the emerging opportunity.

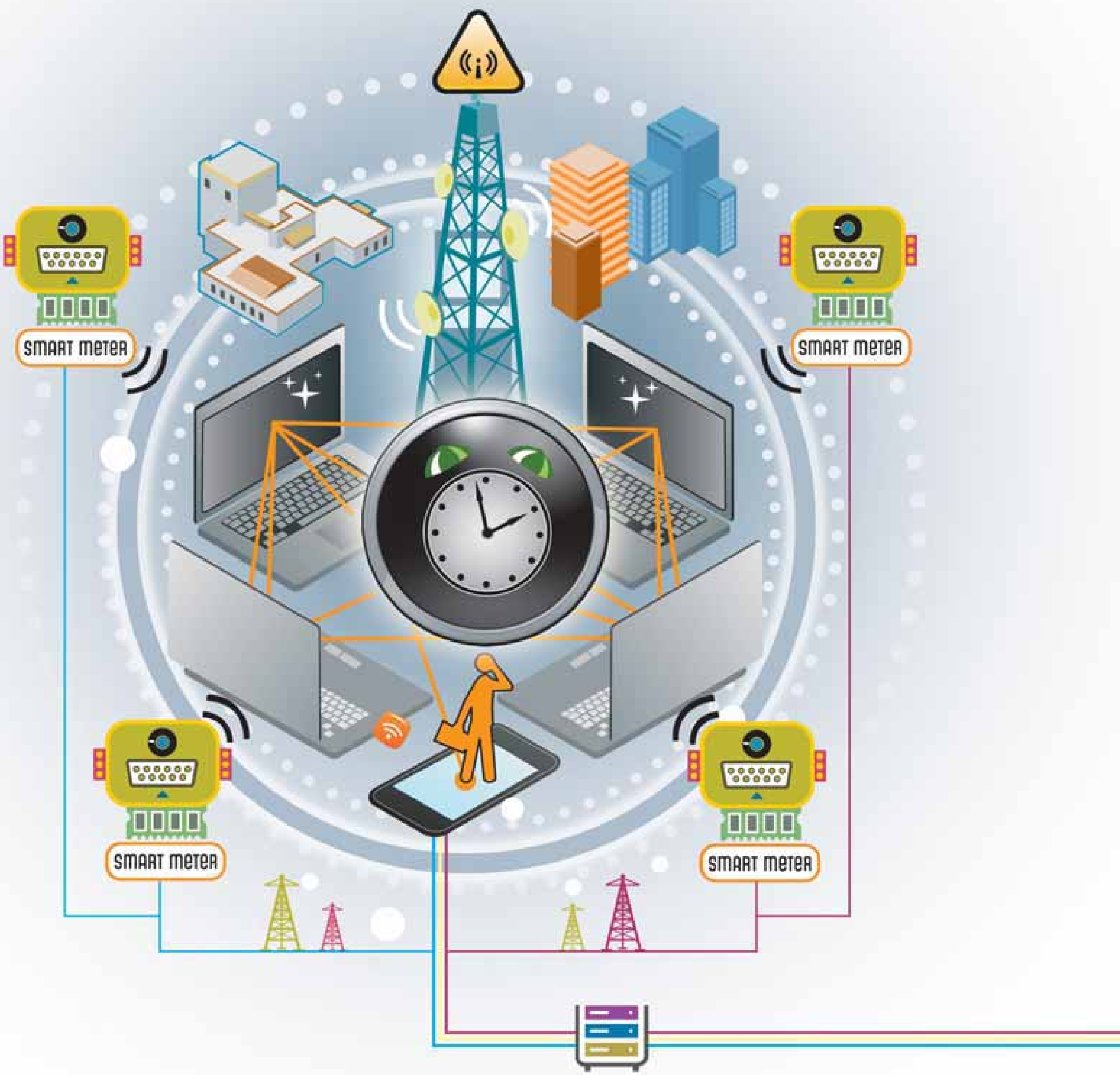
# FACILITATING AN AUTOMATED INDIAN
# T&D SYSTEM

TO REDUCE AT&C LOSS, THE R-APDRP EMPHASISED THE IMPORTANCE OF INVESTING INFORMATION AND COMMUNICATION TECHNOLOGIES IN THE POWER SECTOR, LEADING TO THE CREATION OF SMART GRIDS. ICSA IDENTIFIED THIS OPPORTUNITY AS EARLY AS IN 2004 THROUGH THE DEVELOPMENT OF RELEVANT PRODUCTS.

- The Company was empanelled by PFC for Remote Meter Data Acquisitions and Solution Provider in 2008-09.
- The Company developed a host of state-of-the-art products for automated meter readings, power quality management system, distribution transformer monitoring system and theft detection devices, among others. These help assess power distribution quality, theft, overloading and facilitate quick billing.
- The Company executed multiple projects for various Indian state electricity boards; all the Company's products and projects are running successfully, leading to attractive resource savings.
- The Company's R&D team developed tailor made innovative products to automate the power sector.

**Result:** ICSA grew its topline at a CAGR of 97.36 per cent in 2009-10 and is expected to grow revenues significantly once R-APDRP tenders are bagged.

# MAKING INDIA'S POWER SECTOR SMART



THE POWER MINISTRY IS EMPHASISING THE INTRODUCTION OF SMART METERS TO REDUCE POWER THEFT AND ENHANCE UTILITY REVENUES. ICSA IS ADDRESSING THIS NEED THROUGH VARIOUS INITIATIVES.

- There will be a significant growth in the country's need for SMART meters; ICSA expanded its capacity of SMART meters (with an in-built automated meter reading system) six-fold following the acquisition of the plant.
- The country will need SMART meters with universal applications; ICSA introduced SMART energy meters for single-phase and three-phase domestic and commercial applications.
- The country will need meters that address the highest quality standards; ICSA's meters conform to IS:13779, IS:14697, IEC:62053-21-22-23 and CBIP88-TR standards.
- The country needs meters that do not just record consumption; ICSA's meters will detect probable theft with preventive safeguards.

**Result:** ICSA is ideally positioned to capture a large slice of the SMART meters market.

SUSTAINING OUR IPS BUSINESS

# GROWTH

THE MINISTRY OF POWER ENVISAGED THE ESTABLISHMENT OF AN INTEGRATED NATIONAL POWER GRID IN INDIA BY 2012, WITH AN INTER-REGIONAL POWER TRANSFER CAPACITY OF ABOUT 37,700 MW. THE ELEVENTH FIVE YEAR PLAN ENVISAGED THE ADDITION OF 95,283 CKM FOR POWER TRANSMISSION AND 176,561 MVA FOR DISTRIBUTION SUB-STATIONS. ICSA STRENGTHENED ITS IPS BUSINESS TO ADDRESS THESE UNPRECEDENTED OPPORTUNITIES.

- The Company provides EPC and turnkey services in the electrical infrastructure segment of the country's transmission and distribution sector.
- The Company offers sub-station deployment services ranging from 11 kV to 400 kV transmission lines and sub-stations
- The Company is present across 13 states in India with 32 site offices and over 70 project locations.
- The Company is exploring sub-station construction opportunities abroad.

**The result:** The IPS segment is expected to grow further in 2011-12.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Indian economic overview

After a GDP slowdown in the second half of 2008-09, India's economy grew 7.4 per cent in 2009-10 (6.7 percent in 2008-09) and is expected to grow around 8.5 percent in 2010-11 and in excess of 9 per cent in 2011-12. The recovery emphasises the effectiveness of India's policy response, comprising tax relief, increased public projects expenditure and enhanced borrowing limits of state governments.

## Indian economic highlights, 2009-10

- Inflation stood at 7.3 per cent while food inflation peaked at 19.8 per cent (December 2009)
- Per capita income rose from 3.7 per cent in 2008-09 to 5.3 per cent
- Foreign exchange reserves strengthened from USD 252 billion in end March 2009 to USD 279.09 billion as on April 2, 2010
- India's wireless network became the second largest in the world with 525.1 mn mobile users and every second Indian possessing a phone
- India graduated to the league of the world's fastest growing nations with 32.5 per cent savings and 34.9 per cent investment (of GDP in 2008-09).

## Rate of growth (at factor cost at 2004-05 prices per cent)

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|---|---|---|---|---|---|
| Agriculture, forestry and fishing | 5.2 | 3.7 | 4.7 | 1.6 | -0.2 |
| Mining and quarrying | 1.3 | 8.7 | 3.9 | 1.6 | 8.9 |
| Manufacturing | 9.6 | 14.9 | 10.3 | 3.2 | 8.9 |
| Electricity, gas and water supply | 6.6 | 10.0 | 8.5 | 3.9 | 8.2 |
| Trade, hotels and restaurants | 12.4 | 10.6 | 10.0 | 5.9 | 6.5 |
| Transport, storage and communication | 11.5 | 12.6 | 13.0 | 11.6 | |
| Financing, insurance, real estate and business services | 12.8 | 14.5 | 13.2 | 10.1 | 9.9 |
| Community, social and personal services | 7.6 | 2.6 | 6.7 | 13.9 | 8.2 |
| GDP at factor cost | 9.5 | 9.7 | 9.2 | 6.7 | 7.4 |

*(Source: Economic Survey, 09-10)*

SECTORAL REVIEW

# INDIAN POWER SECTOR

India is the world's sixth largest energy consumer with an installed capacity of 159,398.49 MW (as on March 31, 2010). The country accounted for about 3.5 per cent of the world's total annual energy consumption but a low per capita consumption of 631 Kwh (world consumption 2,873 Kwh in 2009-10). According to estimates, peak demand shortage was at around 12.6 per cent and energy deficit at around 9.9 per cent as on January 31, 2010 *(Source: Ministry of Power).*

## Indian power sector overview

| | Tenth Plan performance 2002-2007 | Eleventh Plan 2007-2012 proposals |
|---|---|---|
| Total generating capacity | 132.3 GW | 210.9 GW , Up 59 per cent |
| Total energy requirement | 690 BU | 1038 BU, up 50.4 per cent |
| Per capita consumption | 665Kwh | 1000Kwh, up 50.3 per cent |
| Total investment | USD 35 B | USD 124.57 B, up 255 per cent |

*Source: Company*

## All India annual per capita consumption of electricity

| Year | Per capita consumption (kWh) |
|---|---|
| 2002-03 | 566.7 |
| 2003-04 | 592.1 |
| 2004-05 | 612.5 |
| 2005-06 | 631.5 |
| 2006-07 | 671.9 |
| 2007-08 | 704.2 |

*(Source: Ministry of Power)*

## Union Budget impact, 2010-11

- Plan allocation for the power sector (excluding RGGVY) doubled from Rs. 2,230 crore in 2009-10 to Rs. 5,130 crore in 2010-11.
- Total outlay for the Restructured Accelerated Power Development and Reforms Programme (R-APDRP) increased from Rs. 20.8 billion in 2009-10 to Rs. 37 billion for 2010-11.
- India Infrastructure Finance Company Limited (IIFCL) disbursements are expected to touch Rs. 9,000 crore by March 2010 and reach around Rs. 20,000 crore by March 2011. Refinancing of bank lending to infrastructure projects was authorised.
- IIFCL refinanced Rs. 3,000 crore during the last year and is expected to more than double that amount in 2010-11. The take-out financing scheme announced in the last Budget is expected to provide finance for about Rs. 25,000 crore in three years.

## Transmission and distribution

Electricity transmission comprises the bulk transfer of power over long distances at high voltage (generally 132 kv and above). India's existing bulk transmission line capacity is 2,65,000 ckm. As per Central Electricity Authority (CEA) estimates, investment in T&D (including the rural electrification infrastructure for the Eleventh Five Year Plan) is estimated at Rs. 1,402 bn for a targeted transmission line addition of 95,283 ckm; sub-station capacity is expected to increase by 176,561 MVA *(Source: Daiwa Research).* The Ministry of Power plans to establish an integrated National Power Grid by 2012 with close to 200,000 MW generation capacity and 37,700 MW of inter-regional power transfer capacity *(KPMG Research).*

## T&D losses

India's T&D losses of Rs. 40,000 crore in 2009-10 are expected to increase to Rs. 68,000 crore in 2010-11 if tariff is not hiked from 2008 levels *(Source: The Hindu, April 29, 2010).* India's AT&C losses are as high as 30 per cent compared with 5-10 per cent in the developed markets. India's restructured APDRP aims to reduce power losses to 15 per cent by the end of the Eleventh Five Year Plan *(Source: Daiwa Research).*

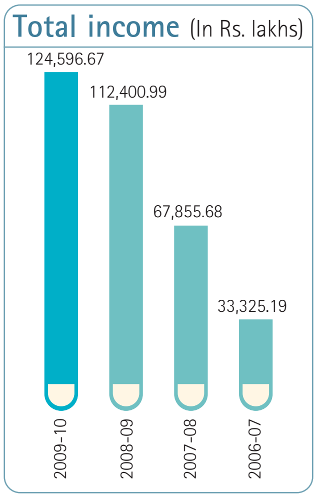
## All-India T&D and AT&C losses

(%)

| Year | T&D losses | AT&C losses* |
|---|---|---|
| 2002-03 | 32.54 | 32.54 |
| 2003-04 | 32.53 | 34.78 |
| 2004-05 | 31.25 | 34.33 |
| 2005-06 | 30.42 | 34.54 |
| 2006-07 | 28.61 | 32.07 |
| 2007-08 | 26.91 | NA |

*[Source: Ministry of Power]*

## Aggregate technical and commercial loss comparison




*[Source: CEA, Ministry of Power, Mata Research]*

## Market opportunity in AT&C loss reduction

| | Energy loss metrics (2009) | Projected loss metrics @ current price Eleventh Plan |
|---|---|---|
| Total energy produced | 72.3 BU | 110.28 BU |
| AT&C losses | 23.9 BU, 33.07 per cent | 16.54 BU, 15 per cent |
| Technical loss | 7.23 BU, 10 per cent | 11.03 BU, 10 per cent |
| Commercial loss | 16.67 BU, 23.07 per cent | 5.51 BU, 5 per cent |

■ ICSA's focus

The transmission and distribution losses (T&D) are defined as the power lost due to an inefficient transmission and distribution infrastructure. Since T&D losses were unable to factor losses arising out of a gap between billing and collection as well as theft, the concept of aggregate technical and commercial (AT&C) loss was introduced.

**Technical losses:** Comprises energy lost in the transfer of energy from one location to another

**Commercial losses:** Arise due to an inability to collect billed amounts or erroneous billing, poor metering and theft

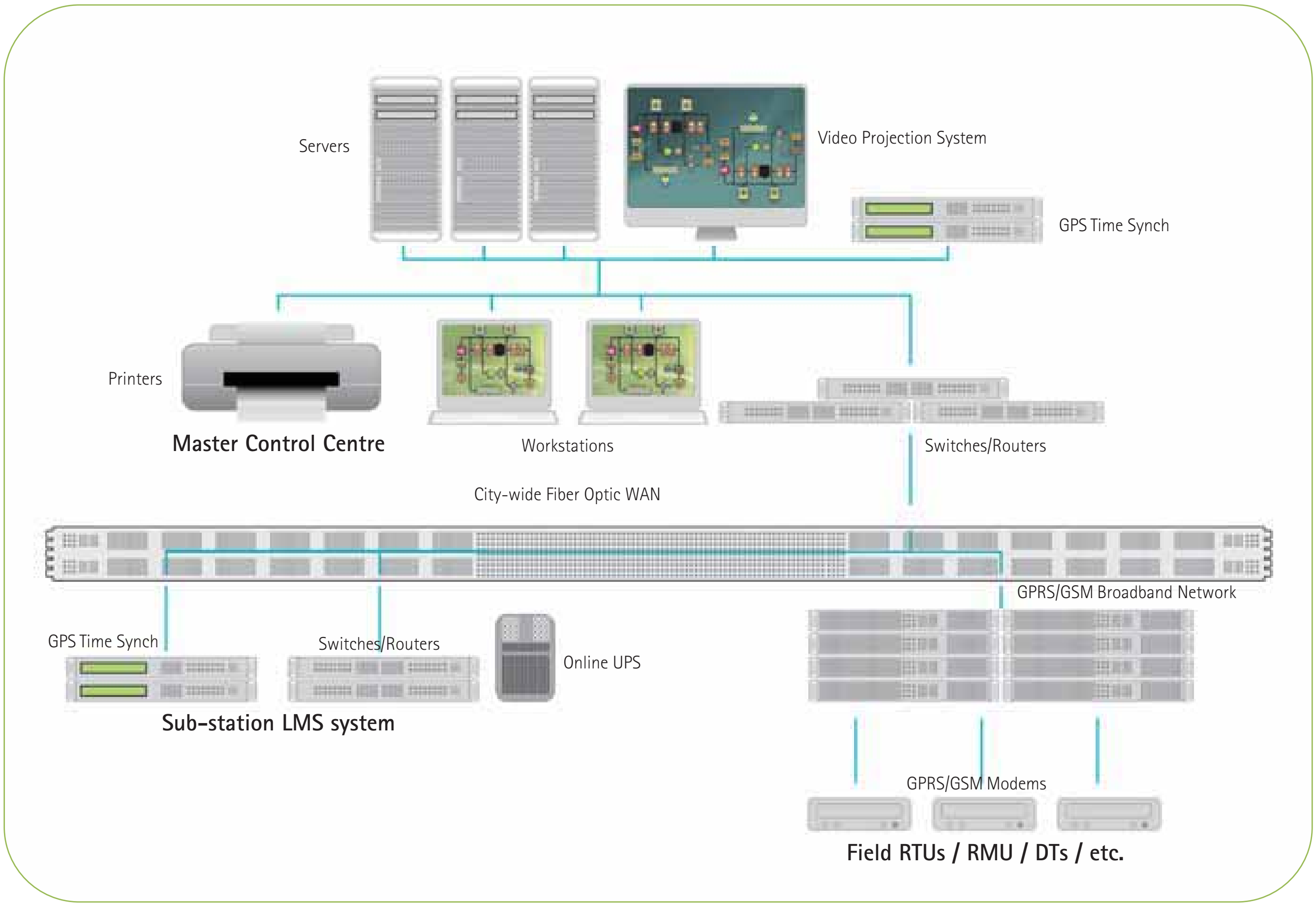
### The magic of SCADA

SCADA (Supervisory Control and Data Acquisition) refers to a system that collects data from various sensors at a factory, plant or remote location and sends this to a central computer for management and control. The system is used in a range of industries like water management systems, electric power, traffic signals, mass transit systems, environmental control systems and manufacturing systems.

SCADA comprises hardware and software. The hardware collects and feeds data into a computer installed with SCADA software, which is then processed. The brain of SCADA is a Remote Terminal Unit (RTU) that consists of a programmable logic converter, set to specific requirements, which permits human intervention. For instance, in a factory setting, the RTU may control the setting of a conveyer belt; the speed can be changed at any time by human intervention. SCADA systems are considered closed loop systems that run with relatively little human intervention.

In electrical distribution system, SCADA is now viewed as an essential component and has taken the centre-stage in terms of the infusion of intelligence into grids, increasing substation automation, real-time demand response pricing and also complex forecasting models. The transmission and distribution restructuring requires SCADA to become an integral part of the unique business processes of the electric power market to seamlessly unify the separate domains of generation, transmission and distribution. On the consumption side of power business, centralised load dispatch centres have come into being, facilitating greater visibility across the entire operative range of sub-station or cluster of sub-station. It is no more a challenge to control circuit-breakers in remote areas and facilitate seamless load and fault management, with modernised SCADA in place.

## SCADA/DMS Solution diagram




## SCADA advantages

- Helps monitor the system from a remote site over the internet or through a dial-up line
- Increases efficiency by reducing planned downtime; isolates and precisely locates faults
- Knows who to notify in case of errors; the system can be programmed to alert personnel at higher responsibility levels
- Maximises profitability by reducing failure, unplanned downtime, operation overheads and manpower requirement
- Measures and manages electricity as the operator does not need to manually read and record meter readings at regular intervals because data on electricity use is collected automatically and as per the user's convenience. Can be rigged for telemetry access by radio, satellite, cell phone or telephone landline, allowing the user to remotely control electricity supply and access data instantly
- Obtains information, in the case of oil pipelines, pertaining to the measurement of oil flow, leakages, pump speed control, valve position control and daily oil flow reports, among others.
- Permits advanced control as features can be customised as per user needs

ICSA is expected to benefit significantly from SCADA implementation projects as the Company is already present in grid automation and has developed product applications on SCADA-DMS.

Companies presence

## Power

STATUS OF SECTOR IN THE COMPANY'S REVENUE MIX: LARGEST (95 PER CENT OF THE COMPANY'S REVENUES)

Since 95 per cent of ICSA's revenues were derived from the country's power sector, the sector's prospects have been reviewed below. Any growth in the size and scope of the sector will translate into stronger prospects for the Company.

The outlook of India's power sector remains positive for some good reasons:

- India's power industry investment requirement of USD 167 billion across 2007-12 (Eleventh Plan) could add more than 90,000 MW of generation capacity, attracting foreign capital *(Source: Economic Times, April 5, 2010).*
- India's incremental power demand will be second only to China's. Nearly 30 per cent will be in new technology acquisition (energy monitoring, audit and control) to reduce T&D losses from 35 per cent to 15 per cent, as energy saved is equivalent to twice the energy generated *(Source: VCK Research).*
- There will be an improvement in fuel availability with the availability of gas from KG-D6 strengthening the PLF of gas-based plants.

### Restructured Accelerated Power Development and Reforms Programme (RAPDRP)

Restructured Accelerated Power Development and Reforms Programme (RAPDRP), is an initiative launched by the Government of India in September 2008, under the Eleventh Five Year Plan, for reducing the Aggregate Technical & Commercial (AT&C) losses through the use of information technology. The total outlay under the program is Rs 50,000 crores, which is to be utilised in two parts; Rs. 40,000 under part B and Rs. 10,000 crore under part A, out of which around Rs 2,000 crores will be used for SCADA/DMS.

| Opportunity | Deployment of SCADA/DMS solutions in distribution companies |
|---|---|
| Plan outlay and market size | Part A Rs. 10,000 crore, which includes Rs. 2,000 crore for SCADA/DMS |
| Plan period and completion | Eleventh Plan project award, completion of projects in around three years approx. |
| Basis of allocation for SCADA/DMS | Cities/Towns with population of 4,00,000 and above with consumption over 350 MUS |
| Number of State/Discoms/ Cities &Towns | 19/34/87 |
| Empanellment | 15 empanelled bidders by PFC under RAPDRP |
| Product/Solution offered | Supervisory Control and Data Acquisition system (SCADA) and Distribution Management System (DMS) |

*Source: Company*

## Power opportunity

### Twelfth Five Year Plan (2012-17) capacity addition

| GDP growth | GDP/electricity elasticity | Electricity generation required (BU) | Peak demand (MW) | Installed capacity (MW) | Capacity addition required during Twelfth Plan (MW) |
|---|---|---|---|---|---|
| 8 per cent | 0.8 | 1,415 | 215,700 | 280,300 | 70,800 |
| | 0.9 | 1,470 | 224,600 | 291,700 | 82,200 |
| 9 per cent | 0.8 | 1,470 | 224,600 | 291,700 | 82,200 |
| | 0.9 | 1,532 | 233,300 | 303,800 | 94,300 |
| 10 per cent | 0.8 | 1,525 | 232,300 | 302,300 | 92,800 |
| | 0.9 | 1,597 | 244,000 | 317,000 | 107,500 |

*[Source: Ministry of Power]*

The Eleventh Five Year Plan's budgetary provision for the programme was Rs. 28,000 crore, 90 percent in the form of subsidy. The objectives of the project comprise: providing electricity to all rural households, electrifying 1.15 lakh villages and offering electricity connections to around 2.34 crore below-poverty-line households.

## Sectoral opportunities

**Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY):** The Indian government introduced the flagship RGGVY programme with the objective to electrify all Indian villages and rural households. The Eleventh Five Year Plan's budgetary provision for the programme was Rs. 28,000 crore, 90 percent in the form of subsidy. The objectives of the project comprise: providing electricity to all rural households, electrifying 1.15 lakh villages and offering electricity connections to around 2.34 crore below-poverty-line (BPL) households. As on January 31, 2010, 71,793 villages were electrified and 91.2 lakh BPL households were provided free electricity connections. The target for 2010-11 is the electrification of 15,000 villages and provision of electricity connections to around 46 lakh BPL households with an outlay of Rs. 5,500 crore *(Source: Ministry of Power)*. The increased allocation will widen business opportunities for ICSA.

**Restructured APDRP:** The focus of the Restructured Accelerated Power Development and Reforms Programme (R-APDRP) is on demonstrable reduction in aggregate technical and commercial (AT&C) losses through information technology in energy accounting and auditing for the establishment of baseline data that will help reduce outage, improve quality of supply/losses and satisfy consumers. The projected outlay of the programme in the Eleventh Five Year Plan is USD 10 billion. By the end of 2012, the target is to reduce AT&C losses to 15 per cent in urban and densely populated areas.

**Distribution Reform, Upgrades and Management (DRUM):** The United States Agency for International Development and Ministry of Power conceived an innovative program to accelerate India's electricity distribution sector reform and rural energy supply. The USD 30 mn project, spanning five years, is in sync with the government's initiatives like the Electricity Act, 2003 and the APDRP scheme.

**Mandatory Energy Audit:** The government made energy audit mandatory for all SEBs and Discoms. ICSA possesses all products required by Discoms to monitor and detect AT&C losses. Moreover, ICSA developed products to monitor and communicate (supply and consumption) to a centralised database located in the distribution company's offices, identifying faults, supply and consumption in real time.

**Government encouragement:** The Indian government permits 100 percent FDI through the automatic route in generation, transmission, distribution and power trading (except in atomic power). With 2 percent interest cost and fixed returns of 8-9 per cent, the power sector represents a sound investment opportunity for foreign companies with the ability to procure cheaper debt.

## Our product portfolio for the power segment

| Product | Product strengths | Area of application |
|---|---|---|
| Intelligent automatic meter reading (IAMR) | ■ Collects data from energy meter and other devices<br>■ Transmits and receives through wire and wireless communication<br>■ Monitors both at field and base stations<br>■ Facilitates automatic monthly billing, detects tamper conditions, sends alerts to control rooms and collects instantaneous parameters | High-tension consumers |
| Distribution transformer monitoring system (DTMS) | ■ Monitors and controls distribution transformers<br>■ Facilitates energy management, remote data acquisition, peak load management, energy accounting, transformer health monitoring and remote switching<br>■ Alerts when parameters exceed threshold values | Distribution transformers |
| Pole top RTU | ■ Measures energy parameters of the connection at the pole<br>■ Provides remote connection/disconnection for supply, monitor and communicates with master station via GSM network<br>■ Raises alarms in case of tampers and line disturbance, among others | Low-tension power distribution |
| Theft detection device (TDD) | ■ Identifies thefts at LT pillars<br>■ Monitors energy and sends information about voltage, current and power, among others, to base stations<br>■ Detects tampers and sends alerts to base stations and concerned officials | Distribution pillars |
| Sub-station controller | ■ Provides total metering interface up to 32 meters<br>■ Facilitates remote data acquisition from central control room<br>■ Enables automatic overload tripping of feeders and remote upload of time schedules<br>■ Allows local downloading and printout of events and alerts<br>■ Monitors health of sub-station equipment | Sub-stations |
| Micro RTU | ■ Monitors and controls sub-station feeders as a part of SCADA system<br>■ Facilitates energy audit, load survey and fault analysis | The SCADA system |
| Energy auditing services | ■ Depicts details of location, quantity and type of losses in power distribution network<br>■ Achieved by digitisation of asset management and consumer details and incorporation of data acquisition and control system at sub-station and DTR level and IAMRs / pole top RTUs at consumer locations | Overall |
| Multiplexer unit (MUX Unit) | ■ Collects data from multiple meters at single location; from 8 to 16 meters<br>■ Communicates with meters that are distributed over an area of 100 metres | Domestic customers for spot billing |
| Remote street lighting control systems (RSLC) | ■ Enables switch on/off controlling from a central location and automatic programming of timings as per seasonal changes/traffic movements<br>■ Facilitates remote detection of the percentage of lights functioning and lights not functioning | |
| Computerised online data logging system | ■ Facilitates online monitoring and data logging of load management including data of various parameters of 11 kv feeders in substation, loads in MW at each stage, phase-wise voltage, current and power factor, energy, breaker status and DC auxiliary supply status<br>■ Eliminates manual interference and enhances accurate data gathering with exact time status | |
| Agricultural load management system | ■ Manages supply of power to farmers during specified time with assured time duration<br>■ Reduces the stress on LT lines, distribution transformers, sub-station and system in view of diversified usage<br>■ Facilitates lesser failures of distribution transformers, reduces peak demand and technical losses | |
| SMART Energy Meters | ■ Energy Measurement<br>■ GPRS Communication<br>■ Energy Audit Module<br>■ Storage Facility<br>■ Inbuilt Connection/ Disconnection Facility | |

SECTORAL REVIEW

# OIL AND GAS

ANY GROWTH IN THE SIZE AND SCOPE OF THE SECTOR WILL TRANSLATE INTO ENHANCED PROSPECTS FOR THE COMPANY.

India has total reserves of 736.45 MMT of crude oil and 1,119.55 billion cubic metres (BCM) of natural gas *(Source: Economic survey 2009-10).* Crude oil production increased from 33.50 MT in 2008-09 to 33.68 MT in 2009-10; natural gas production increased from 32.84 BCM in 2008-09 to 47.57 BCM in 2009-10 *(Source: IBEF).*

In India, the penetration of pipelines for oil and gas transportation is a low 32 per cent compared with 59 per cent in the US and 79 per cent globally *(Source: VCK Research).* The Indian gas transmission network comprises around 8,400 km trunk pipelines and 2,500 km of regional network with a cumulative capacity of around 270 mmscmd and capacity utilisation of around 55 percent in 2008-09.

As of April 2009, the length of crude oil pipelines in India was 11,665 km with a capacity of 107.68 MT and product pipeline capacity utilisation of 64.82 percent. The total length of product pipelines was 12,017 km with a capacity of 68.19 MT; 9,893 km were dedicated to oil and lubricants and 2,124 km to liquefied petroleum gas as on April 2009 *(Source: Indian Infrastructure, April 2010).*

The pipeline network is concentrated in western and north-western India and needs to spread to other parts of India through a national gas grid. The low penetration represents a large scope of growth for the pipeline industry and ICSA's pipeline applications.

## Union Budget highlights, 2010-11

- Basic duty of 5 per cent was restored on crude petroleum, 7.5 per cent on diesel and petrol and 10 per cent on other refined products
- Import duty of 5 per cent was imposed on crude oil, expected to benefit upstream companies due to the import parity-based pricing regime
- Central excise duty on petrol and diesel was raised by Re 1 each
- MAT increased to 18 per cent of book profits from the earlier 15 per cent
- Subsidy paid to oil marketing companies through cash than by way of oil bonds

## Industry review

- India's oil and gas sector received a major boost with the commencement of gas production in the Krishna Godavari basin. Earlier, India's entire gas production was around 70 mmscmd while KG basin added over 60 mmscmd (can be ramped up to 80 mmscmd), doubling indigenous gas production *(Source:MoPNG).*
- Under New Exploration Licensing Policy (NELP VIII), 1.62 sq. km of area comprising 70 blocks was put up for bidding. The Cabinet Committee on Economic Affairs (CCEA) approved the award of 33 out of 36 oil and gas blocks that were bid for *(Source: IBEF).*

## Demand drivers

Soaring gas demand: India's demand for oil and gas is rising. As per the Ministry of Petroleum, demand for oil and gas is likely to increase from 186.54 million tonnes of oil equivalent (mmtoe) in 2009-10 to 233.58 mmtoe in 2011-12.

**Refining and pipeline capacity:** The total installed capacity of refineries is currently at 182.09 MMTPA and new refineries at Bhatinda, Paradip and Bina will increase domestic refinery capacity further to 240.96 MMTPA by the end of the Eleventh Five Year Plan. The country has a network of 24 product pipelines with a length of 10,514 km and capacity of 62.91 MMT, three LPG pipelines of 2,197 km length and 4.50 MMT capacity and six crude oil pipelines of 5,795 km length and 52.75 MMT capacity *(Source: Economic Survey, 2009-10).*

**City gas distribution:** Increase in gas supplies and gas transmission infrastructure are likely to provide a fillip to city gas distribution (CGD) players. CGD players currently distribute piped natural gas and compressed natural gas only in Delhi, Mumbai and Gujarat. With a growing emphasis on a cleaner environment and lower pollution, CGD is expected to rise. GAIL formed joint ventures with other PSU firms to distribute gas in a number of cities. The establishment of the Petroleum and Natural Gas Regulatory Board (PNGRB) following the passage of the PNGRB Act is likely to catalyse sectoral development through network regulation and development. It was estimated that natural gas will be available in 84 cities by 2011 and 250 cities by 2018 *(Source: KPMG),* driving prospects for the CGD sector.

**Strategic direction:** Vision 2015 (approved in 2009 for the oil sector) highlights a growing focus on expanding the marketing network as well as enhancing the quality of products and services covering four broad areas of LPG (liquefied petroleum gas), kerosene, auto fuels and compressed natural gas/piped natural gas.

**Fiscal encouragement:** The government announced a seven-year tax holiday for the commercial production of gas with respect to contracts to be signed under NELP VIII and Coal Bed Methane (CBM) IV.

**Growing infrastructure:** India will complete building its first strategic crude oil storage capacity by October 2011 to insulate itself from supply disruptions. GAIL is investing in expanding its pipeline network to capture the opportunity presented by the impending gas surge in India. Over the next three years, it will invest USD 660.7-770.8 million, expanding its transmission capacity from 150 mscmd to 300 mscmd *(Source: IBEF)*. Oil and Natural Gas Corp (ONGC) added 83 million tonnes of oil and gas reserves in 2009-10 fiscal, the highest in two decades *(Source: IBEF)*, which will need corresponding pipeline infrastructure.

**Estimates:** India's natural gas demand is expected to nearly double to 320 million standard cubic meters per day by 2015 *(Source: McKinsey)*. The current demand of 166 million standard cubic metres per day (mscmd), comprising nearly 132 mscmd supplies from domestic fields and the rest from imported LNG, is likely to rise to at least 230 mscmd and a maximum of 320 mscmd by 2015. To manage this impending growth, India's natural gas industry will need to invest around USD 40 billion-USD 50 billion across the value chain *(Source: Hindustan Times, March 22, 2010)*.

## Outlook

Major pipeline projects are likely to add 7,450 km and 248 mmscmd of gas pipeline network over the next two-three years and this trend is expected to sustain for the following reasons:

- Increasing E&P activity (for offshore applications and transportation) and the growing demand for energy transportation will continue into the medium-term, leading to a high demand growth for pipelines
- Larger greenfield projects in Asia, Europe and Africa
- Replacement and refurbishment of old pipelines in the US and Russia
- Increasing reliance of OECD economies on imported oil & gas, resulting in large pipeline infrastructure investments in these geographies
- To address this growing demand, Indian companies are establishing pipeline production capacities in the US
- New gas discoveries will require transportation through cross-country pipelines

## Our product portfolio for the oil and gas segment

| Product | Application | Application areas |
|---|---|---|
| Intelligent cathodic protection (iCAP) system | Monitors pipeline operations and notifies any abnormalities. | ■ Old and new pipelines<br>■ Storage tanks ■ Pontoons<br>■ Foundation re-bars<br>■ Underground vessels<br>■ Offshore pipelines<br>■ Water pipelines ■ Towers |
| Off PSP logger | Detects the rate of corrosion and notifies in real time | ■ Oil and Gas pipelines |
| Intelligent Telemetric Unit (ITU) | ■ Helps conduct cost effective Off PSP survey<br>■ Facilitates better GPS synchronisation and has unique features like programmable data acquisition and data transmission to central station through GSM<br>■ Acquires data from sensors and transmits to the central monitoring station<br>■ Enhances data transmission through GSM, CDMA, RF optical and satellite | ■ Oil and Gas pipelines |

| Demand triggers | ICSA's application | Business opportunity for ICSA |
|---|---|---|
| Oil and gas companies are investing in the laying of huge pipeline systems and infrastructure. Proposed investment by the private players over the next three years amounts to Rs. 13,500 crore. | Intelligent cathodic protection system (iCap) | Rs. 1,600-1,700 crore |

SECTOR

# WATER

The water sector is addressed by cash-strapped municipalities and other civic bodies. The continued growth of population and the increasing realisation of the economic and political need to provide adequate urban infrastructure, especially clean and safe drinking water, will catalyse the demand for pipes. In turn, this will provide significant growth for ICSA's water pipe infrastructure applications.

Interestingly, the management of water networks represents a major health, environment and technical challenge. Guaranteeing water quality, ensuring supply continuity, reducing water loss and preserving the urban environment cost-effectively is challenging municipal authorities.

The result is that the management of water and sanitation networks is gaining attention. The importance of this issue is inducing utilities to adopt the latest technical solutions available and driving service providers to innovate using better technologies.

## Demand drivers

- The Jawaharlal Nehru Urban Renewal Mission (JNNURM) and the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) are increasing water and sanitation investments. The JNNURM will see an investment of Rs. 1,200 billion while the UIDSSMT will see an investment of Rs. 20 billion between 2005 and 2012. Water and sanitation projects account for more than 50 percent of the amounts sanctioned under JNNURM and for about 90 percent of those sanctioned under UIDSSMT *(Source: Indian Infrastructure, December 2009).*

| Demand triggers | ICSA's application | Business opportunity for ICSA |
|---|---|---|
| Increased allocation under the Rajiv Gandhi Drinking Water Mission from Rs. 6,500 crore to Rs. 7,500 crore. | Intelligent automatic water meter reading | Rs. 600-700 crore |
| Under Eleventh Five Year Plan, GoI is planning to add 11 mn hectares of irrigational facilities (technology, tractors, etc) at a proposed investment of Rs. 1,58,000 crore. | Agricultural load management system | Rs. 1,500 crore |

## ICSA's product for the water sector

| Product | Application | Application areas |
|---|---|---|
| Intelligent automatic water-meter reading (IAWMR) | ■ Provides consumption data on the water delivered, on a daily and monthly basis, at the base station using the GSM network<br>■ Controls the delivery valve, sends SMSs to consumers regarding bill amounts and payment receipts; battery back-up facility for 24 hours to enable operations in case of a power failure | Water sector |

# ICSA. WHAT WE ARE. WHERE WE ARE GOING.

## Our performance in 2009-10

Net Revenue
Rs. 42,142.06 lakhs

EBIDTA
Rs. 24,575.01 lakhs

EBIDTA margin
19.84 %

## Embedded Solution and Software services

Revenue
Rs. 42,142.06 lakhs

PBIT
Rs. 12,080.54 lakhs

## Infrastructure Projects and Services

Revenue
Rs. 80,515.49 lakhs

PBIT
Rs. 9,72.47 lakhs

### Power
Utility detecting tools in areas of T&D losses

### Oil and gas
Detecting corrosion, pilferage and third party damage (iCAP)

### Water
Water auditing tools to detect loss

### Software services
Application in areas of embedded system

**EPC basis:** Design, supply, transport, erection, testing and commissioning of
*400kV/220kV/132kV transmission lines and sub-stations
*Outdoor and GIS sub stations

**Turnkey basis:**
*HVDS distribution works *Rural electrification works * *Construction of 33kV/11kV indoor, outdoor sub-stations

# Embedded Software Solutions (ESS)


## Overview

Conventionally, systemic measurements were conducted at terminal ends; ICSA revolutionised the business with in-system measurements for a more precise understanding of where in-system losses were transpiring.

ICSA delivers embedded software solutions to minimise AT&C losses in the power T&D segment. These embedded solutions are customised around specific requirements of utility industries (energy, power, oil and gas and water).

In the last three years, ICSA launched new ESS products directed at the power sector, gaining increasing acceptance from government and private sector companies. The Company widened its product range with applications across the power distribution value chain from 33 KV sub-stations to the end consumer.

## Highlights, 2009-10

- Developed customised variants to suit the requirements of utilities
- Empanelled as SCADA-DMS Implementation Agency (SIA) by Power Finance Corporation, enabling the Company to participate in the R-APDRP scheme and SCADA implementation projects of the power sector
- Received energy and smart meter orders from several utilities
- Developed a feeder RTU in the SCADA application solution

## Key initiatives

- Developed smart meters with inbuilt communication protocol for automated meter reading, which cost around 20 percent less than a normal meter with an externally fitted IAMR
- Developed PLCC-based IAMR for low-tension consumers with a lower cost implication as it works with a power line carrier itself as a communication media
- Developed pole-top PLCC for an electricity utility in Bhopal
- Tied up with Dongfang Electronics Company Limited (China) to strengthen its position in SCADA-based DMS

## Road ahead

ICSA was empanelled as a SCADA implementation agency in the R-APDRP scheme, which will help the Company capitalise on orders to the extent of Rs. 2,000 to 2,500 crore over three years for implementing SCADA in urban areas.

BUSINESS DRIVERS

# Research and Development

## Significance

In a world marked by systemic losses, ICSA's business relevance is increasing every single day. In a world where companies who create assets and processes are not able to extract the full value of their investments, ICSA's business helps enhance returns on employed capital.

ICSA's 150-member research and development team develops new products and software embedded in products and processes. The Company emerged as one of the few in India to be recognised as a meter data acquisition and service provider under the R-APDRP programme owing to its strong research customised around the needs of business development, customisation and engineering teams.

In the oil and gas segment, the R&D team developed a new pipeline product that minimises corrosion losses. The Company developed a range of products including an automated cathodic protection system, third party damage identification system and closed interval potential survey system, among others.

## Highlights, 2009-10

- Developed tailor made innovative products to suit and customers requirement
- Introduced SMART meters that work on all three phases

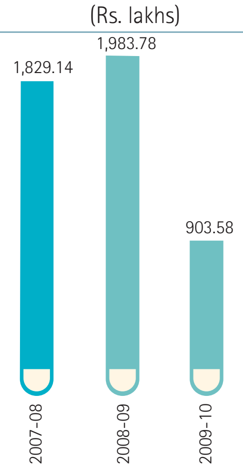
## Road ahead

ICSA is engaged in research covering the embedding of the intelligence portion into the modern engine leading to product creation, an intelligent gas distribution monitoring and management system, using SAP for utility management and Defence products, among others.

In the oil and gas segment, research is being conducted in cathodic protection opportunities in pipelines carrying chemicals to fertiliser companies. ICSA expects to diversify into pipeline layout, SCADA-based solutions and terminal automation solutions.

### Investment in research and development

(Rs. lakhs)




| Product | Patents | Designs | Copyright | Trademark |
|---|---|---|---|---|
| Intelligent Automatic Meter Reading (IAMR) System | Yes | Yes | Yes | Yes |
| Distribution Transformer Monitoring System (DTMS) | Yes | No | Yes | Yes |
| Intelligent Cathodic Protection (iCAP) System | Yes | Yes | Yes | Yes |
| Theft Detection Device (TDD) | Yes | Yes | No | No |

BUSINESS DRIVERS

# QUALITY CONTROL

## Significance

In a business where our product must enhance in-system efficiency, quality management becomes paramount.

Product quality is managed by the Company's quality assurance and R&D teams who exceed customers' expectations through the following initiatives:

- **Validation:** The R&D team develops, checks and validates products. Quality tests are conducted for new product designs prior to commercial production.
- **Raw material inspection:** The incoming raw material is checked for quality and in the case of non-conformance a detailed report is prepared.
- **Product process verification:** To eliminate process defects, products under manufacture are critically inspected at every stage.
- **Product inspection:** ICSA outsources the manufacture of certain products. The quality team checks for a certificate of testing for the outsourced components from all manufacturers and undertakes sample and in-process checking.
- **Software/firmware testing:** To ensure product functionality, the quality team tests the software/firmware used in manufacture.

The quality team periodically calibrates all quality testing equipment as specified by National Accreditation Board for Testing and Calibration Laboratories (NABL), ensuring accuracy.

The Company is associated with various quality testing agencies.

## Highlights, 2009-10

- Completed the validation process for newly developed smart energy meters
- Enhanced the quality acceptance of final products

## Road ahead

Going ahead, the Company wishes to strengthen its quality focus.

BUSINESS DRIVERS

# HUMAN RESOURCE MANAGEMENT

## Significance

At ICSA, intellectual capital is given highest priority, evident in the Company's industry-highest team strength of over 950 members as on March 31, 2010, compared with 556 people as on March 31, 2009 and a high proportion of research professionals (one of six members).

**Recruitment:** The Company recruited a balance of qualified professionals and fresh graduates in segments like metering, technology, business development, embedded software and hardware design, among others. Recruitment was done through employee referrals, newspaper advertisements and manpower consultants, among others.

**Training:** The Company enjoyed a large market share of a knowledge-driven niche. It undertook a two-year, on-the-job training programme – Graduate Engineer Training Scheme – to facilitate specialisation in product-related technologies and processes.

**Appraisal:** The Company's employees were appraised annually by their immediate superiors. To make appraisals easier, more relevant and transparent, key response areas (KRAs) were developed for each employee.

**Motivation:** The work environment at the Company was enriched through various initiatives like collective celebrations and fun at work. A special Saturday training session called Gurukul enhanced knowledge sharing. Besides, the Company also encouraged employee suggestion schemes.

BUSINESS DRIVERS

# INFRASTRUCTURE PROJECTS AND SERVICES

## Overview

ICSA is one of India's leading companies providing customised embedded solutions and turnkey infrastructure solutions, primarily to the power sector, for industrial electrical projects and electrical infrastructure projects.

**Electrical infrastructure:** The Company provides infrastructure deployment services to the power sector. It executes projects on an EPC basis in transmission and distribution via rural electrification, construction of sub-station and conversion of LT to HT lines. This is a modest-margin business of around 12-13 per cent. The Company also executes HVDC projects and rural electrification projects on a turnkey basis.

In infrastructure projects and services (IPS), ICSA is capable of designing, supplying, transporting, erecting, testing and commissioning projects on EPC and turnkey basis.

## EPC (Engineering, procurement and construction) basis

- 400-kv transmission lines and sub-stations
- 220-kv/132-kv transmission lines and sub-stations
- Outdoor and GIS sub-stations

## Turnkey basis

- HVDS distribution works
- Rural electrification works
- Industrial electrification works
- Construction of 33-kv/11-kv indoor, outdoor sub-station

## Highlights, 2009-10

- Operated in 13 states with 32 site offices and over 70 plus project locations
- Received an order from PGCIL for a turnkey 400-kV transmission project

## Key initiatives, 2009-10

- Entered into construction of 400-kV sub-station and transmission line
- Undertook various cost rationalisation initiatives
- Enhanced collections by stringently monitoring receivables

## Road ahead

The Company intends to expand its turnkey deployment solutions for up to 400 kV transmission sub-station projects as Part-B of R-APDRP, RGGVY and establishment of new transmission lines to complement additional generation capacities.

# Finance Review

**In 2009-10, the Company achieved significant growth, reflected in the following numbers:**

| In Rs lakhs | FY 2010 | FY 2009 | Percentage change |
|---|---|---|---|
| Total income | 124,596.68 | 112,400.99 | 10.85 |
| EBIDTA | 24,575.01 | 27,072.51 | (9.23) |
| Profit before tax | 17,047.54 | 20,663.10 | (17.50) |
| Profit after tax | 12,184.59 | 15,286.08 | (20.29) |
| Cash profits | 14,321.15 | 16,493.60 | (13.17) |
| Basic Earnings Per Share (of Rs. 2 each) | 25.87 | 33.70 | (22.23) |

| | FY 2010 | FY 2009 | Basis point change |
|---|---|---|---|
| EBIDTA margin (%) | 19.84 % | 24.10 % | (426) |
| PAT margin (%) | 9.78 % | 13.60 % | (382) |

## Accounting policy

ICSA followed the accrual basis of accounting in structuring its accounts as per the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

## Revenue

Revenue (net sales) increased 10.26 per cent from Rs. 112,224.41 lakh in FY 09 to Rs. 123,745.23 lakh in FY 10, primarily because of prevailing macroeconomic conditions in the industry during the year.

## Expense analysis

While the Company's total expenses increased 17.24 per cent from Rs. 91,737.89 lakh in FY 09 to Rs.107,549.14 lakh in FY 10; total expenditure, as a proportion of the total income, increased 470 basis points from 81.62 per cent in FY 09 to 86.32 per cent in FY 10, primarily owing to a change in the business mix, growth in infrastructure project and services segment as well as input costs.

**Employee costs:** Employee costs increased 87.68 per cent from Rs. 1,621.72 lakh in FY 09 to Rs. 3,043.64 lakh in FY 10 owing to the following reasons:

- Increase in total team strength from 556 in FY 09 to 950 in FY 10 following the hiring in IPS
- Annual wage revision

**Administrative expenses:** The Company's administrative and other expenses declined 17.17 per cent from Rs. 4,064.42 lakh to Rs. 3,366.62 lakh in FY 10.

**EBIDTA:** The Company's EBIDTA declined 9.23 per cent from Rs. 27,072.51 lakh in FY09 to Rs. 24,575.01 lakh in FY10. The change in margin levels was attributed to the dominance of IPS revenues, which entail lower EBIDTA margins compared with that of ESS.

## Capital employed

The capital employed in the business recorded a 35.58 per cent increase over the previous year from Rs. 95,955.34 lakh on March 31, 2009 to Rs.130,098.24 lakh on March 31, 2010. This increase was the result of an increase in IPS revenue share in the overall business mix, which has a longer execution cycle.

## Shareholders' funds

The Company's net worth stood at Rs.67,532.60 lakh as on March 31, 2010, a 21.97 per cent surge over the previous year. Judicious utilisation of shareholders' wealth resulted in an enhanced return. The book value per share of Rs. 2 each grew from Rs.117.93 per share as on March 31, 2009 to Rs.142.81 per share as on March 31, 2010.

**Equity capital:** The Company's equity capital comprised 4,72,88,488 shares (face value of Rs. 2 per share). It increased from Rs. 939.02 lakh as on March 31, 2009 to Rs. 945.77 lakh as on March 31, 2010. The Company allotted 3,37,495 equity shares of Rs 2 each to employees on exercise of employee stock options.

**Reserves and surplus:** The Company's reserves and surplus rose 19.47 per cent from Rs. 58,769.31 lakh as on March 31, 2009 to Rs. 70,211.94 lakh as on March 31, 2010, owing to the addition of operational surplus to the reserves account and a growth in share premium and capital reserves. Free reserves accounted for 61.42 per cent of the reserve balance, reflecting the financial robustness to fund value-accretive capital initiatives.

## External funds

The Company's debt portfolio grew from Rs. 39,160.65 lakh on March 31, 2009 to Rs. 61,397.79 lakh on March 31, 2010. The ratio of secured loan to unsecured loan declined to 2.38 in FY 10 in 3.28 for FY 09.

**Secured loans:** Secured loans, comprising 70.45 per cent of the total loan portfolio, grew from Rs. 30,010.65 lakh as on March 31, 2009 to Rs. 43,254.57 lakh as on March 31, 2010.

**Unsecured loans:** Unsecured loans increased from Rs. 9,150 lakh for FY 09 to Rs 18,143.22 lakhs in FY 10.

In line with expanding external debt, interest cost increased from Rs. 3,528.77 lakh in FY 09 to Rs. 6,242.36 lakh in FY 10. The weighted average cost of debt for FY 10 stood at 10.21 per cent as against 11.50 per cent for FY 09.

## Sources of funds

| | FY 2010 | | FY 2009 | | |
|---|---|---|---|---|---|
| Sources of Funds | Amount in Rs Lakhs | % of total | Amount in Rs Lakhs | % of total | Increase (Rs. Lakhs) |
| Equity capital | 945.77 | 0.71% | 939.02 | 0.94% | 6.75 |
| Share warrant and ESOP application money | 7.50 | 0.01% | 14.25 | 0.01% | (6.75) |
| Reserves and surplus | 70,211.94 | 52.50% | 58,769.31 | 58.59% | 11,442.63 |
| Loan funds | 61,397.79 | 45.91% | 39,160.65 | 39.04% | 22,237.14 |
| Deferred tax liability | 1,167.83 | 0.87% | 1,427.14 | 1.42% | (259.31) |
| **Total** | **1,33,730.83** | **100.00%** | **100,310.37** | **100.00%** | **33,420.46** |

## Gross block

In FY 10, the Company's net block strengthened 9.42 per cent from Rs. 17,365.77 lakh as on March 31, 2009 to Rs.18,973.87 lakh as on March 31, 2010. The Company consistently provided depreciation as per the Straight Line Method. The addition of Rs. 2,921.41 lakhs to the total gross block was owing to the establishment of SEM manufacturing facilities.

## Working capital

The reasonably long working capital cycles of both businesses mandated efficient resource utilisation. The working capital increased (net current assets) to Rs. 110,922.49 lakh on March 31, 2010, compared with Rs.78,328.42 lakh on March 31, 2009. The major portion of the increase in working capital was owing to an increased operation in the IPS segment, marked by a long execution cycle and delayed payments. The overall working capital cycle showed an improvement from 160 days in FY 10 to 134 days in FY 09. The Company enjoyed working capital limits from Indian nationalised banks. Going ahead, the Company plans to improve its working capital cycle and concentrate on optimising the support to the supplier/sub-contractor eco-system.

**Inventories:** Inventories represented a significant component of the working capital outlet. Inventories stood at Rs. 20,327.09 lakh as on March 31, 2010 as against Rs. 4,268.09 lakh as on March 31, 2009, an increase of 376.26%. The increasing infrastructure project sizes resulted in increased sub-contractor activity to efficiently use the internal manpower and achieve timely execution and handing over projects.

**Sundry debtors:** Debtors increased from Rs. 50,953.01 lakh as on March 31, 2009 to Rs. 53,545.63 lakh as on March 31, 2010. Despite an increase in the value of debtors, the Company reduced the debtors' cycle from 169 days in FY 09 to 158 days in FY 10 through a continuous monitoring of debtors' periodicity, regular appraisal and a diversified client mix. For FY 10, the proportion of debtors more than six months old accounted for 21.20 per cent of the total debtors, as against 18.70% for FY 09

**Loans and advances:** Loans and advances increased from Rs. 26,245.90 lakh as on March 31, 2009 to Rs. 49,679.83 lakh as on March 31, 2010. Loans and advances, as a proportion of current assets, accounted for 35.54 per cent. Advances to subcontractor increased 125 per cent from Rs 9,790.18 lakhs for FY 09 to Rs 22,037.53 lakhs for FY 10. The advances to suppliers increased 109 per cent from Rs 10,008.29 lakhs in FY 09 to Rs 20,962.63 lakhs in FY 10. Other advances comprised advances to labour, civil and other operational resources contractors. IPS revenue increased 83.5 per cent owing to execution of transmission and sub-transmission projects. A major portion of these projects are subcontracted to subcontractors – at over 25-30 locations of the total 72 project locations across the country – which had to be supported to meet the customer-specified execution timeline. The contractors supported by supplies from the Company also formed a substantial part of the total advances.

**Current liabilities and provisions:** The Company's current liabilities and provisions increased from Rs. 14,207.58 lakh as on March 31, 2009 to Rs. 28,866.77 lakh as on March 31, 2010. Sundry creditors increased from Rs. 8,971.92 lakh as on March 31, 2009 to Rs. 12,888.85 lakh as on March 31, 2010, The advances from customers also increased to Rs 8,374.51 as on March 31, 2010 from Rs 194.98 lakhs as on March 31, 2009. This helped us extend the creditors days in FY 10. The creditors' cycle increased from 47 days in FY 09 to 93 days in FY10. Provisions (income tax, fringe benefit, dividend and corporate dividend tax) increased from Rs. 4,052.76 lakh as on March 31, 2009 to Rs. 5,468.97 lakh as on March 31, 2010.

## Taxation

In line with the expanding operations, the tax expense decreased from Rs. 5,377.02 lakh in FY 09 to Rs. 4,862.95 lakh in FY 10. The current tax for the year decreased from Rs.4,800.06 lakh in FY 09 to Rs. 4,580.98 lakh.

## Application of funds

| | FY 2010 | | FY 2009 | | |
|---|---|---|---|---|---|
| **Application of funds** | **Amount in Rs Lacs** | **% of total** | **Amount in Rs Lacs** | **% of total** | **Increase (Rs. in Lakhs)** |
| Net block | 18,973.87 | 14.19% | 17,365.77 | 17.31% | 1,608.11 |
| Investment | 201.86 | 0.15% | 261.14 | 0.26% | -59.28 |
| Net current assets | 110,922.49 | 82.94% | 78,328.42 | 78.09% | 32,594.07 |
| Miscellaneous expenditure | 3,632.61 | 2.72% | 4355.04 | 4.34% | -722.43 |
| **Total** | **133,730.83** | **100.00%** | **100,310.37** | **100.00%** | **33,420.46** |

## ICSA – Liquidity matrix

| | FY 10 | FY 09 |
|---|---|---|
| Current ratio | 4.84 | 6.51 |
| Quick ratio | 4.14 | 6.21 |

# MANAGING RISKS AT ICSA


RISK IS AN EXPRESSION OF THE UNCERTAINTY REGARDING EVENTS AND THE POSSIBLE OUTCOMES THAT COULD HAVE A MATERIAL IMPACT ON PERFORMANCE AND PROFITABILITY OF ANY BUSINESS. RISK MANAGEMENT IS THE PROCESS OF IDENTIFYING, ASSESSING AND TAKING PROACTIVE MEASURES TO MINIMISE OR ERADICATE THE POTENTIAL LOSS ARISING FROM AN EXPOSURE TO PARTICULAR RISKS.

AT ICSA, A COMPREHENSIVE AND INTEGRATED RISK MANAGEMENT FRAMEWORK IS FOLLOWED, COMPRISING A CLEAR UNDERSTANDING OF STRATEGY, POLICY AND INITIATIVES, PRUDENTIAL NORMS, STRUCTURED REPORTING AND CONTROL. THIS APPROACH ENSURES THAT THE RISK MANAGEMENT DISCIPLINE IS CENTRALLY INITIATED BY THE SENIOR MANAGEMENT BUT PRUDENTLY DECENTRALISED ACROSS THE ORGANISATION, PERCOLATING TO MANAGERS AT VARIOUS ORGANISATIONAL LEVELS. THE CONSISTENT IMPLEMENTATION OF THIS FRAMEWORK IS STRINGENTLY MONITORED BY THE COMPLIANCE TEAM, SUPPORTED BY AUDITS AND ONGOING REVIEWS, LEADING TO AN ACCURATE UNDERSTANDING OF THE ORGANISATION'S POSITION. CONSEQUENTLY, ONLY THOSE BUSINESS DECISIONS ARE TAKEN THAT BALANCE RISKS AND REWARDS.

## 1 INDUSTRY RISK

DOWNTURN IN CONCERNED INDUSTRY COULD AFFECT BUSINESS

**Risk mitigation**

- India plans to add 78,700 MW of capacity in the Eleventh Five Year Plan and 1,00,000 MW in the Twelfth Plan.
- The government's RGGVY aims at providing electricity to every Indian by 2012.
- The government increased outlay for R-APDRP from Rs. 2,080 cr to Rs. 3,700 cr.

## 2 REGULATORY RISK

CHANGE IN REGULATIONS REGARDING THE SECTOR COULD AFFECT RESULTS

**Risk mitigation**

- The government revised the APDRP scheme to reduce T&D losses from 35 per cent to 15 percent by the end of the Eleventh Plan.
- The Company was empanelled as a SCADA/DMS Implementation Agency (SIA) by Power Finance Corporation, widening revenue options.
- The Company was empanelled for providing remote data acquisition solutions for R-APDRP by Power Finance Corporation

## 3 Receivables risk

DELAY IN RECEIVABLES COULD IMPACT THE WORKING CAPITAL CYCLE

**Risk mitigation**

- The Company receives repeat orders from private and government organisations, ensuring timely payments.
- The Company's strict monitoring system ensures timely payment.
- The Company increased client confidence through high service standards, resulting in stronger terms of trade.

## 4 Competition risk

COMPETITORS COULD DENT MARGINS

**Risk mitigation**

- The Company enjoys a first-mover's advantage in automated product distribution through the successful installation of several products.
- The Company created a high entry barrier for new entrants by obtaining product certifications, resulting in client engagement.
- The Company's innovative products – Four in all – are patented.
- The Company's proprietary software is embedded into products, making duplication difficult.
- The Company designs, develops and manufactures embedded technology solutions and products; it executes demanding electrical infrastructure projects.

## 5 Research and development risk

AN INABILITY TO DEVELOP INNOVATIVE PRODUCTS COULD AFFECT COMPETITIVE EDGE

**Risk mitigation**

- The Company provides cutting-edge, technology-intensive products and services that enhance efficiency. Its versatile data acquisition system uses various communication media (GSM, GPRS, CDMA, PLCC and RF, among others) that emphasise its versatility.
- The Company developed new FRTU for feeder lines under the SCADA-DMS solution, enlarging the Company's portfolio in SCADA-DMS.
- The Company's state-of-the-art R&D facilitates customised product development.
- The Company invested Rs. 57.49 crore in its R&D in the five years leading to 2009-10.

## 6 Funding risk

INADEQUATE FUNDS COULD HAMPER EXPANSION

**Risk mitigation**

- The Company's 61.42 per cent reserves comprise free reserves which can be utilised for funding expansion.
- The Company's low 0.86 debt-equity ratio provides room to borrow afresh without compromising profitability.
- The Company enjoys a comfortable interest cover of 4.07.

## 7 Liquidity risk

INADEQUATE LIQUIDITY COULD DISRUPT OPERATIONS

**Risk mitigation**

- The Company's string debtor monitoring system ensures timely receivables.
- The Company's current ratio and quick ratio were a comfortable 4.84 and 4.14 in 2009-10.
- The Company's working capital, as a percentage of total employed capital, was 85.26 percent as on March 31, 2010 against 81.63 per cent as on March 31, 2009.
- The Company's working capital needs were supported by a consortium of banks.

# DIRECTORS' REPORT

YOUR DIRECTORS HAVE PLEASURE IN PRESENTING THE 16TH ANNUAL REPORT TOGETHER WITH THE AUDITED ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 2010.

## Financial highlights

16th Annual Report

| | 2009-10 (Rs. in lakhs) | 2008-09 (Rs. in lakhs) |
|---|---|---|
| Total Income | 124596.67 | 112400.99 |
| Profit before tax | 17047.54 | 20663.10 |
| Profit after tax | 12184.59 | 15286.08 |
| Number of shareholders as on March 31, 2010 / 2009 | 45,166 | 31,692 |

## Review of operations

For the financial year ended March 31, 2010, your Company reported a total income of Rs.124596.67 Lakhs, showing a growth of 10.85 per cent over 2008-09.

The Company recorded a net profit of Rs. 12184.59 Lakhs as against Rs.15286.08 Lakhs for the previous year ended March 31, 2009.

Operating performance of Infrastructure services was significantly better than 2008-09, while that of Embedded products has shown a decline. For detailed analysis of the performance, please refer to the management's discussion and analysis section of the Annual Report.

## New innovations and product developments

The products developed by the Company are in line with enablement of smart grid in utilities. The Company finds applications in other sectors including oil, gas and water which has thrown open a big opportunity for the Company. Recent innovations include the below products

### SCADA and substation automation

- FRTU
- RTU4848
- Data concentrator with multiple communications (PLCC/GPRS/RS485)

### Energy meters and derivatives

- Smart Trivector Meter (LT/HT) with built in Load connection/Disconnection
- Smart Trivector Meter with Power line carrier communication
- Smart Trivector Meter with DLMS communication
- Smart Energy Meter with Prepaid facility (Card Read, PLCC, Keyboard)
- Pole top panel mountable Energy Meters(1Phase)
- Smart Trivector Meter (LT/HT)with Configurable TOD&MD
- Handheld Equipment for Billing
  - Spot Billing Machine
  - Common Meter Reading Instrument

### AMR

- IAMR 6.2
- Data Converter (RS485 to RS232) for RAPDRP
- Data Concentrator with inbuilt 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

### Other products

- Instrument for CIPS&DCVG survey of gas/oil pipelines
- Software for energy audit and meter data acquisition systems

### Major developments during the year

- Entered the Supervisory Control And Data Acquisition (SCADA) business in India along with Dongfang Electronics Company Limited, a China based SCADA solutions provider
- Empanelled by Power Finance Corporation, Ministry of Power as SCADA Implementation Agency under RAPDRP program
- Entered into high end transmission business with bagging order for 400 Kv substation and transmission lines
- Obtained eligibility to participate in the Power Grid business
- Started state-of-the-art Smart Energy Meter manufacturing facility to enter into Smart Meter business segment

### Recognition and awards

- Forbes Asia ranked ICSA at 11 in India's Under a Billion Fast Growing Companies in September 2009.
- ICSA is featuring as one of the "Technology Fast 50 Indian Companies" by Deloitte for 3 consecutive years.
- Business World Ranked ICSA at 28 in terms of Top 50 by ROA & P/E in November 2009.
- Business World Ranked ICSA at 368 in terms of Total Income amongst Top 500 non-finance Companies in India in November 2009
- The Economic Times ranked ICSA at 25 as Country's Top IT Companies in October 2009
- Business Today listed ICSA as the India's most "Investor-Friendly" companies
- Business Today ranked ICSA among Top 500 at:
- 362nd by Average Market Capitalisation
- 341st by Total Assets
- 304th by Sales
- 161st by Net Profit
- Business Today ranked ICSA:
- 6th among Top 10 by 5 Years sales growth.
- 3rd among Top 10 by 10 Years sales growth.
- 4th among Top 10 by 5 Years profit growth.
- 3rd among Top 10 by 10 Years profit growth.

## 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 | – | Equity share capital as on April 1, 2009 | - | 4,69,50,993 shares of Rs. 2 each |
| 2 | June 9, 2009 | Allotment of equity shares representing 35 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 | 87,496 | 4,70,38,489 shares of Rs. 2 each |
| 3 | July 7, 2009 | Allotment of equity shares representing 25 per cent of stock options granted under Employee Stock Option Scheme 2005, allotted at the discounted price of Rs. 60 per equity share of Rs. 2 each | 75,000 | 4,71,13,489 shares of Rs. 2 each |
| 4 | March 3, 2010 | Allotment of equity shares representing 35 per cent of stock options granted under Employee Stock Option Scheme 2007, allotted at the discounted price of Rs. 25 per equity share of Rs. 2 each | 1,74,999 | 4,72,88,488 shares of Rs. 2 each |
| 5 | – | Equity share capital as on March 31, 2010 | - | 4,72,88,488 shares of Rs. 2 each |

## Conversion of FCCBs into equity shares

Out of USD 46 mn FCCBs issued by the Company, USD 25 mn FCCBs were converted into equity upon exercise of conversion right by the bond holders and an amount of USD 21 mn FCCBs were outstanding as on March 31, 2010.

## Subsidiary

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

## Dividend

Your Board of Directors recommended a dividend of Rs. 1.60 (80 per cent) per equity share of Rs. 2 each for the financial year 2009-10, as against Rs.1.40 (70 per cent) per equity share of Rs. 2 each paid for the previous financial year 2008-09.

## 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.

## 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

Shri S. S. Dua retires by rotation and being eligible offered himself for re-appointment.

## Auditors

M/S. VDNR & Associates, Chartered Accountants, Hyderabad, the retiring Statutory Auditors, being eligible, offer themselves for re-appointment at a remuneration to be fixed by the Board.

## Employees

The information required under Section 217(2A) of the Companies Act, 1956, and the rules made there under is given in the annexure to this Report, which forms a part of this Report.

## Listing at stock exchange

The Company's equity shares continue to be listed on The Bombay Stock Exchange Ltd. and The National Stock Exchange. Foreign currency convertible bonds are listed on the Singapore Stock Exchange. The annual listing fee for the years 2009-2010 and 2010-2011 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 ongoing 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 particulars of the stock options under associate

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 ongoing process, we continue to undertake the following measures to conserve energy

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

The Company has also in place the internal control procedures by which the cost of the electricity shall 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 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 thank all investors, customers, vendors, banks, and service providers as well as regulatory and government authorities for their continued support. Your Directors greatly appreciate and thank the significant contributions of employees in the initiatives of the Company.

By the order of the Board of Directors
**for ICSA (India) Limited**

Sd/-

Place: Hyderabad
Date: June 16, 2010

**G. Bala Reddy**
*Chairman-cum-Managing Director*

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended and forming a part of the Directors Report for the year ended March 31, 2010

| Serial number | Name of the employee and age | Designation and nature of the duties | Qualification and experience | Date of commencement of employment | Last employment held | Remuneration |
|---|---|---|---|---|---|---|
| 1 | G. Bala Reddy, 45 years | Chairman-cum-Managing Director | MA, 21 years experience | December 31, 1996 | Nil | Rs. 3,65,40,000 |
| 2 | N. K. Chaturvedi, 55 years | CEO-Tech | BE, MBA Marketing and Sales, 29 years experience | November 27, 2007 | C&S Protection and Control limited | Rs. 28,43,100 |
| 3 | Mohd. Abdul Rub, 47 years | CEO-Infra | B.Tech, 21 years experience | October 24, 2008 | BS Transcomm Ltd | Rs. 31,23,468 |
| 4 | C V Siva Reddy, 42 Years | General Manager | B.Tech (ECE), 15 years experience | March 10, 2010 | Maharastra Power Transmission | Rs. 88,407 |
| 5 | Mariasingam Joe Antony Shaya Basker, 45 Years | Chief Operating Officer | B E in Electrical & Electronics, M. Sc, M.B.A, 24 Yrs experience | February 1, 2010 | Cooper Power Systems | Rs. 4,55,558 |

## 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 area in which R&D carried out by the Company | Embedded solutions and software for power, oil, gas and water sectors |
| 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 would enable us to provide state-of-the-art power automation solutions. Some of the major benefits to be derived from our R&D activities are:<br>a. Enables us to provide state of art Power control equipment<br>b. Creates first mover advantage<br>c. Enables us to be leader in offering intelligent and efficient solutions for power distribution sector<br>d. Enables us to provide power saving solutions<br>e. Product improvement, cost reduction, product development and import substitution<br>f. Enables the company to be at the forefront of innovation<br>g. Enables the company to experiment and develop technology intensive solutions<br>h. Enables us to create patents |

| | |
|---|---|
| 3. Future plans of action | The Company will continue R&D in the embedded solutions. |
| 4. Expenditure on R&D | Rs. 903.58 lakhs |
| a) Capital | Nil |
| b) Recurring | Rs.903.58 lakhs |
| c) Total | Rs.903.58 lakhs |
| d) Total R&D expenditure as a percentage of total turnover | 0.73 per cent |
| 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 and import substitution, 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 : | The Company experienced a shift in solution requirement by the power utilities across the world. Instead of addressing problems singularly, the need for a comprehensive solution is felt. Efforts and studies are being undertaken and pilot programmes are being implemented to understand the real benefits of smart grid deployments. The utilities have also started to engage consultancy services for understanding the implementation manner and long term saving of investing into smart grid technology.<br>The Company joined the band wagon to understand the utilities / customers priorities both immediate and medium term and is designing / devising solutions and strategies to address the same. Therefore the efforts to sell the products and solutions in the year 2009-10 have yielded minimal results and shown no momentum in registering revenues from overseas customers.<br>However, the efforts to rebuild the overseas market are underway not only to address the immediate revenue making concerns but also to build a sustainable market for the Company's long term benefit. |
| 2) Total foreign exchange used and earned : | |
| a. Foreign exchange earnings : | Nil |
| b. Foreign exchange outgo : | Rs. 1,233.94 lakhs |

## Annexure – C to the Directors Report

**Details of ESOPs**

| Sl . no. | Description | ESOP Scheme – 2005 | ESOP Scheme – 2006 | ESOP Scheme – 2007 |
|---|---|---|---|---|
| 1 | Options granted | 3,00,000 options of Rs. 2 each | 2,50,000 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 25 per cent to 50 per cent (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 | 60 per cent to 70 per cent | 80 per cent to 95 per cent |
| 3 | Options vested | 75,000 | 87,500 | 1,75,000 |
| 4 | Total number of shares arising as a result of exercise of options | 75,000 | 87,496 | 1,74,999 |
| 5 | Options lapsed | Nil | Nil | Nil |
| 6 | Variation of terms of options | Nil | Nil | Nil |
| 7 | Money realised by exercise of options | Rs. 45,00,000 | Rs. 52,49,760 | Rs. 43,74,975 |
| 8 | Total number of options in force as on March 31, 2010 | 75,000 | 1,25,011 | 1,75,001 |
| 9 | Employee-wise details of options granted to | | | |
| | i. Senior managerial personnel | Enclosure – 1 | Enclosure – 1 | Enclosure – 1 |
| | 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 | Nil | Nil | Nil |

| Sl . no. | Description | ESOP Scheme – 2005 | ESOP Scheme – 2006 | ESOP Scheme – 2007 |
|---|---|---|---|---|
| 9 | Employee-wise details of options granted to | | | |
| | 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. | 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)

| Sl. no. | Name of the employee | Designation | ESOP – 2005 | ESOP – 2006 | ESOP 2007 |
|---|---|---|---|---|---|
| 1 | P. Kodanda Ramaiah | Director (Technical) | 1,875 | 1,875 | 4200 |
| 2 | S. S. Dua | Independent and Non-Executive Director | 1,250 | 1,000 | 0 |
| 3 | Y. V. Ramana Reddy | Independent and Non-Executive Director | 1,250 | 0 | 0 |
| 4 | N. K. Chaturvedi | Chief Executive Officer | 0 | 0 | 875 |
| 6 | T. V. Ramana | Resident Advisor | 1,875 | 1,875 | 3,500 |
| 7 | Ravi Jatavallabha | Head (Corporate Planning and Strategy) | 0 | 0 | 1,750 |
| 8 | K. Arun Kumar | Company Secretary | 0 | 563 | 1,715 |
| 9 | K. V. Krishnan | GM – Projects | 0 | 0 | 875 |
| 10 | K. Srinivasa Rao | General Manager - HR | 0 | 875 | 2,100 |
| 11 | Bhola Ravinder Kumar | GM-Purchases | 0 | 0 | 700 |

# CORPORATE GOVERNANCE

The Board of Directors of the Company supports the broad principles of Corporate Governance. Your Company has been practicing sound Corporate Governance over the years. A report on the compliance of the Corporate Governance code of the Listing agreement by the Company is furnished below

## 1. Company's philosophy on code of governance

At ICSA, we strive towards excellence through adoption of best governance and disclosure practices.

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

The Board of Directors has combination of Executive and Non-Executive Directors. The Board comprises two Executive and four Non-Executive Directors as on March 31, 2010, in conformity with the Listing Agreement.

| Name of the Director | Category of Director | Designation |
|---|---|---|
| Mr. G. Bala Reddy | Promoter Executive | Chairman-cum-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 |
| Mr. V. Shyam Sunder Reddy | Independent and Non-Executive | Director |
| Mr. Carlos Moslaris # | Independent and Non-Executive | Director |

*# Mr. Carlos Moslaris – Director resigned on May 7, 2010.*

*Mr. S. S. Dua retires by rotation and being eligible, offers himself for re-appointment.*

## 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 meeting attended | Attendance at last AGM | Number of other companies | | |
|---|---|---|---|---|---|---|
| | | | | Directorships | Committee memberships # | Committee Chairmanships # |
| Mr. G. Bala Reddy | 21 | 21 | Yes | 6 | 1 | Nil |
| Mr. P. Kodanda Ramaiah | 21 | 21 | Yes | Nil | Nil | Nil |
| Mr. S. S. Dua | 21 | 1 | Yes | 3 | Nil | Nil |
| Mr. Y. V. Ramana Reddy | 21 | 21 | Yes | 1 | Nil | Nil |
| Mr. V. Shyam Sunder Reddy | 21 | 21 | Yes | 1 | Nil | Nil |
| Mr. Carlos Moslaris | 21 | Nil | No | Nil | 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.*

**Number of other BoD or Board committees in which he/she was a member or Chairperson as on March 31, 2010**

| 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 |

**Number of Board of Directors meetings and dates on which held**

| Serial number | Date | Serial number | Date |
|---|---|---|---|
| 1 | April 7, 2009 | 12 | November 26, 2009 |
| 2 | April 29, 2009 | 13 | December 18, 2009 |
| 3 | May 14, 2009 | 14 | January 6, 2010 |
| 4 | June 9, 2009 | 15 | January 18, 2010 |
| 5 | July 7, 2009 | 16 | January 29, 2010 |
| 6 | July 31, 2009 | 17 | February 26, 2010 |
| 7 | August 17, 2009 | 18 | March 3, 2010 |
| 8 | August 21, 2009 | 19 | March 9, 2010 |
| 9 | August 30, 2009 | 20 | March 15, 2010 |
| 10 | October 30, 2009 | 21 | March 31, 2010 |
| 11 | November 24, 2009 | | |

## 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 wherever possible, at least ten days prior to the Board meeting to invite the 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 March 31, 2010**

| Serial number | Name of the Director | Number of shares held |
|---|---|---|
| 1 | Mr. G. Bala Reddy | 77,92,433 |
| 2 | Mr. P. Kodanda Ramaiah | 15,600 |
| 3 | Mr. S. S. Dua | 6,750 |
| 4 | Mr. Y. V. Ramana Reddy | 3,750 |

## 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 comprised the following three Independent Directors as on March 31, 2010.

| | |
|---|---|
| Mr. V. Shyam Sunder Reddy | Chairman |
| Mr. Y. V. Ramana Reddy | Member |
| Mr. P. Kodanda Ramaiah | 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 five times during 2009-10 as mentioned below

| Serial number | Date | Committee strength | Number of members present |
|---|---|---|---|
| 1 | April 29, 2009 | 3 | 3 |
| 2 | July 31, 2009 | 3 | 3 |
| 3 | August 17, 2009 | 3 | 3 |
| 4 | October 30, 2009 | 3 | 3 |
| 5 | January 29, 2010 | 3 | 3 |

Attendance at Audit Committee meetings during the financial year

| Name of Director | Number of meetings attended |
|---|---|
| Mr. V. Shyam Sunder Reddy | 5 |
| Mr. Y. V. Ramana Reddy | 5 |
| Mr. P. Kodanda Ramaiah | 5 |

### 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

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

### iii. Brief description of terms of reference of Compensation Committee

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

### iv. 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 |

### v. Meetings and attendance during the year

The Remuneration Committee met once in the year and all members were present. Compensation Committee met six times in the year and all members were present in all such meetings.

### vi. 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 and Compensation 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 are reimbursed the actual expenses incurred for attending meetings. During the year, no sitting fee/other remunerations were paid to the Non-Executive Directors

### vii. Details of remuneration to all Directors

The details of remuneration paid/payable for the financial year 2009-10 to the Directors of the Company are as follows

| Name of the Director | Relationship with other Directors | Remuneration including allowances | Commission | Sitting fees |
|---|---|---|---|---|
| Mr. G. Bala Reddy | No | Rs.3,65,40,000 | Rs.3,47,91,757/- | Nil |
| Mr. P. Kodanda Ramaiah | No | Rs.18,84,000/- | Nil | Nil |
| Mr. S. S. Dua | No | Nil | Nil | 5,000 |
| Mr. Y. V. Ramana Reddy | No | Nil | Nil | 1,00,000 |
| Mr. V. Shyam Sunder Reddy | No | Nil | Nil | 1,00,000 |
| Mr. Carlos Moslaris | No | Nil | Nil | Nil |

The details of stock options granted to Directors are shown in Enclosure – I of the Directors Report.

## C. Shareholders' and Investors' Grievance Committee

### Brief description of the terms of reference

The Shareholders and 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 |

Name and designation of compliance officer as on March 31, 2010:

Mr. K. Arun Kumar – 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 affirmed compliance with the Code of Conduct of the Company, is set out as an Annexure to this Report.

## 6. CEO/ CFO certification

As required under Clause 49 of the Listing Agreement with the stock exchanges, the Managing Director, Director (Technical) and General Manager (Finance & Accounts) certified to the Board the financial statements for the year ended March 31, 2010 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 below

| Financial year | Date and time of AGM | Location of the meeting |
|---|---|---|
| 2006-07 | September 28, 2007 11.00 am | Kohinoor – I, Taj Deccan, Banjara Hills, Hyderabad – 500 034 |
| 2007-08 | September 30, 2008 12.00 noon | Kohinoor – II, Taj Deccan, Banjara Hills, Hyderabad – 500 034 |
| 2008-09 | September 30, 2009 12.00 noon | Kohinoor, Taj Deccan, Banjara Hills, Hyderabad – 500 034 |

Details of special resolutions, postal ballot during the previous four Annual General Meetings

| Date of the AGM | Number of special resolutions passed | Resolutions requiring postal ballot | Postal ballot procedure |
|---|---|---|---|
| September 30, 2006 10.30 am | 9 | Nil | N.A |
| September 28, 2007 11.00 am | 8 | Nil | N.A |
| September 30, 2008 12.00 noon | 4 | Nil | N.A |
| September 30, 2009 12.00 noon | 5 | Nil | N.A |

## 8. Disclosures

### i. Related party transactions

The details of related party transactions during 2009-10 are shown in notes to accounts which form part of this Report.

### ii. Compliances by the Company

During last three years, no penalties or strictures were imposed on the Company by the stock exchanges or SEBI or any other statutory authorities on matters related to capital markets.

### 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 | Friday, July 30, 2010 at 12.00 noon |
| Venue | At the Kohinoor, Hotel Taj Deccan,<br>Banjara Hills, Hyderabad – 500 034 |

### 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 July 27, 2010 (Tuesday) to July 29, 2010 (Thursday), inclusive of both days

| Serial number | Listing on stock exchanges with stock code | 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)<br>Mumbai – 400 051 |

### iv. Listing fee:

The Company paid the listing fee for the year 2010-11 to BSE and NSE

### v. Annual custodial charges to depositories:

The Company paid annual custodial charges for the year 2010-11 to National Securities Depository Limited and Central Depository Services (India) Limited.

### vi. High/Low during each month of the financial year

| Month | BSE price | | Number of shares traded |
|---|---|---|---|
| | High (Rs.) | Low (Rs.) | |
| April 2009 | 126.6 | 80.15 | 1,63,91,658 |
| May 2009 | 195.8 | 115.7 | 92,06,545 |
| June 2009 | 214.85 | 152 | 79,15,440 |
| July 2009 | 194.15 | 138.6 | 42,85,341 |
| August 2009 | 214.2 | 156.55 | 61,93,684 |
| September 2009 | 219.5 | 190.1 | 59,20,730 |
| October 2009 | 229.9 | 175.05 | 63,65,110 |
| November 2009 | 179.4 | 150.5 | 46,68,347 |
| December 2009 | 192.6 | 163 | 46,78,337 |
| January 2010 | 193.85 | 149.4 | 37,91,975 |
| February 2010 | 163.9 | 126.7 | 25,72,771 |
| March 2010 | 144.9 | 127 | 33,37,738 |

### vii. Transfer system

The share transfers are affected twice every month and dispatched to the respective holders.

### viii. Distribution of shareholding as on March 31, 2010

| Share or debenture of nominal value of | Share/Debenture holders | | Share/Debenture amount | |
|---|---|---|---|---|
| Rs. | Number | Per cent to total | In Rs. | Per cent to total |
| (1) | (2) | (3) | (4) | (5) |
| 1-5000 | 44,268 | 98.02 | 85,03,006 | 17.98 |
| 5001-10000 | 425 | 0.94 | 15,65,241 | 3.31 |
| 10001-20000 | 223 | 0.49 | 16,46,167 | 3.48 |
| 20001-30000 | 70 | 0.15 | 8,80,481 | 1.86 |
| 30001-40000 | 38 | 0.08 | 6,69,920 | 1.42 |
| 40001-50000 | 25 | 0.06 | 5,59,500 | 1.18 |
| 50001-100000 | 43 | 0.10 | 15,68,441 | 3.32 |
| 100001- and Above | 74 | 0.16 | 3,18,95,732 | 67.45 |
| **Total** | **45,166** | **100** | **4,72,88,488** | **100** |

### ix Shareholding pattern as on March 31, 2010

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number of shares held in dematerialised form | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | | | As a percentage of(A+B)1 | As a percentage of (A+B+C) | Number of shares | As a percentage |
| **(A)** | **Shareholding of Promoter and Promoter Group2** | | | | | | | |
| **1** | **Indian** | | | | | | | |
| (a) | Individuals/ Hindu undivided family | 3 | 97,08,083 | 97,08,083 | 20.53 | 20.53 | 16,50,367 | 17.00 |
| (b) | Central Government/ State government(s) | | | | | | | |
| (c) | Bodies corporate | | | | | | | |
| (d) | Financial institutions/Banks | | | | | | | |
| (e) | Any others (specify) | | | | | | | |
| | **Sub total (A) (1)** | **3** | **97,08,083** | **97,08,083** | **20.53** | **20.53** | **16,50,367** | **17.00** |
| **2** | **Foreign** | | | | | | | |
| A | Individuals (non-residents individuals/ foreign individuals) | | | | | | | |
| b | Bodies corporate | | | | | | | |
| c | Institutions | | | | | | | |
| d | Any others (specify) | | | | | | | |
| | **Sub total (A) (2)** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **Total shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)** | **3** | **97,08,083** | **97,08,083** | **20.53** | **20.53** | **16,50,367** | **17.00** |
| **(B)** | **Public shareholding** | | | | | | | |
| 1 | Institutions | | | | | | | |
| (a) | Mutual funds/ UTI | 8 | 8,50,004 | 8,50,004 | 1.80 | 1.80 | | |
| (b) | Financial institutions / Banks | 6 | 2,21,800 | 2,21,800 | 0.47 | 0.47 | | |
| (c) | Central Government/ State government(s) | | | | | | | |
| (d) | Venture capital funds | | | | | | | |
| (e) | Insurance companies | 3 | 5,40,726 | 5,40,726 | 1.14 | 1.14 | | |
| (f) | Foreign institutional investors | 65 | 1,71,76,893 | 1,71,76,893 | 36.32 | 36.32 | | |
| (g) | Foreign venture capital investors | | | | | | | |
| (h) | Any other (specify) | | | | | | | |
| | **Sub-total (B)(1)** | **82** | **1,87,89,423** | **1,87,89,423** | **39.73** | **39.73** | **0** | **0** |

**Shareholding pattern as on March 31, 2010 (Contd.)**

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number of shares held in dematerialised form | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|---|---|---|---|---|---|---|---|---|
| | | | | | As a percentage of(A+B)1 | As a percentage of (A+B+C) | Number of shares | As a percentage |
| **B 2** | **Non-institutions** | | | | | | | |
| (a) | Bodies corporate | 1,190 | 58,07,222 | 57,91,172 | 12.28 | 12.28 | | |
| (b) | Individuals | | | | | | | |
| I | Individuals -i. Individual shareholders holding nominal share capital up to Rs. 1 lakh | 43,022 | 1,12,88,554 | 1,05,99,222 | 23.87 | 23.87 | | |
| II | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 5 | 4,45,032 | 4,45,032 | 0.94 | 0.94 | | |
| (c) | Any other (specify) | | | | | | | |
| (c-i) | NRI's | 864 | 12,50,174 | 12,50,174 | 2.64 | 2.64 | | |
| | **Sub-total (B)(2)** | **45,081** | **1,87,90,982** | **1,80,85,600** | **39.74** | **39.74** | **0** | **0** |
| **(B)** | **Total public shareholding (B) = (B)(1)+(B)(2)** | **45,163** | **3,75,80,405** | **3,68,75,023** | **79.47** | **79.47** | **0** | **0** |
| | **Total (A)+(B)** | **45,166** | **4,72,88,488** | **4,65,83,106** | **100** | **100** | **1650367** | **3.49** |
| (C) | Shares held by custodians and against which depository receipts have been issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Grand total (A)+(B)+(C)** | **45,166** | **4,72,88,488** | **4,65,83,106** | **100** | **100** | **1650367** | **3.49** |

## x. 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 31, 2010, 98.51 per cent of the Company's equity share capital stood dematerialised.

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

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

The Company did not issue any GDRs/ADRs.

## xii. Contact details

For any queries regarding shares

**Registrar & Share Transfer Agent address**

CIL Securities limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001

**Company Secretary:** Mr. K. Arun Kumar, ICSA (India) Limited, 1st Floor, Plot no. 12, Software Units Layout, Cyberabad, Hyderabad – 500081, Andhra Pradesh, Email id: secretarial@icsa-india.com

**For any queries relating to financial statements**

Mr. Atul Gangwal, *Manager – Strategy and Planning*,
ICSA (India) Limited, 5th Floor, Plot no. 12, Software Units Layout, Cyberabad, Hyderabad – 500081, Andhra Pradesh,
Email id: atul.gangwal@icsa-india.com

By the order of the Board of Directors

for **ICSA (India) Limited**

Sd/-

Place: Hyderabad
Date: June 16, 2010

**G. Bala Reddy**
*Chairman and Managing Director*

## 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 declare 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 2009-2010.

By the order of the Board of Directors
for **ICSA (INDIA) LIMITED**
Sd/-

Place: Hyderabad
Date: June 16, 2010

**G. Bala Reddy**
*Chairman & Managing Director*

## CERTIFICATION BY CMD, DIRECTOR (TECHNICAL) & VICE PRESIDENT (FINANCE & ACCOUNTS) OF THE COMPANY

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

We, G. Bala Reddy, Managing Director, CMD, P. Kodanda Ramaiah, Director (Technical) and A. Ravindranath Reddy, Vice President (F&A) of the Company do hereby jointly and severally certify that:

(a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended March 31, 2010, and that to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, 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 accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee that

(i) There have not been any significant changes in internal control over financial reporting during the year under reference;

(ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and

(iii) There has not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

for ICSA (INDIA) LIMITED

Sd/-

Date: June 16, 2010
Place: Hyderabad

| G. Bala Reddy | P. Kodanda Ramaiah | A. Ravindranath Reddy |
|---|---|---|
| CMD | Director (Technical) | Vice President (F&A) |

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
ICSA (INDIA) LIMITED,

We have examined the compliance of conditions of corporate governance by ICSA (INDIA) LIMITED, for the year ended on 31.03.2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges(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 Accounts of India, We have to state that, the Company has certified that as on March 31, 2010 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*

Place: Hyderabad
Date: 16/06/2010

**D. Venkateswarlu**
*Partner*

# AUDITOR'S REPORT

To

The Members of **ICSA (INDIA) LIMITED**,

1. We have audited the attached Balance Sheet of ICSA (INDIA) LIMITED, as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. 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. 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;

   iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts;

   iv) In our opinion, the balance sheet, profit and loss account 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 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Sec. 274 of the Companies Act, 1956;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 the case of balance sheet, of the state of affairs of the company as at 31st March, 2010;

      b) in the case of profit and loss account, of the profit for the year ended on that date; and

      c) in the case of the cash flow statement, of the cash flows for the year ended on that date:

**VDNR & ASSOCIATES**
*Chartered Accountants*

**D. Venkateswarlu**
*Partner*

Place: Hyderabad
Membership No.: 028488

Date: 16/06/2010
Firm Reg. No. 011251S

# ANNEXURE TO THE AUDITOR'S REPORT

Re: ICSA (INDIA) LIMITED

Referred to in paragraph 3 of my 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)**

a) According to the information and explanations given to us, the Company has not taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

b) In our opinion, there were no other terms and conditions.

c) Since the Company has not taken any loans, the repayment of principal and Interest dose not arise.

d) There is no overdue amount of loans taken from companies, firms, other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

e) According to the information and explanations given to us, the Company has granted interest free unsecured loan to its related parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 8.62 Lakhs and year end balance of the loan granted was Rs. 8.62 Lakhs

f) In our opinion and according to the information given to us, the terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.

g) There is no overdue amount in respect of inter corporate loans.

**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, 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 58A and 58AA of the Act and the rules framed thereunder.

**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 Central Government has not prescribed the maintenance of cost records for any of the products or activity of the Company.

**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.

Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

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 31-03-2010 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 no dues of income tax, sales tax, service tax, customs duty, and excise duty, which have not been deposited on account of any dispute.

**x)** In our opinion, the Company has no accumulated losses. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

**xi)** In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any of the financial institution or banks.

**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.

**xvii)** 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*

**D. Venkateswarlu**
*Partner*

Place: Hyderabad
Date: 16/06/2010

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

## BALANCE SHEET as at March 31, 2010

(Rs. in Lakhs)

| | Schedule | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|---|
| I SOURCES OF FUNDS : | | | | | |
| 1] **Shareholders Funds :** | | | | | |
| a) Share Capital | 1 | 945.77 | | 939.02 | |
| b) ESOP Application Money | | 7.50 | | 14.25 | |
| c) Reserves and Surplus | 2 | 70,211.94 | 71,165.21 | 58,769.31 | 59,722.58 |
| 2] **Loan Funds:** | | | | | |
| a) Secured Loans | 4 | 43,254.57 | | 30,010.65 | |
| b) Unsecured Loans | 5 | 18,143.22 | 61,397.79 | 9,150.00 | 39,160.65 |
| 3) **Deferred Tax Liability** | | | 1,167.83 | | 1,427.14 |
| **Total** | | | **133,730.83** | | **100,310.37** |
| II APPLICATION OF FUNDS : | | | | | |
| 1] **Fixed Assets:** | 3 | | | | |
| a) Gross Block | | 22,979.01 | | 19,235.76 | |
| b) Less: Depreciation | | 4,005.14 | | 1,869.99 | |
| **Net Block** | | | 18,973.87 | | 17,365.77 |
| 2] **Investments** | | | 201.86 | | 261.14 |
| 3] **Current Assets, Loans and Advances** | 6 | | | | |
| a) Inventories | | 20,327.09 | | 4,268.09 | |
| b) Sundry Debtors | | 53,545.63 | | 50,953.01 | |
| c) Cash and Bank balances | | 6,431.81 | | 6,066.28 | |
| d) Other Current Assets | | 9,804.90 | | 5,002.72 | |
| e) Loans and Advances | | 49,679.83 | | 26,245.90 | |
| | | **139,789.26** | | **92,536.00** | |
| 4] **Less: Current Liabilities & Provisions** | 7 | | | | |
| a) Liabilities | | 23,397.80 | | 10,154.82 | |
| b) Provisions | | 5,468.97 | | 4,052.76 | |
| | | **28,866.77** | | **14,207.58** | |
| **Net Current Assets** | | | 110,922.49 | | 78,328.42 |
| 5] **Miscellaneous Expenditure** (to the extent not written off or adjusted) | 8 | | 3,632.61 | | 4,355.04 |
| **Total** | | | **133,730.83** | | **100,310.37** |
| 6] **Significant Accounting Policies** | 16 | | | | |
| 7] **Notes on Accounts** | 17 | | | | |

Schedules referred above form an integral part of the Balance Sheet

As per our report of even date attached

For **VDNR & ASSOCIATES**
*Chartered Accountants*

for and on behalf of the Board

**D. Venkateswarlu**
*Partner*

**G. Bala Reddy**
*Chairman-cum-Managing Director*

**P. Kodanda Ramaiah**
*Director (Technical)*

**K. Arun Kumar**
*Company Secretary*

Date : June 16, 2010
Place : Hyderabad

# PROFIT AND LOSS ACCOUNT for the year ended March 31, 2010

*(Rs. in Lakhs)*

| | | Schedule | Year ended March 31, 2010 | | Year ended March 31, 2009 | |
|---|---|---|---|---|---|---|
| I | INCOME | | | | | |
| | Gross Sales | | 123,872.47 | | 112,353.03 | |
| | Less: Excise duty | | 127.24 | | 128.62 | |
| | **Net Sales** | | | **123,745.23** | | **112,224.41** |
| | Other Income | 9 | | 851.45 | | 176.58 |
| | **Total** | | | **124,596.68** | | **112,400.99** |
| II | EXPENDITURE | | | | | |
| | Project and Services expenses | 10 | 91,358.67 | | 78,276.08 | |
| | Administrative, Selling & Distribution expenses | 12 | 3,366.62 | | 4,064.42 | |
| | Employee remuneration & benefits | 13 | 3,043.64 | | 1,621.72 | |
| | Excise duty on Finished goods | | 4.03 | | – | |
| | Managerial remuneration | 14 | 732.16 | | 705.30 | |
| | R&D Expenditure written off | 8 | 665.10 | | 484.38 | |
| | Financial expenses | 11 | 6,242.36 | | 5,378.47 | |
| | Depreciation | 3 | 2,136.56 | | 1,207.52 | |
| | **Total** | | | **107,549.14** | | **91,737.89** |
| | **Profit Before Tax (I-II)** | | | **17,047.54** | | **20,663.10** |
| | Provision for Taxation | 15 | | 4,862.95 | | 5,377.02 |
| | **Profit After Tax** | | | **12,184.59** | | **15,286.08** |
| | Balance brought forward from previous year | | | 28,427.10 | | 15,441.31 |
| | **Balance Available for Appropriation** | | | **40,611.69** | | **30,727.39** |
| | Appropriations: | | | | | |
| | – Proposed Dividend | | 756.62 | | 659.59 | |
| | – Corporate Dividend Tax | | 128.59 | | 112.09 | |
| | – Transfer to General Reserve | | 1,218.46 | 2,103.67 | 1,528.61 | 2,300.29 |
| | **Balance carried to Balance sheet** | | | **38,508.02** | | **28,427.10** |
| | Earnings per share in Rs. (Face value of Rs. 2/- each): | | | | | |
| | Basic (No. of Shares used in calculation - 470,91,160 ) | | | 25.87 | | – |
| | Diluted (No. of Shares used in calculation - 521,74,488) | | | 23.77 | | – |
| | Basic (No. of Shares used in calculation - 453,57,208) | | | – | | 33.70 |
| | Diluted (No. of Shares used in calculation - 507,40,503) | | | – | | 30.79 |
| | Significant Accounting Policies | 16 | | | | |
| | Notes on Accounts | 17 | | | | |

Schedules referred above form an integral part of the Profit and Loss Account

As per our report of even date attached

For **VDNR & ASSOCIATES**
*Chartered Accountants*

for and on behalf of the Board

**D. Venkateswarlu**
*Partner*

**G. Bala Reddy**
*Chairman-cum-Managing Director*

**P. Kodanda Ramaiah**
*Director (Technical)*

**K. Arun Kumar**
*Company Secretary*

Date : June 16, 2010
Place : Hyderabad

*(Rs. in Lakhs)*

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| Schedule 1 **SHARE CAPITAL** | | | | |
| **Authorised Capital** | | | | |
| 7,50,00,000 Equity Shares of Rs. 2/- each | | **1,500.00** | | **1,500.00** |
| **Issued, Subscribed and Paid up** | | | | |
| 4,72,88,488 Equity Shares of Rs. 2/- each | | 945.77 | | – |
| 4,69,50,993 Equity Shares of Rs. 2/- each | | – | | 939.02 |
| **Total** | | **945.77** | | **939.02** |

| Schedule 2 **RESERVES AND SURPLUS** | | | | |
|---|---|---|---|---|
| Capital Reserve | | 249.70 | | 249.70 |
| Share premium account | | 25,823.64 | | 24,719.48 |
| **General Reserve:** | | | | |
| Opening Balance | 3,395.45 | | 1,866.84 | |
| Additions during the year | 1,218.46 | 4,613.91 | 1,528.61 | 3,395.45 |
| **Profit and Loss Account:** | | | | |
| Opening balance | 28,427.10 | | 15,441.31 | |
| Balance transferred from P&L during the year | 10,080.92 | 38,508.02 | 12,985.79 | 28,427.10 |
| Reserve for Employee Stock Option Scheme | | 1,016.67 | | 1,977.58 |
| | | **70,211.94** | | **58,769.31** |

Schedule 3 **FIXED ASSETS AND DEPRECIATION**

| ASSETS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | As at 01.04.2009 | Additions | Deletions | As at 31.03.2010 | As at 01.04.2009 | For the year | Deletions | As at 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| Land | 382.96 | – | – | 382.96 | – | – | – | – | 382.96 | 382.96 |
| Office Buildings | 206.68 | – | – | 206.68 | 4.49 | 3.37 | – | 7.86 | 198.82 | 202.19 |
| Factory Buildings | 208.31 | 2,921.41 | – | 3,129.72 | 0.34 | 38.83 | – | 39.17 | 3,090.55 | 207.97 |
| Furniture & Fixtures | 84.94 | 17.61 | – | 102.55 | 24.57 | 5.92 | – | 30.49 | 72.06 | 60.37 |
| Office Equipment | 80.55 | 8.50 | – | 89.05 | 8.61 | 4.02 | – | 12.63 | 76.42 | 71.94 |
| Vehicles | 169.11 | 39.38 | 4.40 | 204.09 | 28.57 | 19.33 | 1.41 | 46.49 | 157.60 | 140.54 |
| Electrical Installations | 14.79 | – | – | 14.79 | 4.40 | 0.94 | – | 5.34 | 9.45 | 10.39 |
| Computers | 2,619.17 | 206.63 | – | 2,825.80 | 864.93 | 450.77 | – | 1,315.70 | 1,510.10 | 1,754.24 |
| Plant & Machinery (Projects) | 9,783.14 | 554.12 | – | 10,337.26 | 101.93 | 539.15 | – | 641.08 | 9,696.18 | 9,681.21 |
| Development Software | 3,873.98 | – | – | 3,873.98 | 545.45 | 761.82 | – | 1,307.27 | 2,566.71 | 3,328.53 |
| Testing Tools | 1,812.13 | – | – | 1,812.13 | 286.70 | 312.41 | – | 599.11 | 1,213.02 | 1,525.43 |
| **Total** | **19,235.76** | **3,747.65** | **4.40** | **22,979.01** | **1,869.99** | **2,136.56** | **1.41** | **4,005.14** | **18,973.87** | **17,365.77** |
| Previous year figures | 9,830.23 | 9,405.53 | – | 19,235.76 | 662.47 | 1,207.52 | – | 1,869.99 | 17,365.77 | 9,167.76 |

# SCHEDULES TO THE BALANCE SHEET as at March 31, 2010

*(Rs. in Lakhs)*

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 4 SECURED LOANS** | | | | |
| **Working Capital Loans From Banks** | | | | |
| (Details of Securities are as per point No.16 of Notes on Accounts) | | | | |
| i) Bank of India | 6,980.50 | | 7,058.85 | |
| ii) Punjab National Bank | 8,894.94 | | 3,863.38 | |
| iii) State Bank of India | 8,491.95 | | 7,152.60 | |
| iv) Union Bank of India | 3,708.67 | | 1,950.74 | |
| v) HSBC | – | | 3,600.00 | |
| vi) Andhra Bank | 1,797.37 | 29,873.43 | – | 23,625.57 |
| **Specific Project Working Capital Loans** | | | | |
| i) Andhra Bank | 3,963.38 | | – | |
| ii) State Bank of India | 2,653.68 | 6,617.06 | 2,003.12 | 2,003.12 |
| **Term Loans** | | | | |
| i) Andhra Bank | 4,236.79 | | 4,327.44 | |
| ii) Punjab National Bank | 2,500.00 | | – | |
| iii) Vehicle Loans | 27.29 | 6,764.08 | 54.52 | 4,381.96 |
| | | **43,254.57** | | **30,010.65** |

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 5 UNSECURED LOANS** | | | | |
| i) FCCB (Foreign Currency Convertible Bonds) | | 9,150.00 | | 9,150.00 |
| ii) Development Credit Bank | | 1,000.00 | | – |
| iii) ING Vysya Bank | | 3,000.00 | | – |
| iv) IDBI Bank | | 4,993.22 | | – |
| | | **18,143.22** | | **9,150.00** |

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 6 CURRENT ASSETS, LOANS & ADVANCES** | | | | |
| **A) Current Assets :** | | | | |
| **i) Closing Stocks** | | | | |
| a) Material, Stores & Spares at sites | 11,796.81 | | 1,945.83 | |
| b) Work in progress/Finished goods | 8,530.28 | 20,327.09 | 2,322.26 | 4,268.09 |
| **ii) Sundry Debtors –** ( Unsecured considered good) | | | | |
| Debt outstanding for a period exceeding | | | | |
| a) Six months | 11,353.81 | | 9,530.60 | |
| b) Other debts | 42,191.82 | 53,545.63 | 41,422.41 | 50,953.01 |
| **iii) Cash & Bank Balances** | | | | |
| a) Cash on hand | 72.95 | | 28.96 | |
| b) Balance with Schedule Banks in Current Accounts | 1,085.03 | | 2,136.36 | |
| c) In Fixed Deposits Accounts | | | | |
| – Margin money | 5,022.21 | | 3,723.86 | |
| – Others Deposits | 251.62 | 6,431.81 | 177.10 | 6,066.28 |

*(Rs. in Lakhs)*

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 6 CURRENT ASSETS, LOANS & ADVANCES** *(Contd.)* | | | | |
| **iv) Other Current Assets (Unsecured considered good)** | | | | |
| a) Earnest money Deposits | 430.75 | | 513.55 | |
| b) Deposits with others | 725.02 | | 297.58 | |
| c) Retention Money Receivable | 4,276.40 | | 3,254.51 | |
| d) TDS Receivable and Advance tax | 3,885.18 | | 915.86 | |
| e) Prepaid expenses | 487.55 | 9,804.90 | 21.22 | 5,002.72 |
| **B) Loans & Advances (Unsecured considered good)** | | | | |
| a) Advance to Sub-contractors | 22,037.53 | | 9,790.18 | |
| b) Advance for expenses | 91.86 | | – | |
| c) Advance to Suppliers | 20,962.63 | | 10,008.29 | |
| d) Loans to Subsidiary | 8.62 | | – | |
| e) Other Advances | 6,579.19 | 49,679.83 | 6,447.43 | 26,245.90 |
| | | **139,789.26** | | **92,536.00** |

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 7 CURRENT LIABILITIES & PROVISIONS** | | | | |
| **i) Current Liabilities** | | | | |
| Sundry Creditors | | | | |
| – Expenses | 74.33 | | 215.83 | |
| – Suppliers | 11,484.26 | | 7,725.81 | |
| – Sub-contractors | 1,330.26 | | 1,030.28 | |
| Unclaimed Dividend | 31.63 | | 21.94 | |
| Advances from Customers | 8,374.51 | | 194.98 | |
| Other Liabilities | 2,102.81 | 23,397.80 | 965.98 | 10,154.82 |
| **ii) Provisions** | | | | |
| Provision for Gratuity | 2.78 | | – | |
| Provision for Income Tax | 4,580.98 | | 3,000.06 | |
| Provision for Fringe Benefit Tax | – | | 281.01 | |
| Proposed Dividend | 756.62 | | 659.59 | |
| Provision for Corporate Dividend Tax | 128.59 | 5,468.97 | 112.10 | 4,052.76 |
| | | **28,866.77** | | **14,207.58** |

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 8 MISCELLANEOUS EXPENDITURE** | | | | |
| i) **FCCB issue Expenses** (To the extent not written off or adjusted) | 516.70 | | 516.70 | |
| Add: Addition during the year | – | | – | |
| | 516.70 | | 516.70 | |
| Less: Written off during the year | – | 516.70 | – | 516.70 |
| ii) **Deferred Employee Compensation** (To the extent not written off or adjusted) | 1,977.58 | | 520.98 | |
| Add: Addition during the year | – | | 2,248.50 | |
| | 1,977.58 | | 2,769.48 | |
| Less: Written off during the year | 960.91 | 1,016.67 | 791.90 | 1,977.58 |
| iii) **Deferred Revenue Development Expenditure** | | | | |
| (To the extent not written off or adjusted) | | | | |
| Product Development Expenses | 1,860.76 | | 2,345.14 | |
| Add: Addition during the year | 903.58 | | – | |
| | 2,764.34 | | 2,345.14 | |
| Less: Written off during the year | 665.10 | 2,099.24 | 484.38 | 1,860.76 |
| | | **3,632.61** | | **4,355.04** |

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT for the year ended March 31, 2010

*(Rs. in Lakhs)*

| Particulars | Year ended March 31, 2010 | | Year ended March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 9 OTHER INCOME** | | | | |
| Dividend Received | | 0.39 | | 0.75 |
| Foreign Exchange Fluctuation | | 324.63 | | – |
| Interest Received | | 329.55 | | 166.67 |
| LD Charges received | | 46.06 | | – |
| Discount Received | | – | | 0.10 |
| Profit on Sale of Shares | | 150.77 | | – |
| Other Receipts | | 0.05 | | 9.06 |
| | | **851.45** | | **176.58** |

| Particulars | Year ended March 31, 2010 | | Year ended March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 10 PROJECT AND SERVICES EXPENSES** | | | | |
| Consumption | | | | |
| Opening Stock | 1,945.83 | | 6,490.45 | |
| Add : Purchases | 57,220.84 | | 51,914.36 | |
| | 59,166.67 | | 58,404.81 | |
| Less: Closing stock | 11,796.81 | 47,369.86 | 1,945.83 | 56,458.98 |
| Sub contract bills | | 47,546.84 | | 23,368.03 |
| Cess on Civil Works | | 8.71 | | 1.60 |
| Freight Charges | | 216.28 | | 147.20 |
| Fuel Expenses | | 17.62 | | 11.32 |
| Import Clearing Charges | | 12.58 | | 5.06 |
| Job Work Charges | | 131.31 | | 133.60 |
| Labour Charges | | 51.76 | | 17.73 |
| Loading & Unloading | | 14.63 | | 9.75 |
| Service tax | | 2,138.01 | | 421.49 |
| Seignorage Expenses | | 22.90 | | 11.39 |
| Stores Rent – Sites | | 15.77 | | 6.76 |
| Survey charges | | 20.42 | | 5.43 |
| Work in Progress / Finished Goods: | | | | |
| Opening Balance | 2,322.26 | | – | |
| Less: Closing Balance | 8,530.28 | (6,208.02) | 2,322.26 | (2,322.26) |
| | | **91,358.67** | | **78,276.08** |

| Particulars | Year ended March 31, 2010 | | Year ended March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 11 FINANCIAL EXPENSES** | | | | |
| Interest & Financial Charges | | 5,660.98 | | 2,542.20 |
| Exchange Fluctuation | | – | | 1,849.70 |
| Bank Charges | | 581.38 | | 986.57 |
| | | **6,242.36** | | **5,378.47** |

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT for the year ended March 31, 2010

*(Rs. in Lakhs)*

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|---|---|---|
| **Schedule 12 ADMINISTRATION, SELLING & OTHER EXPENSES** | | |
| Advertisement | 10.17 | 15.34 |
| Audit fees | 40.00 | 40.00 |
| Books, Periodicals and Memberships | 28.68 | 22.67 |
| Communication Expenses | 48.91 | 45.84 |
| Consultancy/ Professional Charges | 471.41 | 475.53 |
| Conveyance and Travelling Expenses | 276.02 | 224.77 |
| Donations | 14.06 | 18.81 |
| Directors Sitting Fees | 2.05 | – |
| Electricity Charges | 42.08 | 33.28 |
| General Expenses | 135.64 | 285.16 |
| Sales Tax | 1,291.28 | 2,041.41 |
| Insurance | 72.00 | 49.18 |
| Business promotion expenses | 192.15 | 171.44 |
| Product Samples | 52.45 | 13.34 |
| Meeting expenses | 5.86 | 4.24 |
| Office Maintenance | 62.62 | 49.80 |
| Postage and Telegram | 26.00 | 26.92 |
| Printing & Stationery | 40.56 | 49.32 |
| Rates, taxes and registration fees | 90.09 | 90.68 |
| Recruitment and Training | 20.64 | 7.39 |
| Rent | 340.74 | 277.87 |
| Repairs and maintenance | 8.55 | 11.49 |
| Loss on Sale of Vehicle | 1.69 | – |
| Diminution in Investments (Long Term) | 0.41 | – |
| Tender Documents Purchases | 16.27 | 59.85 |
| Vehicle maintenance | 76.29 | 50.09 |
| | **3,366.62** | **4,064.42** |
| **Schedule 13 EMPLOYEE REMUNERATION & BENEFITS** | | |
| Salaries, allowances and other benefits | 2,007.83 | 774.71 |
| Contribution to PF & other Funds | 47.44 | 35.32 |
| Incentives and Staff Welfare | 27.46 | 19.89 |
| Employee compensation expense under ESOP Scheme | 960.91 | 791.80 |
| | **3,043.64** | **1,621.72** |
| **Schedule 14 MANAGERIAL REMUNERATION** | | |
| Directors Remuneration | 373.20 | 282.80 |
| Managerial Commission | 347.92 | 413.26 |
| Managerial Allowances | 11.04 | 9.24 |
| | **732.16** | **705.30** |
| **Schedule 15 PROVISION FOR TAXATION** | | |
| Current Tax | 4,580.98 | 4,800.06 |
| Deferred Tax | (259.31) | (252.91) |
| Fringe Benefit Tax | – | 296.01 |
| Income Tax paid for previous years | 541.28 | 533.86 |
| | **4,862.95** | **5,377.02** |

# SCHEDULES TO THE ACCOUNTS for the year ended March 31, 2010

## Schedule 16 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS:

1. **System of Accounting**

   The Company adopts the accrual concept in the preparation of the Accounts. The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from the estimates.

2. **Revenue Recognition**

   Revenue from Services are recognized as and when the Services are performed. Sales are stated at selling price inclusive of all taxes.

   Expenditure on software purchase and developed/customized during the year is treated as revenue expenditure.

   Interest income : Interest income is recognized on a time proportion basis.

3. **Foreign Currency Transactions**

   i) Initial Recognition: Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

   ii) Exchange Differences: Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

   iii) Conversion: Foreign Currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

4. **Inventories**

   i. Raw materials: Raw materials are valued at cost or net realizable values, whichever is lower on FIFO basis.

   ii. Project division: Work in progress is valued at the contract rates less profit margin/estimates

   iii. Finished goods are Valued at cost.

5. **Fixed Assets**

   i. Tangible Fixed Assets

   Tangible Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing asset to its working condition for its intended use. Borrowing cost relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

   ii. Intangible Fixed Assets and Amortization:

   Intangible assets have finite useful lives and are measured at cost and amortized over their expected useful economical lives as follows:

   Research and development cost are expensed, except for certain development cost which are capitalized from the time commercial and technological feasibility criteria's are met. Expenditure already charged to the profit & loss account is not restated. The capitalized cost is amortized on completion of the project over 5 years on a straight line basis.

6. **Depreciation and Amortization**

   Depreciation on tangible Fixed Assets is provided using the straight line method, at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing Rs. 5,000/- each are written off in the year of capitalization.

   Temporary sheds are amortized over the period of the project on project –to-project basis

7. **Income Taxes**

   Tax expense, comprises of current, deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred Income Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets and liabilities are measured, based on tax rates and laws enacted are substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forward of unabsorbed depreciation and tax losses and deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence, that such deferred tax assets can be realized against future taxable profits. At each balance sheet date, the Company re-assesses un recognized deferred tax assets. Un recognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonable certain that future taxable income will be available against which such deferred tax assets can be realized.

**8. Deferred Revenue Expenditure**

The Expenditure incurred on issue of FCCBs is amortized in proportion to the conversion of FCCBs into Equity Share Capital as and when the conversion takes place.

**9. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Current investments are measured at cost All other investments are classified as long term investments. Long term investments are measured at cost, however provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**10. Employee Benefits– Retirement benefits**

Retirement benefits in the form of Provident Fund and Superannuation scheme are defined contribution schemes and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective authority.

**11. Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares out standing during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

**12. Provisions**

A provision is recognized when the company has a potential obligation as a result of past event and it is provable that an out flow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**13. Cash and cash equivalents:**

Cash and cash equivalents in the cash flow statement comprise cash at bank, Cash in hand, Fixed deposits and Un claimed dividend a/c

**14. Use of estimates:**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operation during the reporting period end. Although these estimates based upon management best knowledge of current events and actions, actual results could differ from these estimates.

**15. Segment report policies**

Identification of segments: The company's operating businesses are organized and managed according to the nature of products and services provided to offer similar products serving similar markets.

**16. Borrowing cost**

Borrowing costs include interest and commitment charges on borrowings, amortization costs incurred in connection with arrangement of borrowings. Costs incurred on borrowings directly attributable to development projects, which take a substantial period of time to complete, are capitalized within the development / producing asset for each cost center.

All other borrowing costs are recognized in the profit and loss account in the period in which they are incurred.

# SCHEDULES TO THE ACCOUNTS for the year ended March 31, 2010

## Schedule 17 NOTES FORMING PART OF THE ACCOUNTS

1. All amounts presented in the financial statements are in "Rupees in Lakhs", except Per share data as other wise stated.

2. The figures of the previous year have been regrouped/recast to render them comparable with the figures of the current year, as below:

   a) During the current year, turnover has been reported in gross (including taxes) figures. Accordingly, previous year's turnover has also been grossed up.

   b) Cash and Bank Balances shown in the Balance Sheet including deposits made towards margin monies and fixed deposits were regrouped and reported for the previous year.

   c) Project and service expenses consist of consumption of materials, sub-contractor bills, purchase of software and other direct expenses. Accordingly, previous year figures also have been regrouped and reported.

3. The company has no contingent liabilities as on 31-03-2010 acknowledged as debts except the Bank Guarantees given to various Government departments to the extent of Rs. 37316.52 Lakhs and Letters of credit of Rs. 5783.77 Lakhs.

4. The company has no dues outstanding more than 30 days to any of the Small Scale Industrial undertakings as on 31-03-2010.

5. Certain balances of loans and advances, sundry debtors and sundry creditors are subject to confirmation from the concerned parties.

6. a) The company has amortized FCCB issue expenses in proportion to conversion of FCCBs into Equity Share Capital as and when the conversion has taken place.

   b) The product development expenditure incurred during the current financial year of Rs. 903.58 Lakhs is amortized over a period of Five years on a straight line basis.

7. Inventory:
   Inventory is valued at cost or net realizable value, whichever is less on FIFO basis. Inventories are physically verified and certified by the management.

8. The Company has allotted 3,37,495 Equity shares of Rs. 2 each to its employees on exercise of Employees Stock Options.

9. Depreciation charged to profit and loss account for the year consists of Rs. 232.02 Lakhs pertaining to the previous year 2008-2009.

10. Segmental Reporting:

*(Rs. in Lakhs)*

| Description | Embedded Solutions & Software Services | Infrastructure Projects & Services | Power Generation | Unallocable | Total |
|---|---|---|---|---|---|
| Segment Revenue | 42412.06 | 80515.49 | 944.92 | – | 123872.47 |
| Segment Results (Before Interest & Tax) | 12080.54 | 9702.47 | 655.45 | 851.44 | 23289.90 |
| Segment Capital Employed | 26098.34 | 41662.13 | 5952.52 | 11584.81 | 85297.80 |

11. In compliance with Accounting Standard 22 relating to "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has accounted for Deferred Tax, the details of which are given below:

*(Rs. in Lakhs)*

| Deferred tax liabilities recognized for timing differences due to: | March 31, 2010 | March 31, 2009 |
|---|---|---|
| Depreciation | 3197.30 | 4683.07 |
| Research & Development | 238.48 | (484.38) |
| Total | 3435.78 | 4198.69 |
| Net Deferred Tax liability | 1167.83 | 1427.14 |
| Deferred tax revenue transferred to Profit and Loss Account | 259.31 | 252.91 |

12. Earnings per share:

Earnings per share computed in accordance with Accounting Standard 20 in respect of profit for the year 2009-2010 is as under:

*(In Rs.)*

| Description | March 31, 2010 (Per Equity Share of Rs. 2/- each) | March 31, 2009 (Per Equity Share of Rs. 2/- each) |
|---|---|---|
| Profit after Tax | 121,84,58,921 | 152,86,08,485 |
| Adjusted Profits | 124,03,04,761 | 156,20,86,306 |
| No. of shares – Basic | 4,70,91,160 | 4,53,57,208 |
| No. of Shares – Diluted | 5,21,74,488 | 5,07,40,503 |
| EPS – Basic Rs. | 25.87 | 33.70 |
| EPS – Diluted Rs. | 23.77 | 30.79 |

The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

13. Related parties information:

A) Information regarding related party transactions as per Accounting Standard 18 is given below:

Names of related parties and description of relationship:

| Party | Relationship |
|---|---|
| ICSA International PTE Limited | 100% Subsidiary |
| B R G Energy Limited | Associate |
| Sahasra Investments Pvt Limited | Associate |
| Softpro Systems Limited | Associate |

Key Management Personnel as on 31st March 2010

| Name | Designation |
|---|---|
| G Bala Reddy | Chairman and Managing Director |
| P Kodanda Ramaiah | Director (Technical) |

B) The details of related party transactions in terms of Accounting Standard (AS-18) are as follows :

*(Rs. in Lakhs)*

| Nature of transactions | Associates | | Subsidiaries | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| Purchases / Sub-contract works | 6178.27 | 9047.07 | – | – |
| Sales | 494.28 | 127.50 | – | – |
| Rent | 309.72 | 257.87 | – | – |
| Loans and Advances | – | – | 8.62 | – |
| Rent Deposit | 100.00 | – | – | – |

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

*(Rs. in Lakhs)*

| Nature of the party | Current Year | | Previous Year | |
|---|---|---|---|---|
| | Due to | Due from | Due to | Due from |
| ICSA International Pte Ltd | – | 8.62 | – | – |
| Softpro Systems Limited | – | 105.69 | 134.88 | – |

An amount of Rs. 3456.65 Lakhs was outstanding from BRG Energy Ltd on account of sums paid towards execution of works contracts and purchase of transformers at market prices prevailing as on the date of these transactions.

# SCHEDULES TO THE ACCOUNTS for the year ended March 31, 2010

Schedule 17 NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

D) Summary of Transactions with Key Management personnel:

*(Rs. in Lakhs)*

| Description | March 31, 2010 | March 31, 2009 |
|---|---|---|
| Directors Remuneration | 384.24 | 292.04 |
| Commission to Managing Director | 347.92 | 413.26 |

14. The details of Foreign Exchange earnings during the year :

*(Rs. in Lakhs)*

| Particulars | March 31, 2010 | March 31, 2009 |
|---|---|---|
| Foreign Exchange earnings | | |
| Exports | – | 11369.19 |
| Interest | – | 55.97 |
| **Total** | **–** | **11425.16** |

The details of Foreign Exchange Inward and Out go during the year :

*(Rs. in Lakhs)*

| Particulars | March 31, 2010 | March 31, 2009 |
|---|---|---|
| **Foreign Exchange Inward** | | |
| Exports realization pertaining to previous years | 18001.16 | 775.39 |
| Advance from Customers | 265.23 | – |
| **Total** | **18266.39** | **775.39** |
| **Foreign Exchange Out go** | | |
| **Value of Imports during the year (C.I.F.Basis)** | | |
| – Raw Materials | 938.48 | 57.25 |
| – Capital goods - Furniture & Fixtures | 13.43 | – |
| **Expenditure in Foreign Currency during the year** | | |
| Interest & Bank Charges(FCCB) | 253.51 | 243.57 |
| Professional Charges | 14.96 | – |
| Business Promotion | – | 16.89 |
| Foreign Travel | 3.60 | 11.13 |
| Subscriptions | 1.34 | – |
| **Loans and advances in Foreign currency during the year** | | |
| Loans and Advances to Subsidiary | 8.62 | – |
| Advance to Suppliers | – | 447.44 |
| **Total** | **1233.94** | **776.28** |

15. Auditor's remuneration:

*(Rs. in Lakhs)*

| Particulars | March 31, 2010 | March 31, 2009 |
|---|---|---|
| i) Statutory Audit fee | 30.00 | 30.00 |
| ii) Tax Audit fee | 2.50 | 2.50 |
| iii) Certification fee | 2.50 | 2.50 |
| iv) Other Services | 5.00 | 5.00 |

16. a. The Company has availed various credit limits from State Bank of India, CAG Branch, Punjagutta, Hyderabad, Bank of India, Khairatabad Branch, Hyderabad, Union Bank of India, Khairatabad Branch, Hyderabad, Punjab National Bank, Chennai and Andhra bank, Sultan Bazar Branch, Hyderabad. Under the multiple banking arrangements, the following securities were offered for availing credit limits:

i. First Charge on both current & fixed assets of the company ranking pari passu with other banks under multiple banking arrangements.

ii. Exclusive Charge to SBI on Flat No.: 1092 situated at Sector – A, Pocket A, (SAS Category – III), Vasant Kunj, New Delhi and pledge of 6,25,000 shares held by promoters of the company.

Schedule 17 NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

b. The Company has availed term loan facilities from Andhra Bank, Sultan Bazar, Hyderabad Branch and the following securities were offered in this regard:

i. The term loan is secured by hypothecation of wind mills at Tamil Nadu and Karnataka and Mortgage of the land pertaining to these wind mill plants.

ii. Second charge on the existing fixed assets of the company

c. The company has availed credit limits for specific projects from State Bank of India CAG branch, Hyderabad and Andhra bank Sultan Bazar Branch, Hyderabad. The following securities were offered for availing these credit limits:

i. SBI Specific Project:
First charge on project specific current assets of the company and pledge of 1,00,000 shares held by promoters of the company.

ii. Andhra Bank Specific Project:
First charge on project specific current assets of the company, second charge on present and future current & fixed assets of the company ranking pari passu under multiple banking arrangements.

17. Investments comprising shares in other listed companies are valued at cost and classified as long term investments. Long term investments are measured at cost, however provision for diminution in value is made to recognize the decline other than temporary in the value of the investments.

18. Additional information pursuant to provisions of the Para 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

a) The company is 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 production and sale of such solutions cannot be expressed in any generic units and hence, it is not possible to give quantitative details.

b) The company is also 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, wherein there are number of components involved in production / assembling/ execution and it is not possible for us to give quantitative details of purchase of such components which are small in value and large in quantity.

c) The company is also engaged in the business of Rural Electrification, Construction of Sub stations, Conversion of LT line to HT lines etc. Due to the nature of job, it is difficult to furnish quantitative details.

Signature to Schedules 1 to 17

for and on behalf of the Board

| | | | |
|---|---|---|---|
| Date : June 16, 2010 | **G. Bala Reddy** | **P. Kodanda Ramaiah** | **K. Arun Kumar** |
| Place : Hyderabad | *Chairman-cum-Managing Director* | *Director (Technical )* | *Company Secretary* |

# Balance Sheet Abstract

## BALANCE SHEET ABSTRACT AND COMPANY BUSINESS PROFILE

**a. Registration Details**

Registration No. L72200AP1994PLC016969 State Code 0 1

Balance Sheet Date 3 1 0 3 2 0 1 0

**b. Capital Raised during the year** (Amount in Rs. Thousands)

| | |
|---|---|
| Public Issue | NIL |
| Rights Issue | NIL |
| Bonus Issue | NIL |
| Private Placement | 675 |

**c. Position of Mobilisation and Deployment of Funds** (Amount in Rs. Thousands)

| | |
|---|---|
| Total Liabilities | 13373083 |
| Total Assets | 13373083 |

**Sources of Funds**

| | |
|---|---|
| Paid-up Capital | 94577 |
| Reserves & Surplus | 7021194 |
| Secured Loans | 4325457 |
| Unsecured Loans | 1814322 |
| ESOP Application Money | 750 |
| Deferred Tax | 116783 |

**Application of Funds**

| | |
|---|---|
| Net Fixed Assets | 1897387 |
| Investments | 20186 |
| Net Current Assets | 11092249 |
| Misc. Expenses | 363261 |
| Accumulated Assets | NIL |

**d. Performance of Company** (Amount in Rs. Thousands)

| | |
|---|---|
| Turnover | 12459668 |
| Total Expenses | 10754914 |
| Profit Before Tax | 1704754 |
| Profit After Tax | 1218459 |
| Earning per Share (Basic) | 25.87 |
| Dividend Rate (%) | 80 |
| Earning per Share (Diluted) | 23.77 |

**e. Generic Names of Two Principal Products / Services of Company** (as per monetary Items)

Item Code No. (ITC Code) N.A.

Product Description Software Services, Embedded Solution & Power Infrastructure Projects

for and on behalf of the Board

Date : June 16, 2010
Place : Hyderabad

**G. Bala Reddy**
*Chairman-cum-Managing Director*

**P. Kodanda Ramaiah**
*Director (Technical )*

**K. Arun Kumar**
*Company Secretary*

# CASH FLOW STATEMENT for the year ended March 31, 2010

*(Rs. in Lakhs)*

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|---|---|---|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and extraordinary items | 17,047.54 | 20,663.10 |
| Adjustment for: | | |
| Depreciation | 2,136.56 | 1,207.52 |
| Dividend income | (0.39) | (0.75) |
| Interest income | (329.55) | (166.67) |
| Misc. Expenses written off | 722.43 | (972.22) |
| Prior period Adjustments | (541.28) | (533.86) |
| Interest and Finance Charges | 6,242.36 | 5,378.47 |
| Operating profit before working capital change | 25,277.68 | 25,575.59 |
| Increase in sundry debtors | (2,592.62) | (19,052.46) |
| Increase in other current assets | (28,236.12) | (11,365.48) |
| Increase in inventories | (16,058.99) | (1,776.22) |
| Increase in sundry creditors | 13,245.76 | (390.67) |
| CASH GENERATED FROM OPERATIONS | (8,364.29) | (7,009.24) |
| Income Taxes paid | (3,393.17) | (4,449.73) |
| Cash flow before extraordinary items | (11,757.45) | (11,458.97) |
| Extraordinary items | – | – |
| **Net cash from operative activities** | **(11,757.45)** | **(11,458.97)** |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (3,744.67) | (9,405.54) |
| Purchase of investments | 59.28 | – |
| Interest received | 329.55 | 166.67 |
| Dividend received | 0.39 | 0.75 |
| **Net cash used in investing activities** | **(3,355.46)** | **(9,238.11)** |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of share capital | 143.25 | 7,793.25 |
| Proceeds from long term borrowings | 22,237.14 | 19,022.78 |
| Interest paid | (6,242.36) | (3,528.77) |
| Dividend paid | (659.59) | (528.55) |
| **Net cash used in financial activities** | **15,478.44** | **22,758.70** |
| Net increase in cash and cash equivalents | 365.53 | 2,061.62 |
| Cash and cash equivalents at beginning of the year | 6,066.28 | 5,854.36 |
| Effect of Changes in Foreign Exchange Rates | – | (1,849.70) |
| Cash and cash equivalents at end of the year | 6,431.81 | 6,066.28 |

**Notes:**

1. Cash and Cash equivalents includes :
   a. Rs. 5273.84 lakhs in margin money, fixed deposits lodged with Banks against letter of guarantee issued.
   b. Bank balance includes restricted amount of Rs. 31.63 lakhs towards unclaimed dividend.
2. The Cash Flow Statement is prepared under Indirect method as set out in Accounting Standard - 3 on 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India.
3. Previous year's figures have been regrouped, wherever necessary.

This is the Cash Flow Statement referred to in our report of even date
As per our report of even date attached

For **VDNR & ASSOCIATES**
*Chartered Accountants*

for and on behalf of the Board

**D. Venkateswarlu**
*Partner*

**G. Bala Reddy**
*Chairman-cum-Managing Director*

**P. Kodanda Ramaiah**
*Director (Technical)*

**K. Arun Kumar**
*Company Secretary*

Date : June 16, 2010
Place : Hyderabad

# 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, 2010 |
| 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 SGD 1 $ each |
| 4. | Extent of holding in 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. (33.37) Lakhs |
| | ii. Not Dealt with in the accounts of the Holding Company | NIL |
| | b) For the previous financial years since it became Subsidary | |
| | i. Dealt with in the accounts of the Holding Company | Rs. (130.55) 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. | |

As per our report of even date attached

for and on Behalf of the board

**G. Bala Reddy**
*Chairman-cum-Managing Director*

**P. Kodanda Ramaiah**
*Director (Technical)*

**K. Arun Kumar**
*Company Secretary*

Date : June 16, 2010
Place : Hyderabad

# DIRECTORS' REPORT for the financial year ended March 31, 2010

The directors submit their report together with the audited financial statements of the Company for the year ended 31 March 2010

**Directors**

The Directors of the Company at the date of this report are:

**Gopu Bala Reddy**

**Muthukrishnan Shivkumar**

**Tangirala Venkata Ramana**

**Bhamidipatinag Bhushan Rao**

**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:

Holdings registered in the name of director

| | As at 01.04.2009 | As at 31.03.2010 |
|---|---|---|
| In ICSA (India) Ltd. | | |
| Ordinary shares of Rs. 2/- each | | |
| Gopu Bala Reddy | 7,792,433 | 7,792,433 |

**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 share options outstanding, as at 31 March 2010.

**Independent auditor:**

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

On behalf of the directors,

| | |
|---|---|
| Bhamidipatinag Bhushan Rao | Muthukrishnan Shivkumar |
| *Director* | *Director* |

Singapore,

Date: June 10, 2010

**Statement by Directors for the financial year ended 31 March 2010**

In the opinion of the directors, 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 2010 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 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.

On behalf of the directors,

| | |
|---|---|
| Bhamidipatinag Bhushan Rao | Muthukrishnan Shivkumar |
| *Director* | *Director* |

Singapore,

Date: June 10, 2010

# Independent Auditor's Report

To the Members of
ICSA INTERNATIONAL PTE LIMITED

We have audited the accompanying financial statements of the Company, which comprise the balance sheet of the Company as at 31 March 2010, 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 notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Companies Act, Chapter 50(the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

a) devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and they are recorded as necessary to permit the preparation of true and fair view of profit and loss accounts and balance sheets and maintain accountability of assets;

b) selecting and applying appropriate accounting policies;

c) making accounting estimates that are reasonable in the circumstances.

**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 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 and fair presentation of the financial statements 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,

a) 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 2010 and the results, changes in equity and cash flows of the Company for the year ended on that date; and

b) 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 Public Accountants*
(A Member of MGI International)

Place: Singapore,
Date: June10, 2010

## BALANCE SHEET as at March 31, 2010

*(Amount in S$)*

| | Notes | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---|---|
| ASSETS | | | |
| Non - Current Assets | | | |
| Plant & equipment | 4 | – | 11,736 |
| **Current Assets** | | | |
| Other receivables | 6 | 49,875 | 92,028 |
| Cash and cash equivalents | 7 | 12,316 | 39,057 |
| | | 62,191 | 131,085 |
| **Total Assets** | | **62,191** | **142,821** |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Amount due to holding company | 8 | 25,646 | – |
| Other payables | 9 | 18,390 | 9,950 |
| Provision for tax | 5 | – | 10,700 |
| | | 44,036 | 20,650 |
| **Equity** | | | |
| Issued capital | 10 | 500,000 | 500,000 |
| Accumulated (losses) | | (481,845) | (377,829) |
| | | **18,155** | **122,171** |
| **Total Liability and equity** | | **62,191** | **142,821** |

*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 March 31, 2010

*(Amount in S$)*

| | Notes | Year ended March, 31, 2010 | Year ended March, 31, 2009 |
|---|---|---|---|
| REVENUE | | | |
| Other income - Jobs credit | | 3,600 | 1,664 |
| | | **3,600** | **1,664** |
| **Less:** | | | |
| Staff costs | 3 | 39,551 | 126,677 |
| Other operating expenses | | 56,440 | 358,898 |
| Depreciation | 4 | 11,094 | 11,735 |
| **Total** | | **107,085** | **497,310** |
| **(Loss) before tax** | **3** | **(103,485)** | **(495,646)** |
| Less: Tax expense - under provision in previous year | 5 | (531) | – |
| **Net (loss) after tax** | | **(104,016)** | **(495,646)** |
| Other comprehensive income | | – | – |
| Total comprehensive income | | **(104,016)** | **(495,646)** |

*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 March 31, 2010

*(Amount in S$)*

| | Issued Capital | Accumulated (losses) | Total |
|---|---|---|---|
| **Balance as at 31 March 2008** | **500,000** | **117,817** | **617,817** |
| Loss for the year | – | (495,646) | (495,646) |
| **Balance as at 31 March 2009** | **500,000** | **(377,829)** | **122,171** |
| **Loss for the year** | **–** | **(104,016)** | **(104,016)** |
| **Balance as at 31 March 2010** | **500,000** | **(481,845)** | **18,155** |

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

## STATEMENT OF CASHFLOWS for the year ended March 31, 2010

*(Amount in S$)*

| | Notes | Year ended March, 31, 2010 | Year ended March, 31, 2009 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Net (loss) for the year** | | (104,016) | (495,646) |
| Adjustment for: | | | |
| Loss on disposal of plant & equipment | | 125 | – |
| Depreciation | 4 | 11,094 | 11,735 |
| **Operating (loss) before reinvestment of capital** | | (92,797) | (483,911) |
| Decrease in trade and other receivables | | 67,799 | 496,549 |
| Increase in trade and other payables | | 8,440 | 2,450 |
| **Cash provided by / (used in) operations** | | (16,558) | 15,088 |
| Income tax paid | | (10,700) | – |
| **Net cash provided by / (used in) operating activities** | | (27,258) | 15,088 |
| **Cash flows from investing activities:** | | | |
| Purchase of plant and equipment | | (128) | – |
| Proceeds from disposal of property, plant & equipment | | 645 | – |
| **Net cash provided by investing activities** | | 517 | – |
| **Net Increase/(decrease) in cash & cash equivalents** | | (26,741) | 15,088 |
| Cash & cash equivalents at the beginning of the year | | 39,057 | 23,969 |
| Cash & cash equivalents at end of the year | 7 | 12,316 | 39,057 |

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

## NOTES TO THE FINANCIAL STATEMENT for the year ended March 31, 2010

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 2010 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 under the historical cost conventions and in accordance with Singapore Financial Reporting Standards ("FRS"), except as disclosed in the accounting policies below.

# NOTES TO THE FINANCIAL STATEMENT *(Contd.)* for the year ended March 31, 2010

The preparation of the financial statements in conformity with Singapore Financial Reporting Standards requires using of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the financial period. The company has assessed that there are no estimates or judgments used that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

New Accounting Standards and FRS Interpretations

The Company has applied the following accounting standards which are relevant (including their consequential amendments) and interpretations that have been issued of the balance sheet date.

| Reference | Description | Effective for annual periods beginning on or after |
|---|---|---|
| FRS 1 | Presentation of Financial Statements-Revised presentation | 1 January 2009 |

**2.2 Revenue Recognition**

Revenue is measured at this fair value of this consideration received or receivable and represent 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.

# NOTES TO THE FINANCIAL STATEMENT *(Contd.)* for the year ended March 31, 2010

**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 STATEMENT *(Contd.)* for the year ended March 31, 2010

**3. (Loss) Before Tax**

This has been arrived after charging:

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Loss on disposal of property plant & equipment | 125 | – |
| **Staff costs:** | | |
| Salary | 34,340 | 93,184 |
| CPF | 4,673 | 21,659 |
| Medical expenses | 538 | 11,834 |
| | **39,551** | **126,677** |

**4. Property, Plant & Equipment**

*(Amount in S$)*

| 2010 | Computer | Furniture & Fixture | Projector | Renovation | Total |
|---|---|---|---|---|---|
| **At cost** | | | | | |
| As at 01.04.2009 | 6,107 | 5,720 | 1,499 | 21,880 | 35,206 |
| Additions | 128 | – | – | – | 128 |
| Disposals | – | (2,310) | – | – | (2,310) |
| As at 31.03.2010 | 6,235 | 3,410 | 1,499 | 21,880 | 33,024 |
| **Accumulated Depreciation** | | | | | |
| As at 01.04.2009 | 4,072 | 3,814 | 998 | 14,586 | 23,470 |
| Charge for the year | 2,163 | 1,136 | 501 | 7,294 | 11,094 |
| Written back | – | (1,540) | – | – | (1,540) |
| As at 31.03.2010 | 6,235 | 3.410 | 1,499 | 21,880 | 33,024 |
| **Net book value** | | | | | |
| At 31.03.2010 | – | – | – | – | – |

**4. Property, Plant & Equipment**

*(Amount in S$)*

| 2009 | Computer | Furniture & Fixture | Projector | Renovation | Total |
|---|---|---|---|---|---|
| **At cost** | | | | | |
| As at 01.04.2008 | 6,107 | 5,720 | 1,499 | 21,880 | 35,206 |
| Additions | – | – | – | – | – |
| As at 31.03.2009 | 6,107 | 5,720 | 1,499 | 21,880 | 35,206 |
| **Accumulated Depreciation** | | | | | |
| As at 01.04.2008 | 2,036 | 1,907 | 499 | 7,293 | 11,735 |
| Charge for the year | 2,036 | 1,907 | 499 | 7,293 | 11,735 |
| As at 31.03.2009 | 4,072 | 3,814 | 998 | 14,586 | 23,470 |
| **Net book value** | | | | | |
| At 31.03.2009 | **2,035** | **1,906** | **501** | **7,294** | **11,736** |

# NOTES TO THE FINANCIAL STATEMENT *(Contd.)* for the year ended March 31, 2010

**5. Taxation**

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Current taxation | – | – |
| Under provision in previous year | 531 | – |
| | **531** | **–** |

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:

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Profit before taxation | (103,485) | (495,646) |
| Tax at statutory rate of 17% (2009:17%) | (17,592) | (89,216) |
| Expenses that are not deductible for tax purposes | 18,204 | 2,554 |
| Tax effect on non taxable income | (612) | – |
| Tax benefit not recognised | – | 86,662 |
| | – | – |

**Movement**

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Balance B/F | 10,700 | – |
| Paid during the year | (10,700) | – |
| Current tax | – | – |
| Balance C/F | – | – |

**6. Other receivables**

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Others | 575 | – |
| Deposits | 5,640 | 17,030 |
| Amount due from related parties | 43,660 | 74,519 |
| Prepaid expenses | – | 479 |
| | **49,875** | **92,028** |

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

**7. Cash and Cash Equivalents**

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Cash at bank | 12,316 | 38,551 |
| Cash in hand | – | 506 |
| | **12,316** | **39,057** |

Cash and Cash equivalent are denominated in the following currencies:

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Singapore dollars | 10,862 | 36,965 |
| United States dollars | 1,454 | 2,092 |
| | **12,316** | **39,057** |

## NOTES TO THE FINANCIAL STATEMENT *(Contd.)* for the year ended March 31, 2010

**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. Other Payables**

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Accruals | 18,390 | 9,950 |
| | **18,390** | **9,950** |

**10. Share Capital**

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| **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 debt instruments when necessary.

The board of directors monitor 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.

*(Amount in S$)*

| | 2010 | 2009 |
|---|---|---|
| Net debt | 31,720 | – |
| Total equity | 18,155 | 122,171 |
| Total capital | **49,875** | **122,171** |

**11. 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.

**12. 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

# NOTES TO THE FINANCIAL STATEMENT *(Contd.)* for the year ended March 31, 2010

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.

# DETAILED PROFIT AND LOSS ACCOUNT for the year ended March 31, 2010

*(Amount in S$)*

| | Year ended March, 31, 2010 |
|---|---|
| REVENUE | |
| Other Income - Jobs credit | 3,600 |
| | **3,600** |
| **Less: Expenses** | |
| Audit fees | 2,500 |
| Accounting fee | 7,200 |
| Bank charges | 30 |
| Courier & postage | 446 |
| Depreciation | 11,094 |
| Exchange loss | 132 |
| General expenses | 157 |
| Insurance | 358 |
| Internet charges | 478 |
| Medical expenses | 538 |
| Office equipment repairs | 648 |
| Office expenses | 25 |
| Office maintenance | 1,400 |
| Printing & stationery | 849 |
| Professional fee | 2,940 |
| PUB | 609 |
| Refreshments | 312 |
| Rental expenses | 29,607 |
| Salary and CPF | 39,013 |
| Telecommunication expenses | 5,402 |
| Transportation | 1,862 |
| Travelling expenses | 1,360 |
| Loss on disposal of plant & equipment | 125 |
| | 107,085 |
| **Net (loss) for the year** | **(103,485)** |

# CONSOLIDATED 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 Group), as at 31st March, 2010, the Consolidated Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the ICSA (INDIA) LIMITED's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding companies. 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 Rs. 174.53 Lakhs and total liabilities of Rs. 174.53 Lakhs as at 31st March, 2010 and accumulated loss of Rs. 163.92 Lakhs for the year then 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 ICSA (INDIA) LIMITED'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 Accounts 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:

   a) in the case of Consolidated Balance Sheet, of the state of affairs of the ICSA (INDIA) LIMITED ( the Group) as at 31st March, 2010;

   b) in the case of Consolidated Profit and Loss account, of the profit for the year ended on that date; and

   c) in the case of the Consolidated Cash Flow statement, of the cash flows for the year ended on that date.

**VDNR & ASSOCIATES**
*Chartered Accountants*

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

Place: Hyderabad
Date: 16/06/2010

# CONSOLIDATED BALANCE SHEET as at March 31, 2010

(Rs. in Lakhs)

| | Schedule | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|---|
| I SOURCES OF FUNDS: | | | | | |
| i) **Shareholders funds** | | | | | |
| a) Share Capital | 1 | 945.77 | | 939.02 | |
| b) ESOP Application Money | | 7.50 | | 14.25 | |
| c) Reserves and Surplus | 2 | 70,048.02 | 71,001.29 | 58,664.19 | 59,617.46 |
| ii) **Loan Funds:** | | | | | |
| a) Secured Loans | 4 | 43,254.57 | | 30,010.65 | |
| b) Unsecured Loans | 5 | 18,143.22 | 61,397.79 | 9,150.00 | 39,160.65 |
| iii) **Deferred Tax Liabality** | | | 1,167.83 | | 1,427.14 |
| **Total** | | | **133,566.91** | | **100,205.25** |
| II APPLICATION OF FUNDS | | | | | |
| 1] **Fixed Assets:** | 3 | | | | |
| a) Gross Block | | 23,019.92 | | 19,301.04 | |
| b) Less:Depreciation | | 4,015.53 | | 1,877.30 | |
| **Net Block** | | | 19,004.39 | | 17,423.74 |
| 2] **Investments** | | | 1.99 | | 61.27 |
| 3] **Current Assets, Loans and Advances** | 6 | | | | |
| a) Inventories | | 20,327.09 | | 4,268.09 | |
| b) Sundry Debtors | | 53,545.63 | | 50,953.02 | |
| c) Cash and Bank balances | | 6,435.76 | | 6,079.29 | |
| d) Other Current Assets | | 9,806.90 | | 5,008.55 | |
| e) Loans and Advances | | 49,685.21 | | 26,270.71 | |
| | | **139,800.59** | | **92,579.66** | |
| 4] **Less: Current Liabilities & Provisions** | 7 | | | | |
| a) Liabilities | | 23,403.70 | | 10,161.70 | |
| b) Provisions | | 5,468.97 | | 4,052.76 | |
| | | **28,872.67** | | **14,214.46** | |
| **Net Current Assets** | | | 110,927.92 | | 78,365.20 |
| 5] **Miscellaneous Expenditure** | 8 | | 3,632.61 | | 4,355.04 |
| (to the extent not written off or adjusted) | | | | | |
| **Total** | | | **133,566.91** | | **100,205.25** |
| 6] Significant Accounting Policies | 16 | | | | |
| 7] Notes on Accounts | 17 | | | | |

Schedules referred above form an integral part of the Balance Sheet

As per our report of even date attached

For **VDNR & ASSOCIATES**
*Chartered Accountants*

for and on behalf of the Board

**D. Venkateswarlu**
*Partner*

**G. Bala Reddy**
*Chairman-cum-Managing Director*

**P. Kodanda Ramaiah**
*Director (Technical)*

**K. Arun Kumar**
*Company Secretary*

Date : June 16, 2010
Place : Hyderabad

# CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended March 31, 2010

*(Rs. in Lakhs)*

| | Schedule | Year ended March 31, 2010 | | Year ended March 31, 2009 | |
|---|---|---|---|---|---|
| I INCOME | | | | | |
| Gross Sales | | 123,872.47 | | 112,353.03 | |
| Less: Excise duty | | 127.24 | | 128.62 | |
| Net Sales | | | 123,745.23 | | 112,224.41 |
| Other Income | 9 | | 852.56 | | 177.14 |
| **Total** | | | **124,597.79** | | **112,401.55** |
| II EXPENDITURE | | | | | |
| Project and Services expenses | 10 | 91,358.67 | | 78,276.08 | |
| Adminstration, Selling & Distribution | 12 | 3,384.68 | | 4,177.52 | |
| Employees remuneration & benefits | 13 | 3,056.33 | | 1,663.91 | |
| Excise duty paid on Finished goods | | 4.03 | | – | |
| Managerial remuneration | 14 | 732.16 | | 705.30 | |
| R&D Exps written off | 8 | 665.10 | | 484.38 | |
| Financial expenses | 11 | 6,242.37 | | 5,384.91 | |
| Depreciation | 3 | 2,140.12 | | 1,211.43 | |
| **Total** | | | **107,583.46** | | **91,903.53** |
| **Profit Before Tax (I-II)** | | | **17,014.33** | | **20,498.02** |
| Provision for Taxation | 15 | | 4,863.12 | | 5,377.02 |
| **Proft After Tax** | | | **12,151.21** | | **15,121.00** |
| Balance brought forward from previous year | | | 28,296.56 | | 15,475.85 |
| **Balance Available for Appropriation** | | | **40,447.77** | | **30,596.85** |
| Appropriations: | | | | | |
| – Proposed Dividend | | 756.62 | | 659.59 | |
| – Corporate Dividend tax | | 128.59 | | 112.10 | |
| – Transfer to General Reserve | | 1,218.46 | 2,103.67 | 1,528.61 | 2,300.29 |
| Balance carried to Balance Sheet | | | 38,344.10 | | 28,296.56 |
| Earnings per share in Rs. (Face value of Rs. 2/- each): | | | | | |
| Basic (No. of Shares used in calculation - 470,91,160 ) | | | 25.80 | | – |
| Diluted (No. of Shares used in calculation - 521,74,488) | | | 23.71 | | – |
| Basic (No. of Shares used in calculation - 453,57,208) | | | – | | 33.34 |
| Diluted (No. of Shares used in calculation - 507,40,503) | | | – | | 30.46 |
| Significant Accounting Policies | 16 | | | | |
| Notes on Accounts | 17 | | | | |

Schedules referred above form an integral part of the Profit and Loss Account

As per our report of even date attached

For **VDNR & ASSOCIATES**
*Chartered Accountants*

for and on behalf of the Board

**D. Venkateswarlu**
*Partner*

**G. Bala Reddy**
*Chairman-cum-Managing Director*

**P. Kodanda Ramaiah**
*Director (Technical)*

**K. Arun Kumar**
*Company Secretary*

Date : June 16, 2010
Place : Hyderabad

# SCHEDULES TO THE CONSOLIDATED BALANCE SHEET as at March 31, 2010

*(Rs. in Lakhs)*

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 1 SHARE CAPITAL** | | | | |
| **Authorised Capital** | | | | |
| 7,50,00,000 Equity shares of Rs. 2/- each | | 1,500.00 | | 1,500.00 |
| **Issued, Subscribed and Paid up** | | | | |
| 4,72,88,488 Equity Shares of Rs. 2/- each | | 945.77 | | – |
| 4,69,50,993 Equity Shares of Rs. 2/- each | | – | | 939.02 |
| | | 945.77 | | 939.02 |

| Schedule 2 RESERVES AND SURPLUS | | | | |
|---|---|---|---|---|
| Capital Reserve | | 249.70 | | 249.70 |
| Share premium account | | 25,823.64 | | 24,719.48 |
| **General Reserve** | | | | |
| Opening Balance | 3,395.45 | | 1,866.84 | |
| Additions during the year | 1,218.46 | 4,613.91 | 1,528.61 | 3,395.45 |
| **Profit and Loss Account :** | | | | |
| Opening Balance | 28,296.56 | | 15,475.85 | |
| Balance transfer from P&L during the year | 10,047.54 | 38,344.10 | 12,820.71 | 28,296.56 |
| Reserve for Employee Stock Option Scheme | | 1,016.67 | | 1,977.58 |
| Foreign Currency Translation Reserve | | – | | 25.42 |
| | | 70,048.02 | | 58,664.19 |

Schedule 3 FIXED ASSETS AND DEPRECIATION

| ASSETS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | As at 01.04.2009 | Additions | Deletions | As at 31.03.2010 | As at 01.04.2009 | For the year | Deletions | As at 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| Land | 382.96 | – | – | 382.96 | – | – | – | – | 382.96 | 382.96 |
| Office Buildings | 206.68 | – | – | 206.68 | 4.49 | 5.71 | – | 10.20 | 196.47 | 202.18 |
| Factory Buildings | 208.31 | 2,921.41 | – | 3,129.72 | 0.34 | 38.83 | – | 39.17 | 3,090.56 | 207.97 |
| Furniture & Fixtures | 92.95 | 17.61 | 0.74 | 109.82 | 30.30 | 6.29 | 0.49 | 36.10 | 73.72 | 62.65 |
| Office Equipment | 80.98 | 8.50 | – | 89.48 | 8.92 | 4.18 | – | 13.10 | 76.39 | 72.06 |
| Vehicles | 169.11 | 39.38 | 4.40 | 204.09 | 28.57 | 19.33 | 1.41 | 46.49 | 157.60 | 140.54 |
| Electrical Installations | 14.79 | – | – | 14.79 | 4.40 | 0.94 | – | 5.34 | 9.46 | 10.39 |
| Computers | 2,620.94 | 206.67 | – | 2,827.61 | 866.20 | 451.46 | – | 1,317.66 | 1,509.95 | 1,754.74 |
| Plant & Machinery | 9,783.14 | 554.12 | – | 10,337.26 | 101.93 | 539.16 | – | 641.08 | 9,696.18 | 9,681.21 |
| Development Software | 3,873.98 | – | – | 3,873.98 | 545.45 | 761.82 | – | 1,307.27 | 2,566.71 | 3,328.53 |
| Testing Tools | 1,812.13 | – | – | 1,812.13 | 286.70 | 312.41 | – | 599.11 | 1,213.02 | 1,525.43 |
| Good will (on consolidation) | 55.07 | 1.74 | 25.42 | 31.38 | – | – | – | – | 31.38 | 55.07 |
| **Total** | **19,301.04** | **3,749.43** | **30.56** | **23,019.92** | **1,877.30** | **2,140.12** | **1.90** | **4,015.53** | **19,004.39** | **17,423.74** |
| Previous year figures | 9,895.50 | 9,405.54 | – | 19,301.04 | 665.88 | 1,211.43 | – | 1,877.30 | 17,423.74 | 9,229.62 |

# SCHEDULES TO THE CONSOLIDATED BALANCE SHEET as at March 31, 2010

*(Rs. in Lakhs)*

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| Schedule 4 SECURED LOANS | | | | |
| **Working Capital Loans From Banks** | | | | |
| (Details of Securities are as per point No.17 of Notes on Accounts) | | | | |
| i) Bank of India | 6,980.50 | | 7,058.85 | |
| ii) Punjab National Bank | 8,894.94 | | 3,863.38 | |
| iii) State Bank of India | 8,491.95 | | 7,152.60 | |
| iv) Union Bank of India | 3,708.67 | | 1,950.74 | |
| v) HSBC | – | | 3,600.00 | |
| vi) Andhra Bank | 1,797.37 | 29,873.43 | – | 23,625.57 |
| **Specific Project Working Capital Loans** | | | | |
| i) Andhra Bank | 3,963.38 | | – | |
| ii) State Bank of India | 2,653.68 | 6,617.06 | 2,003.12 | 2,003.12 |
| **Term Loans** | | | | |
| i) Andhra Bank | 4,236.79 | | 4,327.44 | |
| ii) Punjab National Bank | 2,500.00 | | – | |
| iii) Vehicle Loans | 27.29 | 6,764.08 | 54.52 | 4,381.96 |
| | | **43,254.57** | | **30,010.65** |

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| Schedule 5 UNSECURED LOANS | | | | |
| i) FCCB (Foreign Currency Convertible Bonds) | | 9,150.00 | | 9,150.00 |
| ii) Development Credit Bank | | 1,000.00 | | – |
| iii) ING Vysya Bank | | 3,000.00 | | – |
| iv) IDBI Bank | | 4,993.22 | | – |
| | | **18,143.22** | | **9,150.00** |

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| Schedule 6 CURRENT ASSETS, LOANS & ADVANCES | | | | |
| **A) Current Assets :** | | | | |
| i) Closing Stock | | | | |
| a) Material, stores & spares at sites | 11,796.81 | | 1,945.83 | |
| b) Work in progress/finished goods | 8,530.28 | 20,327.09 | 2,322.26 | 4,268.09 |
| ii) Sundry Debtors ( Unsecured considered good) | | | | |
| Debt outstanding for a period exceeding | | | | |
| a) Six months | 11,353.81 | | 9,530.60 | |
| b) Other debts | 42,191.82 | 53,545.63 | 41,422.42 | 50,953.02 |
| iii) Cash & Bank Balance | | | | |
| a) Cash on hand | 72.95 | | 29.13 | |
| b) Balance with schedule banks | | | | |
| i) In Current Accounts | 1,088.98 | | 2,149.20 | |
| ii) In Fixed Deposits Accounts | | | – | |
| – Margin money | 5,022.21 | | 3,723.86 | |
| – Others deposits | 251.62 | 6,435.76 | 177.10 | 6,079.29 |

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET as at March 31, 2010

*(Rs. in Lakhs)*

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| Schedule 6 **CURRENT ASSETS, LOANS & ADVANCES** *(Contd.)* | | | | |
| iv) Other Current Assets (Unsecured considered good) | | | | |
| a) Earnest money Deposits | 430.75 | | 513.55 | |
| b) Deposits with others | 726.83 | | 303.25 | |
| c) Retention Money Receivable | 4,276.41 | | 3,254.51 | |
| d) TDS Receivable and Advance tax | 3,885.18 | | 915.86 | |
| e) Prepaid expenses | 487.73 | 9,806.90 | 21.38 | 5,008.55 |
| B) **Loans & Advances** (Unsecured considered good) | | | | |
| a) Advance to Sub-contractors | 22,037.53 | | 9,790.18 | |
| b) Advance to expenses | 91.86 | | – | |
| c) Advance to Suppliers | 20,962.63 | | 10,008.29 | |
| d) Other Advances | 6,593.19 | 49,685.21 | 6,472.24 | 26,270.71 |
| | | **139,800.59** | | **92,579.66** |

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| Schedule 7 **CURRENT LIABILITIES & PROVISIONS** | | | | |
| i) **Current Liabilities** | | | | |
| Sundry Creditors | | | | |
| – Expenses | 74.33 | | 215.83 | |
| – Suppliers | 11,484.26 | | 7,725.81 | |
| – Sub-contractors | 1,330.26 | | 1,030.28 | |
| Un claimed Dividend | 31.63 | | 21.94 | |
| Advances from Customers | 8,374.51 | | 194.98 | |
| Other Liabilities | 2,108.71 | 23,403.70 | 972.86 | 10,161.70 |
| ii) **Provisions** | | | | |
| Provision for Gratutity | 2.78 | | – | |
| Provision for Income Tax | 4,580.98 | | 3,000.06 | |
| Provision for Fringe Benefit Tax | – | | 281.01 | |
| Proposed Dividend | 756.62 | | 659.59 | |
| Provision for Corporate Dividend Tax | 128.59 | 5,468.97 | 112.10 | 4,052.76 |
| | | **28,872.67** | | **14,214.46** |

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|---|---|---|---|---|
| Schedule 8 **MISCELLANEOUS EXPENDITURE** | | | | |
| i) **FCCB issue Expenses** (To the extent not written off or adjusted) | 516.70 | | 516.70 | |
| Add: Addition during the year | – | | – | |
| | 516.70 | | 516.70 | |
| Less: Written off during the year | – | 516.70 | – | 516.70 |
| ii) **Deferred employee Compensation** (To the extent not written off or adjusted) | 1,977.58 | | 520.98 | |
| Add: Addition during the year | – | | 2,248.50 | |
| | **1,977.58** | | **2,769.48** | |
| Less: Written off during the year | 960.91 | 1,016.67 | 791.90 | 1,977.58 |
| iii) **Deferred Revenue Development Expenditure** | | | | |
| (To the extent not written off or adjusted) | | | | |
| Product Development Expenses | 1,860.76 | | 2,345.14 | |
| Add: Additions during the year | 903.58 | | – | |
| | **2,764.34** | | **2,345.14** | |
| Less: Written off during the year | 665.10 | 2,099.24 | 484.38 | 1,860.76 |
| | | **3,632.61** | | **4,355.04** |

## SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended March 31, 2010

*(Rs. in Lakhs)*

| Particulars | Year ended March 31, 2010 | | Year ended March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 9 OTHER INCOME** | | | | |
| Dividend Received | | 0.39 | | 0.75 |
| Foreign Exchange Fluctuation | | 324.59 | | – |
| Interest Received | | 329.55 | | 166.67 |
| LD Charges received | | 46.06 | | – |
| Discount Received | | – | | 0.10 |
| Profit on Sale of Shares | | 150.77 | | – |
| Other Receipts | | 1.20 | | 9.62 |
| | | **852.56** | | **177.14** |

| Particulars | Year ended March 31, 2010 | | Year ended March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 10 PROJECT AND SERVICES EXPENSES** | | | | |
| Consumption | | | | |
| Opening Stock. | 1,945.83 | | 6,490.45 | |
| Add : Purchases | 57,220.84 | | 51,914.39 | |
| | 59,166.67 | | 58,404.84 | |
| Less: Closing stock | 11,796.81 | 47,369.86 | 1,945.83 | 56,459.01 |
| Sub contract bills | | 47,546.84 | | 23,368.00 |
| Cess on Civil Works | | 8.71 | | 1.60 |
| Freight Charges | | 216.28 | | 147.20 |
| Fuel Expenses | | 17.62 | | 11.32 |
| Import Clearing Charges | | 12.58 | | 5.06 |
| Job Work Charges | | 131.31 | | 133.60 |
| Labour Charges | | 51.76 | | 17.73 |
| Loading & Unloading | | 14.63 | | 9.75 |
| Seignorage Expenses | | 22.90 | | 11.39 |
| Stores Rent - Sites | | 15.77 | | 6.76 |
| Service tax | | 2,138.01 | | 421.49 |
| Survey Charges | | 20.42 | | 5.43 |
| Work in Progress / Finished Goods | | | | |
| Opening Balance | 2,322.26 | | – | |
| Less: Closing Balance | 8,530.28 | (6,208.02) | 2,322.26 | (2,322.26) |
| | | **91,358.67** | | **78,276.08** |

| Particulars | Year ended March 31, 2010 | | Year ended March 31, 2009 | |
|---|---|---|---|---|
| **Schedule 11 FINANCIAL EXPENSES** | | | | |
| Interest & Financial Charges | | 5,660.98 | | 2,542.20 |
| Exchange Fluctuation | | – | | 1,856.03 |
| Bank Charges | | 581.39 | | 986.68 |
| | | **6,242.37** | | **5,384.91** |

## Schedules to the Consolidated Profit and Loss Account for the year ended March 31, 2010

*(Rs. in Lakhs)*

| Particulars | Year ended March 31, 2010 | Year ended March 31, 2009 |
|---|---|---|
| **Schedule 12 ADMINISTRATION, SELLING & OTHER EXPENSES** | | |
| Advertisement | 10.17 | 15.34 |
| Audit fees | 40.80 | 40.50 |
| Books, Periodicals and Memberships | 28.68 | 22.73 |
| Communication Expenses | 50.94 | 50.49 |
| Consultancy/ professional charges | 474.66 | 544.58 |
| Conveyance and Travelling expenses | 277.06 | 241.35 |
| Donations | 14.06 | 18.81 |
| Directors sitting fees | 2.05 | – |
| Electricity Charges | 42.08 | 33.63 |
| General Expenses | 135.69 | 287.26 |
| Sales Tax | 1,291.28 | 2,041.41 |
| Insurance | 72.11 | 49.78 |
| Business promotion expenses | 192.45 | 171.45 |
| Product Samples | 52.45 | 13.34 |
| Meeting expenses | 5.86 | 4.24 |
| Office Maintanance | 63.08 | 49.80 |
| Postage and Telegram | 26.00 | 27.64 |
| Printing & Stationery | 40.83 | 49.87 |
| Rates, taxes and registration fees | 90.09 | 90.68 |
| Recruitment and Training | 20.64 | 7.39 |
| Rent | 350.24 | 295.60 |
| Repairs and maintenance | 8.76 | 11.69 |
| Loss on Sale of Vehicle | 1.73 | – |
| Diminution in Investments (Long Term) | 0.41 | – |
| Tender Documents Purchases | 16.27 | 59.85 |
| Vehicle maintenance | 76.29 | 50.09 |
| | **3,384.68** | **4,177.52** |
| **Schedule 13 EMPLOYEE REMUNERATION & BENEFITS** | | |
| Salaries, allowances and other benefits | 2,020.52 | 816.90 |
| Contribution to PF & other Funds | 47.44 | 35.32 |
| Incentives and Staff Welfare | 27.46 | 19.89 |
| Employee compensation expense under ESOP scheme | 960.91 | 791.80 |
| | **3,056.33** | **1,663.91** |
| **Schedule 14 MANAGERIAL REMUNERATION** | | |
| Directors Remuneration | 373.20 | 282.80 |
| Managerial Commission | 347.92 | 413.26 |
| Managerial Allowances | 11.04 | 9.24 |
| | **732.16** | **705.30** |
| **Schedule 15 PROVISION FOR TAXATION** | | |
| Current Tax | 4,580.98 | 4,800.06 |
| Deferred Tax | (259.31) | (252.91) |
| Fringe Benefit Tax | – | 296.01 |
| Income Tax paid for previous years | 541.45 | 533.86 |
| | **4,863.12** | **5,377.02** |

# SCHEDULES TO THE CONSOLIDATED ACCOUNTS for the year ended March 31, 2010

## Schedule 16 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED ACCOUNTS:

**1. System of Accounting**

The Company adopts the accrual concept in the preparation of the Accounts. The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from the estimates.

**2. Revenue Recognition**

Revenue from services are recognized as and when the services are performed. Sales are stated at selling price inclusive of all taxes.

Expenditure on software purchase and developed/customized during the year is treated as revenue expenditure.

Interest income : Interest income is recognized on a time proportion basis.

**3. Foreign Currency Transactions**

i) Initial Recognition: Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Exchange Differences: Exchange differences arising on the settlement of monetary items or on reporting companies monetary items at rates different from those at which they were initially recorded during the year are reported in previous financial statements, recognized as income or as expenses in the year in which they arise.

iii) Conversion: Foreign Currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**4. Inventories**

Raw materials: Raw materials are valued at cost or net realizable values, whichever is lower on FIFO basis.

Project division: Work in progress is valued at the contract rates less profit margin/estimates

Finished goods are valued at cost.

**5. Fixed Assets**

i. Tangible Fixed Assets

Tangible Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing asset to its working condition for its intended use. Borrowing cost relating to acquisition of fixed assets which take a substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

ii. Intangible Fixed Assets and Amortization:

Intangible assets have finite useful lives and are measured at cost and amortized over their expected useful economical lives as follows:

Research and development cost are expensed, except for certain development cost which are capitalized from the time commercial and technological feasibility criteria are met. Expenditure already charged to the profit & loss account is not restated. The capitalized cost is amortized on completion of the project over 5 years on a straight line basis.

**6. Depreciation and amortization**

Depreciation on tangible Fixed Assets is provided using the straight line method, at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing Rs. 5,000/- each are written off in the year of capitalization.

Temporary sheds are amortized over the period of the project on project–to-project basis

**7. Income Taxes**

Tax expense, comprises of current, deferred tax. Current tax is measured at the amount expected to be paid to the Tax authorities in accordance with the Indian Income Tax Act. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets and liabilities are measured based on tax rates and laws enacted are substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward or unabsorbed depreciation and tax losses and deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence, that such deferred tax assets can be realized against future taxable profits. At each balance sheet date, the company re-assesses unrecognized deferred tax assets. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonable certain that future taxable income will be available against which such deferred tax assets can be realized.

**8. Deferred Revenue Expenditure**

The Expenditure incurred on issue of FCCBs is amortized in proportion to the conversion of FCCBs into Equity Share Capital as and when the conversion takes place.

**9. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Current investments are measured at cost. All other investments are classified as long term investments. Long term investments are measured at cost, however provision for diminution in value is made to recognized a decline other than temporary in the value of the investments.

**10. Employee Benefits– Retirement benefits**

Retirement benefits in the form of Provident Fund and Superannuation scheme are defined contribution schemes and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contributions payable to the respective authority.

**11. Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares out standing during the period.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

**12. Provisions**

A provision is recognized when the company has a potential obligation as a result of past event and it is provable that an out flow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**13. Cash and Cash equivalents:**

Cash and Cash equivalents in the Cash Flow Statement comprise Cash at bank, Cash in hand, Fixed deposits and Unclaimed dividend a/c

**14. Use of estimates:**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operation during the reporting period end. Although these estimates are based upon management best knowledge of current events and actions, actual results could differ from these estimates.

**15. Segment report policies**

Identification of segments : The company's operating businesses are organized and managed according to the nature of products and services provided to offer similar products serving similar markets.

**16. Borrowing cost**

Borrowing costs include interest and commitment charges on borrowings, amortization costs incurred in connection with arrangement of borrowings. Costs incurred on borrowings directly attributable to development projects, which take a substantial period of time to complete are capitalized within the development / producing asset for each cost center.

All other borrowing costs are recognized in the profit and loss account in the period in which they are incurred.

# SCHEDULES TO THE CONSOLIDATED ACCOUNTS for the year ended March 31, 2010

## Schedule 17 NOTES FORMING PART OF THE ACCOUNTS

1. Basis of Consolidation:
   The consolidated financial statements comprise the individual financial statements of ICSA (INDIA) LIMITED and its Subsidiary as on March 31, 2010. 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, 2010.

   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<br>Incorporated in Singapore<br>Regd. No. 200700123R |

2. All amounts presented in the financial statements are in "Rupees in Lakhs", except Per share data as other wise stated.

3. The figures of the previous year have been regrouped/recast to render them comparable with the figures of the current year, as below:

   a) During the current year, turnover has been reported in gross (including taxes) figures. Accordingly previous year's turnover has also been grossed up.

   b) Cash and Bank Balances shown in the Balance Sheet including deposits made towards margin monies and fixed deposits were regrouped and reported for the previous year.

   c) Project and service expenses consist of consumption of materials, sub-contractor bills, purchase of software and other direct expenses. Accordingly previous year figures also have been regrouped and reported.

4. The company has no contingent liabilities as on 31-03-2010 acknowledged as debts except the Bank Guarantees given to various Government departments to the extent of Rs. 37316.52 Lakhs and Letters of credit of Rs. 5783.77 Lakhs.

5. The company has no dues outstanding more than 30 days to any of the Small Scale Industrial undertakings as on 31-03-2010.

6. Certain balances of loans and advances, sundry debtors and sundry creditors are subject to confirmation from the concerned parties.

7. a) The company has amortized FCCB issue expenses in proportion to conversion of FCCBs into Equity Share Capital as and when the conversion has taken place.

   b) The product development expenditure incurred during the current financial year of Rs. 903.58 Lakhs is amortized over a period of Five years on a straight line basis.

8. Inventory:
   Inventory is valued at cost or net realizable value, whichever is less on FIFO basis. Inventories are physically verified and certified by the management.

9. The Company has allotted 3,37,495 Equity shares of Rs. 2 each to its employees on exercise of Employees Stock Options.

10. Depreciation charged to profit and loss account for the year consists of Rs. 232.02 Lakhs pertaining to the previous year 2008-2009.

Schedule 17 **NOTES FORMING PART OF THE ACCOUNTS** *(Contd.)*

11. Segmental Reporting:

*(Rs. in Lakhs)*

| Description | Embedded Solutions & Software Services | Infrastructure Projects & Services | Power Generation | Unallocable | Total |
|---|---|---|---|---|---|
| Segment Revenue | 42412.06 | 80515.49 | 944.92 | – | 123872.47 |
| Segment Results (Before Interest & Tax) | 12046.18 | 9702.47 | 655.45 | 852.59 | 23256.69 |
| Segment Capital Employed | 26098.34 | 41662.13 | 5952.52 | 11584.81 | 85297.80 |

12. In compliance with Accounting Standard 22 relating to "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has accounted for Deferred Tax, the details of which are given below:

*(Rs. in Lakhs)*

| Deferred Tax Liabilities recognised for timing differences due to: | March 31, 2010 | March 31, 2009 |
|---|---|---|
| Depreciation | 3197.30 | 4683.07 |
| Research & Development | 238.48 | (484.38) |
| Total | 3435.78 | 4198.69 |
| Net Deferred Tax liability | 1167.83 | 1427.14 |
| Deferred tax revenue transferred to Profit and Loss Account | 259.31 | 252.91 |

13. Earnings per share:

Earnings per share computed in accordance with Accounting Standard 20 in respect of profit for the year 2009-2010 is as under:

*(In Rs.)*

| Description | March 31, 2010 (Per Equity Share of Rs. 2/- each) | March 31, 2009 (Per Equity Share of Rs. 2/- each) |
|---|---|---|
| Profit after Tax | 121,51,21,080 | 151,21,00,351 |
| Adjusted Profits | 123,69,66,920 | 154,55,78,172 |
| No. of shares – Basic | 4,70,91,160 | 4,53,57,208 |
| No. of Shares – Diluted | 5,21,74,488 | 5,07,40,503 |
| EPS – Basic Rs. | 25.80 | 33.34 |
| EPS – Diluted Rs. | 23.71 | 30.46 |

The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

14. Related parties information:

A) Information regarding related party transactions as per Accounting Standard 18 is given below:

**Names of related parties and description of relationship:**

| Party | Relation ship |
|---|---|
| ICSA International PTE Limited | 100% Subsidiary |
| B R G Energy Limited | Associate |
| Sahasra Investments Pvt Limited | Associate |
| Softpro Systems Limited | Associate |

Key Management Personnel as on 31st March 2010

| Name | Designation |
|---|---|
| G Bala Reddy | Chairman and Managing Director |
| P Kodanda Ramaiah | Director Technical |

# SCHEDULES TO THE CONSOLIDATED ACCOUNTS for the year ended March 31, 2010

Schedule 17 NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

B) The details of related party transactions in terms of Accounting standard (AS-18) are as follows :

*(Rs. in Lakhs)*

| Nature of transactions | Associates | | Subsidiaries | |
|---|---|---|---|---|
| | Current Year | Previous Year | Current Year | Previous Year |
| Purchases / Sub-contract works | 6178.27 | 9047.07 | – | – |
| Sales | 494.28 | 127.50 | – | – |
| Rent | 309.72 | 257.87 | – | – |
| Loans and Advances | – | – | 8.62 | – |
| Rent Deposit | 100.00 | – | – | – |

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

*(Rs. in Lakhs)*

| Name of the party | Current Year | | Previous Year | |
|---|---|---|---|---|
| | Due to | Due from | Due to | Due from |
| ICSA International Pte Ltd | – | 8.62 | – | – |
| Softpro Systems Limited | – | 105.69 | 134.88 | – |

An amount of Rs. 3456.65 Lakhs was outstanding from BRG Energy Ltd on account of sums paid towards execution of works contracts and purchase of transformers at market prices prevailing as on the date of these transactions.

D) Summary of Transactions with Key Management personnel:

*(Rs. in Lakhs)*

| Description | March 31, 2010 | March 31, 2009 |
|---|---|---|
| Directors Remuneration | 384.24 | 292.04 |
| Commission to Managing Director | 347.92 | 413.26 |

15. The details of Foreign Exchange earnings during the year :

*(Rs. in Lakhs)*

| Particulars | March 31, 2010 | March 31, 2009 |
|---|---|---|
| Foreign Exchange earnings | | |
| Exports | – | 11369.19 |
| Interest | – | 55.97 |
| **Total** | **–** | **11425.16** |

The details of Foreign Exchange Inward and Out go during the year :

*(Rs. in Lakhs)*

| Particulars | March 31, 2010 | March 31, 2009 |
|---|---|---|
| **Foreign Exchange Inward** | | |
| Exports realization pertaining to previous years | 18001.16 | 775.39 |
| Advance from Customers | 265.23 | – |
| **Total** | **18266.39** | **775.39** |
| **Foreign Exchange Out go** | | |
| **Value of Imports during the year (C.I.F.Basis)** | | |
| – Raw Materials | 938.48 | 57.25 |
| – Capital goods - Furniture & Fixtures | 13.43 | – |
| **Expenditure in Foreign Currency during the year** | | |
| Interest & Bank Charges (FCCB) | 253.51 | 243.57 |
| Professional Charges | 14.96 | – |
| Business Promotion | – | 16.89 |
| Foreign Travel | 3.60 | 11.13 |
| Subscriptions | 1.34 | – |
| **Loans and advances in Foreign currency during the year** | | |
| Loans and Advances to Subsidiary | 8.62 | – |
| Advance to Suppliers | – | 447.44 |
| **Total** | **1233.94** | **776.28** |

Schedule 17 **NOTES FORMING PART OF THE ACCOUNTS** *(Contd.)*

16. Auditor's remuneration:

*(Rs. in Lakhs)*

| Particulars | March 31, 2010 | March 31, 2009 |
|---|---|---|
| i) Statutory Audit fee | 30.80 | 30.50 |
| ii) Tax Audit fee | 2.50 | 2.50 |
| iii) Certification fee | 2.50 | 2.50 |
| iv) Other Services | 5.00 | 5.00 |

17. a. The Company has availed various credit limits from State Bank of India, CAG Branch, Punjagutta, Hyderabad, Bank of India, Khairatabad Branch, Hyderabad, Union Bank of India, Khairatabad Branch, Hyderabad, Punjab National Bank, Chennai and Andhra bank, Sultan Bazar Branch, Hyderabad. Under the multiple banking arrangements, the following securities were offered for availing credit limits:

i. First Charge on both current & fixed assets of the company ranking pari passu with other banks under multiple banking arrangements.

ii. Exclusive Charge to SBI on Flat No 1092 situated at Sector – A, Pocket A, (SAS Category – III), Vasant Kunj, New Delhi and pledge of 6,25,000 shares held by Promoters of the Company.

b. The Company has availed term loan facilities from Andhra Bank, Sultan Bazar, Hyderabad Branch and the following securities were offered in this regard:

i. The term loan is secured by hypothecation of Wind mills at Tamil Nadu and Karnataka and Mortgage of the land pertaining to these wind mill plants.

ii. Second charge on the existing fixed assets of the Company

c. The company has availed credit limits for specific projects from State Bank of India CAG branch, Hyderabad and Andhra bank Sultan Bazar Branch, Hyderabad. The following securities were offered for availing these credit limits:

i. SBI Specific Project:
First charge on project Specific current assets of the Company, and pledge of 1,00,000 shares held by Promoters of the Company.

ii. Andhra Bank Specific Project:
First charge on project specific current assets of the company, second charge on present and future current & fixed assets of the company ranking pari passu under multiple banking arrangements.

18. Investments comprising shares in other listed companies are valued at cost and classified as long term investments. Long term investments are measured at cost, however provision for diminution in value is made to recognize the decline other than temporary in the value of the investments.

19. Additional information pursuant to provisions of the Para 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

a) The company is 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 production and sale of such solutions cannot be expressed in any generic units and hence, it is not possible to give quantitative details.

b) The company is also 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, wherein there are number of components involved in production / assembling, execution and it is not possible for us to give quantitative details of purchase of such components which are small in value and large in quantity.

c) The company is also engaged in the business of Rural Electrification, Construction of Sub stations, Conversion of LT line to HT lines etc. Due to the nature of job, it is difficult to furnish quantitative details.

Signature to Schedules 1 to 17

for and on behalf of the Board

| Date : June 16, 2010<br>Place : Hyderabad | **G. Bala Reddy**<br>*Chairman-cum-Managing Director* | **P. Kodanda Ramaiah**<br>*Director (Technical)* | **K. Arun Kumar**<br>*Company Secretary* |
|---|---|---|---|

# CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2010

*(Rs. in Lakhs)*

| | Year ended March 31, 2010 | Year ended March 31, 2009 |
|---|---|---|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and extraordinary items | 17,014.33 | 20,498.02 |
| Adjustment for: | | |
| Depreciation | 2,140.12 | 1,211.43 |
| Dividend income | (0.39) | (0.75) |
| Interest income | (329.55) | (166.67) |
| Misc. Expenses written off | 722.43 | (972.22) |
| Prior period Adjustments | (541.45) | (533.86) |
| Interest and Finance Charges | 6,242.37 | 5,384.91 |
| Operating profit before working capital change | 25,247.87 | 25,420.86 |
| Increase in sundry debtors | (2,592.62) | (18,913.12) |
| Increase in other current assets | (28,212.86) | (11,364.71) |
| Increase in inventories | (16,058.99) | (1,776.22) |
| Increase in sundry creditors | 13,244.79 | (385.97) |
| **Cash Generated From Operations** | (8,371.81) | (7,019.16) |
| Income Taxes paid | (3,393.17) | (4,452.83) |
| Cash flow before extraordinary items | (11,764.98) | (11,471.99) |
| Extraordinary items | – | – |
| **Net cash from operative activities** | **(11,764.98)** | **(11,471.99)** |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (3,720.78) | (9,405.54) |
| Purchase of investments | 59.28 | – |
| Interest received | 329.55 | 166.67 |
| Dividend received | 0.39 | 0.75 |
| **Net cash used in investing activities** | **(3,331.57)** | **(9,238.11)** |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of share capital | 117.83 | 7,793.25 |
| Proceeds from long term borrowings | 22,237.14 | 19,022.78 |
| Interest paid | (6,242.37) | (3,528.77) |
| Dividend paid | (659.59) | (528.55) |
| Net cash used in financial activities | 15,453.01 | 22,758.70 |
| **Net increase in cash and cash equivalents** | **356.47** | **2,048.59** |
| Cash and cash equivalents at beginning of the year | 6,079.29 | 5,861.31 |
| Effects of Changes in Foreign Exchange Rates | – | (1,830.61) |
| Cash and cash equivalents at end of the year | 6,435.76 | 6,079.29 |

**Notes:**

1. Cash and Cash equivalents includes :
   a. Rs. 5273.84 lakhs in margin money, fixed deposits lodged with Banks against letter of guarantee issued.
   b. Bank balance includes restricted amount of Rs. 31.63 lakhs towards unclaimed dividend.
2. The Cash Flow Statement is prepared under Indirect method as set out in Accounting Standard - 3 on 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India.
3. Previous year's figures have been regrouped, wherever necessary.

This is the Cash Flow Statement referred to in our report of even date
As per our report of even date attached

For **VDNR & ASSOCIATES**
*Chartered Accountants*

for and on behalf of the Board

**D. Venkateswarlu**
*Partner*

**G. Bala Reddy**
*Chairman-cum-Managing Director*

**P. Kodanda Ramaiah**
*Director (Technical)*

**K. Arun Kumar**
*Company Secretary*

Date : June 16, 2010
Place : Hyderabad

"In preparation lies the key to success."

*– Cicero*

An ISO 9001 : 2000 Company

ICSA (INDIA) LIMITED

Regd. Office: 1st Floor, Plot No.12, Software Units Layout, Cyberabad, Hyderabad - 500081, India

# NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of ICSA (India) Limited will be held on Friday, July 30, 2010 at 12.00 Noon at Kohinoor, Taj Deccan, Road No.1, Banjara Hills, Hyderabad – 500 034 (A.P), to transact the following businesses:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2010; Balance Sheet as on that date along with the Reports of the Directors' and Auditors' thereon.

2. To declare dividend on Equity Shares for the financial year 2009-10.

3. To appoint a Director in place of Mr. S.S.Dua who retires by rotation and being eligible offers himself for reappointment.

4. 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. VDNR & Associates, 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:

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

   **Authorization to Borrow upto Rs.2000 Crores (inclusive of both Fund Based and Non-Fund Based limits):**

   "RESOLVED THAT pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, and other applicable provisions if any, the company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time, from any one or more of the company's bankers / other banks and/or from any one or more other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured, mortgage by way of charge and / or by mortgage, hypothecation or lien or pledge of the company's assets and properties, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immoveable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company, whether movable or stock in trade (including raw materials, stores, spare parts and components in stock or in transit) and work in progress and all or any of the undertakings of the company for securing the borrowings availed/to be availed by the Company and/or any of the Company's holding / subsidiary / affiliate / associate company, notwithstanding that the moneys to be borrowed together with money's already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of the business) will or may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, but so however that the total amount up to which the money's may be borrowed by the board of directors and outstanding at any time shall not exceed the sum of Rs. 2000 Crores (Rupees Two Thousand Crores only) exclusive of interest and the directors are hereby further authorized to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the directors may think fit."

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

   **Modification of terms of Remuneration payable to Mr. P. Kodanda Ramaiah as Director (Technical):**

   "RESOLVED THAT pursuant to Sections 198, 269, 302, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any Statutory modification(s) or enactment(s) thereof, for the time being in force, the consent and approval of the company be and is hereby accorded to remuneration payable to Mr. P. Kodanda Ramaiah as Director (Technical) of the Company till 30.09.2012, being the term of office as approved by Shareholders in the Annual General Meeting held on 30th September 2009, on the revised terms and conditions set out hereunder with effect from 1st October 2010 and with liberty to the Board of directors to alter or vary from time to time the terms and conditions of the said appointment in such manner as it may deem fit within the limits in that behalf contained in Schedule XIII of the said Act including any Statutory modifications(s) in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto as may be agreed by the Board of Directors and Mr. P. Kodanda Ramaiah in this behalf:

i. Salary : Rs. 1,33,000/- per month (Rupees One Lakh Thirty Three Thousand Only)

ii. Perquisites: He is also entitled to the following perquisites:

a. Housing: Rs. 30,000/- per month

b. Reimbursement of conveyance expenses including driver's salary not exceeding Rs. 35,000/- per month

c. Reimbursement of Telephone expenses not exceeding Rs. 2,000/- per month

"RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Mr. P. Kondanda Ramaiah, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Schedule XIII to the Act."

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

**PREFERENTIAL ALLOTMENT OF UPTO 40,00,000 NOs OF FULLY CONVERTIBLE WARRANTS (FCWs) TO THE PROMOTERS / PROMOTER GROUP:**

""RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force), the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the various stock exchanges where the shares of the Company are listed or to be listed, and subject to the rules / regulations / guidelines and clarifications issued by the Government of India (GOI), the stock exchanges where the shares of the Company are listed, the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and any other statutory/regulatory authorities and subject to all necessary approvals, consents, permissions and/or sanctions as may be necessary under applicable legislations, rules, regulations, guidelines and contracts for the time being in force and subject to such conditions and modifications as may be prescribed or imposed by any one or more of them while granting any such approvals, consents, permissions or sanctions and as agreed to by the Board of Directors of the Company (hereinafter referred to as Board, which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), and in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended / modified from time to time, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot up to 40,00,000 (Fourty Lakhs) Warrants (the Warrants) to various allottees being the persons forming part of the Promoter / Promoter Group, as detailed below, who have been identified and the list is mentioned with detailed information in the explanatory statement attached hereto and forming part of this notice, on a preferential allotment basis, on such terms and conditions and in such manner as the Board may think fit, each Warrant entitling the holder thereof to apply for and be allotted 1 (one) Equity Share per Warrant, which exercise must be made within a period not exceeding eighteen (18) months from the date of allotment of the Warrants, in one or more tranches, in accordance with SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and other relevant guidelines as may be applicable, such that the Equity Shares to be issued on the exercise of the Warrants so issued and allotted aggregate **up to 40,00,000 (Fourty Lakhs)** (Warrant Shares), at an issue price of Rs.145/-, inclusive of premium of Rs.143/- per Equity Share, aggregating to Rs.58,00,00,000/- (Rupees Fifty Eight Crores only) of which a sum of up to Rs.36.25/- per Warrant would be payable at the time of allotment of the Warrants, aggregating to Rs.14,50,00,000/- (Rupees Fourteen Crores Fifty Lakhs) and an additional sum of up to Rs.108.75/- per Warrant would be payable at the time of exercise of the Warrants, aggregating to Rs.43,50,00,000/- (Rupees Fourty Three Crores Fifty Lakhs Only) and the Warrant Shares to be allotted to the holders of the Warrants on conversion shall rank pari passu in all respect including entitlement to dividend with the then existing Equity Shares of the Company:

| **Particulars** | | **No. of Warrants proposed to be allotted on preferential basis** |
|---|---|---|
| **Name** | **Category** | |
| G.Lalitha | Promoter | 25,00,000 |
| Sahasra Investments Private Limited | Promoter | 15,00,000 |

"RESOLVED FURTHER THAT the offer, issue and allotment of the aforementioned Warrants shall be made at such time(s) as the Board may, in its absolute discretion decide, subject to applicable guidelines, notifications, rules and regulations and the terms and conditions given herein below:

i. the Warrant Shares to be issued and allotted upon the exercise of the Warrants shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

ii. The Relevant Date for the purpose of determining the price of abovementioned issue of FCWs in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 is June 30, 2010 being 30 days prior to July 30, 2010 (i.e, the date on which this Annual General Meeting of the Company is held).

iii. the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue subject to agreement with the proposed allottees and also shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notification, rules and regulations;

iv. the Board be and is hereby authorised to accept any amendments, modifications, variations and alterations as the GOI / RBI / SEBI or any other regulatory authority may stipulate in that behalf;

v. the Board be and is hereby authorised to delegate all or any of its powers to any director or committee of directors or employee or officer of the Company (as it may consider appropriate) to give effect to the aforesaid resolutions;

vi. The Warrants shall exercisable in tranches and have a currency period of up to 18 (eighteen) months, and each Warrant shall provide the holder with the option to subscribe to 1 (one) Equity Share, at an issue price of Rs.145/-, inclusive of premium of Rs.143/- per Equity Share, aggregating to Rs.58,00,00,000/- (Rupees Fifty Eight Crores only) of which a sum of upto Rs.36.25/- per Warrant would be payable at the time of allotment of the Warrants, aggregating to Rs.14,50,00,000/- (Rupees Fourteen Crores Fifty Lakhs) and an additional sum of up to Rs.108.75/- per Warrant would be payable at the time of exercise of the Warrants, aggregating to Rs.43,50,00,000/- (Rupees Fourty Three Crores Fifty Lakhs Only);

vii. Upon surrender / exchange of each of the said Warrant, the amount paid up thereon shall be credited, adjusted and applied towards share application money, for which the holder of the Warrant is entitled to apply;

viii. The Warrant by itself shall not give to the holder thereof any rights of the shareholders or debenture holders of the Company;

ix. The option attached to each of the said Warrants shall be independent of each other;

x. In case the Equity Shares of the Company are either sub divided or consolidated before issue of the aforesaid Warrants or before the exercise of the option by the holders of the said Warrants, then the face value, the number of Warrant Shares to be acquired upon exercise of the Warrants and the price of acquisition of the said Warrant Shares by the holders of the Warrants shall automatically stand adjusted in the same proportion, as the present value of the Equity Shares of Rs.2/- (Rupees Two) each of the Company bears to the newly sub – divided or consolidated equity shares, without affecting any right or obligation of the said warrant holders."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board (acting on its own or through a Committee of Directors or any other person duly authorized in this regard by the Board / Committee) be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment (including deciding the terms and conditions for the same) of the Warrants and/or the Warrant Shares, the utilization of the proceeds of the issue of the Warrants and the Warrant Shares, to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, to take such further steps as are required for the allotment and listing on one or more stock exchanges of the said of Warrant Shares, to effect any alterations, modifications, or variations to the foregoing or canceling the issue of the Warrants, in the best interests of the Company and its shareholders and as the Board may think fit, to take such other steps that are incidental and ancillary in this regard and further to do all such acts, deeds, matters and things and to finalise and execute all documents, papers, agreements, deeds and writings as may be necessary, desirable or expedient as it may deem fit."

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

**PREFERENTIAL ALLOTMENT OF UPTO 5,00,000 NOs OF FULLY CONVERTIBLE WARRANTS (FCWs) TO THE PERSONS OTHER THAN PROMOTERS:**

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force), the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the various stock exchanges where the shares of the Company are listed or to be listed, and subject to the rules / regulations / guidelines and clarifications issued by the Government of India (GOI), the stock exchanges where the shares of the Company are listed, the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and any other statutory/regulatory authorities and subject to all necessary approvals, consents, permissions and/or sanctions as may be necessary under applicable legislations, rules, regulations, guidelines and contracts for the time being in force and subject to such conditions and modifications as may be prescribed or imposed by any one or more of them while granting any such approvals, consents, permissions or sanctions and as agreed to by the Board of Directors of the Company (hereinafter referred to as Board, which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), and in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended / modified from time to time, the consent of the Company be and is hereby accorded to the Board to issue, offer and allot **up to 5,00,000 (Five Lakhs)** Warrants (the Warrants) to various allottees being the persons not a part of the Promoter / Promoter Group, as detailed below, who have been identified and the list is mentioned with detailed information in the explanatory statement attached hereto and forming part of this notice, on a preferential allotment basis, on such terms and conditions and in such manner as the Board may think fit, each Warrant entitling the holder thereof to apply for and be allotted 1 (one) Equity Share per Warrant, which exercise must be made within a period not exceeding eighteen (18) months from the date of allotment of the Warrants, in one or more tranches, in accordance with SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 and other relevant guidelines as may be applicable, such that the Equity Shares to be issued on the exercise of the Warrants so issued and allotted aggregate up to 5,00,000 (Five Lakhs) (Warrant Shares), at an issue price of Rs.145/-, inclusive of premium of Rs.143/- per Equity Share, aggregating to Rs.7,25,00,000/- (Rupees Seven Crores Twenty Five Lakhs only) of which a sum of up to Rs.36.25/- per Warrant would be payable at the time of allotment of the Warrants, aggregating to Rs.1,81,25,000/- (Rupees One Crore Eighty One Lakhs Twenty Five Thousand Only) and an additional sum of up to Rs.108.75/- per Warrant would be payable at the time of exercise of the Warrants, aggregating to Rs.5,43,75,000/- (Rupees Five Crores Fourty Three Lakhs and Seventy Five Thousand Only) and the Warrant Shares to be allotted to the holders of the Warrants on conversion shall rank pari passu in all respect including entitlement to dividend with the then existing Equity Shares of the Company:

| **Particulars** | | **No. of Warrants proposed to be allotted on preferential basis** |
|---|---|---|
| **Name** | **Category** | |
| Shreyansh Commercial PVT LTD | Non-Promoter | 5,00,000 |

"RESOLVED FURTHER THAT the offer, issue and allotment of the aforementioned Warrants shall be made at such time(s) as the Board may, in its absolute discretion decide, subject to applicable guidelines, notifications, rules and regulations and the terms and conditions given herein below:

i. the Warrant Shares to be issued and allotted upon the exercise of the Warrants shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

ii. The Relevant Date for the purpose of determining the price of abovementioned issue of FCWs in accordance with the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 is June 30, 2010 being 30 days prior to July 30, 2010 (i.e, the date on which this Annual General Meeting of the Company is held).

iii. the Board be and is hereby authorised to decide and approve the other terms and conditions of the issue subject to agreement with the proposed allottees and also shall be entitled to vary, modify or alter any of the terms and conditions, as it may deem expedient, subject however to the compliance with the applicable guidelines, notification, rules and regulations;

iv. the Board be and is hereby authorised to accept any amendments, modifications, variations and alterations as the GOI / RBI / SEBI or any other regulatory authority may stipulate in that behalf;

v. the Board be and is hereby authorised to delegate all or any of its powers to any director or committee of directors or employee or officer of the Company (as it may consider appropriate) to give effect to the aforesaid resolutions;

vi. The Warrants shall exercisable in tranches and have a currency period of up to 18 (eighteen) months, and each Warrant shall provide the holder with the option to subscribe to 1 (one) Equity Share, at an issue price of Rs.145/-, inclusive of premium of Rs.143/- per Equity Share, aggregating to Rs.7,25,00,000/- (Rupees Seven Crores Twenty Five Lakhs only) of which a sum of up to Rs.36.25/- per Warrant would be payable at the time of allotment of the Warrants, aggregating to Rs.1,81,25,000/- (Rupees One Crore Eighty One Lakhs Twenty Five Thousand Only) and an additional sum of up to Rs.108.75/- per Warrant would be payable at the time of exercise of the Warrants, aggregating to Rs.5,43,75,000/- (Rupees Five Crores Fourty Three Lakhs and Seventy Five Thousand Only);

vii. Upon surrender / exchange of each of the said Warrant, the amount paid up thereon shall be credited, adjusted and applied towards share application money, for which the holder of the Warrant is entitled to apply;

viii. The Warrant by itself shall not give to the holder thereof any rights of the shareholders or debenture holders of the Company;

ix. The option attached to each of the said Warrants shall be independent of each other;

x. In case the Equity Shares of the Company are either sub divided or consolidated before issue of the aforesaid Warrants or before the exercise of the option by the holders of the said Warrants, then the face value, the number of Warrant Shares to be acquired upon exercise of the Warrants and the price of acquisition of the said Warrant Shares by the holders of the Warrants shall automatically stand adjusted in the same proportion, as the present value of the Equity Shares of Rs.2/- (Rupees Two) each of the Company bears to the newly sub – divided or consolidated equity shares, without affecting any right or obligation of the said warrant holders."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board (acting on its own or through a Committee of Directors or any other person duly authorized in this regard by the Board / Committee) be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment (including deciding the terms and conditions for the same) of the Warrants and/or the Warrant Shares, the utilization of the proceeds of the issue of the Warrants and the Warrant Shares, to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, to take such further steps as are required for the allotment and listing on one or more stock exchanges of the said of Warrant Shares, to effect any alterations, modifications, or variations to the foregoing or canceling the issue of the Warrants, in the best interests of the Company and its shareholders and as the Board may think fit, to take such other steps that are incidental and ancillary in this regard and further to do all such acts, deeds, matters and things and to finalise and execute all documents, papers, agreements, deeds and writings as may be necessary, desirable or expedient as it may deem fit."

By Order of the Board of Directors

K. Arun Kumar
Company Secretary

Hyderabad, July 1, 2010

Registered Office:
1st Floor, Plot No.12, Software Units Layout
Cyberabad, Hyderabad - 500081, India
E-mail: secretarial@icsa-india.com

## 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 July 27, 2010 (Tuesday) to July 29, 2010 (Thursday), inclusive of both dates. If the final dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made as under:

   a. To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and Central Depository Services (India) Limited as of the close of business hours on July 26, 2010;

   b. To all members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on July 26, 2010.

9. Members holdings 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 credit the dividend / 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. 5:

Under Section 293(1)(d) of the Companies Act 1956, the Board of Directors cannot except with the consent of the company in general meeting to borrow any sum or sums of money from time to time, from any one or more of the company's bankers / other banks and/or from any one or more other persons, firms, bodies corporate or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by way of charge and / or by mortgage, hypothecation or lien or pledge of the company's assets and properties, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immoveable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company, whether movable or stock in trade (including raw materials, stores, spare parts and components in stock or in transit) and work in progress and all or any of the undertakings of the company for securing the borrowings availed/to be availed by the Company and/or any of the Company's holding / subsidiary / affiliate / associate company, notwithstanding that the moneys to be borrowed together with money's already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of the business) will or may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, but so however that the total amount up to which the money's may be borrowed by the board of directors and outstanding at any time should not exceed the sum of Rs. 1,500 crores (Fifteen hundred Crores only) as per the Shareholders approval obtained in the previous AGM.

Hence it is deemed desirable as a matter of abundant caution and also to provide a sufficient margin for such loans to be covered by the borrowing powers of the board and accordingly it is now proposed to increase such borrowing powers from Rs 1500 crores (Fifteen Hundred Crores) to Rs. 2000 crores (Two thousand crores).

In the circumstances cited above, sanction of the shareholders is being taken to enable the directors to borrow money to the extent of Rs. 2,000 Crores (Rupees Two Thousand Crores) to meet the growing fund requirements of the company. The resolution as set out in the notice is put forth for approval of Members.

None of the directors is interested in the resolution. Your Board of Directors recommend the resolution for your approval.

## Item No. 6:

Mr. P. Kodanda Ramaiah was re-appointed as Director (Technical) w.e.f. 01.10.2009 for a period of three years till 30.09.2012 in the Annual General Meeting held on 30th September 2009. Your Company has made a considerable growth in the Financial Year 2009-2010 and is optimistic on the future progress. Considering the contribution being tendered by Mr. P. Kodanda Ramaiah as Director (Technical), it is proposed to revise his Basic salary of Rs.1,10,000/- per month as previously approved by the Shareholders in the Annual General Meeting held on 30th September 2009 to Rs.1,33,000/- Per month, HRA from 20,000/- per month to Rs.30,000/- per month, Reimbursement of conveyance expenses including driver's salary from Rs.25,000/- per month to Rs.35,000/- per month and Reimbursement of Telephone expenses of Rs.2,000/- per month to remain same, w.e.f 1st October 2010 till his remaining part of the tenure of office being 30.09.2012.

None of the Directors except Mr. P. Kodanda Ramaiah is either interested or concerned in the said resolution. This may be treated as an abstract of terms under Section 302 of the Companies Act, 1956. Your Board of Directors recommend his appointment.

## ITEM NOs. 7 & 8:

These resolutions pertains to the issue of a total of 45,00,000 Warrants convertible to 45,00,000 Equity shares of Rs.2/- each to be issued to various allotees, including 40,00,000 of warrants to be issued to the Promoter group on preferential allotment basis.

Both of these issues aggregating to 45,00,000 warrants are to be issued at an issue price of Rs.145/- per warrant, inclusive of premium of Rs.143/- per Warrant.

The Convertible Warrants to be issued are in accordance with the provisions of Section 81(1A), Section 86 and any other applicable provisions of the Companies Act, 1956 and shall rank pari-passu, with lock-in period as per SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

1. **The objects of the issue through preferential offer**

   The resolution set out in Item No.7 is primarily aimed at consolidation of promoter holdings.

   Both of these resolutions under item nos. 7 & 8 are also aimed for inviting the funds to meet the growing working capital needs of the business and for Capital expenditure as may be contemplated by the Company.

2. **Intention of Promoters/Directors/Key Management Persons to Subscribe to the offer**

   The Promoters / Directors / Key Management persons proposed to subscribe to the issue to the extent mentioned in the Item no.7. Participation in this preferential issue by subscribing to 40,00,000 warrants would enable the Promoters to consolidate their equity holding in the company.

3. Share Holding Pattern before & after allotment of proposed convertible pereferential warrants into Equity Shares:

| Category | Existing Holding | | Warrants to be allotted | Post conversion of Warrants | |
|---|---|---|---|---|---|
| | No. of Shares | % | on Preferential basis | No. of Shares | % |
| Promoters | 9853083 | 20.81 | 4000000 | 13853083 | 26.72 |
| Corporate Bodies | 7274752 | 15.36 | 500000 | 7774752 | 14.99 |
| Indian Public | 11796082 | 24.91 | 0 | 11796082 | 22.75 |
| NRIs / OCBs | 1250174 | 2.64 | 0 | 1250174 | 2.41 |
| FIIs | 17176893 | 36.28 | 0 | 17176893 | 33.13 |
| **Total - (a+b)** | **47350984** | **100.00** | **4500000** | **51850984** | **100.00** |

4. **Proposed time within which the allotment will be completed**

   The securities will be issued to the Investors, Promoter and Associates within the time limit as prescribed under the Companies Act, 1956 and other applicable guidelines of SEBI and Stock Exchanges after obtaining approval from the members, provided that where the allotment is pending on account of pendency of nay approval of such allotment by any regulatory authority or the central government, the allotment is expected to be completed within the prescribed time limit from the date of receipt of such approval. The securities will be allotted in a duly constituted Board Meeting.

5. **The identity of the proposed allottees and the percentage of post issue capital**

   The identity of the proposed allottees and the percentage of post preferential issue capital held by the allottees are as follows:

| Particulars of Allottees | | Current Shareholding | | Warrants to be allotted on Preferential basis | Shareholding after conversion of 45,00,000 Warrants to Equity shares | |
|---|---|---|---|---|---|---|
| Name | Category | No. of Shares | % | | No. of Shares | % |
| i. G.Bala Reddy | Promoter | 7792433 | 16.46 | 0 | 7792433 | 15.03 |
| ii. G.V.Mary | Promoter | 1392150 | 2.94 | 0 | 1392150 | 2.68 |
| **Proposed Preferential Allotees:** | | | | | | |
| iii. G.Lalitha | Promoter | 523500 | 1.11 | 2500000 | 3023500 | 5.83 |
| iv. Sahasra Investments Private Limited | Promoter | 145000 | 0.31 | 1500000 | 1645000 | 3.17 |
| **Sub Total - (a)** | | **9853083** | **20.81** | **4000000** | **13853083** | **26.72** |
| **Proposed Preferential Allotees:** | | | | | | |
| Shreyansh Commercial PVT LTD | Non Promoter | 0 | 0.00 | 500000 | 500000 | 0.96 |
| Sub Total (b) | | 0 | 15.36 | 500000 | 500000 | 0.96 |
| Others: | | | | | | |
| Other Corporate bodies | Non Promoter | 7274752 | 15.36 | 0 | 7274752 | 14.03 |
| Indian Public | Non Promoter | 11796082 | 24.91 | 0 | 11796082 | 22.75 |
| NRIs / OCBs | Non Promoter | 1250174 | 2.64 | 0 | 1250174 | 2.41 |
| FIIs | Non Promoter | 17176893 | 36.28 | 0 | 17176893 | 33.13 |
| **Sub Total - (c)** | | **37497901** | **79.19** | **0** | **37497901** | **72.32** |
| **Grand Total - (a+b+c)** | | **47350984** | **115.36** | **4500000** | **51850984** | **100.00** |

## 6. Pricing of the Issue:

Convertible Warrants are being issued to the investors at a price of Rs. 145/- per warrant (i.e., including a premium of Rs.143/- per warrant). The share price was Rs.141.97/- on an average of 26 Weeks and Rs.144.08/- on an average of two weeks prior to the relevant date.

## 7. Disclosure of relevant date

The relevant date is taken as 30th June 2010 being 30 days prior to the date of AGM.

## 8. Non-transferability of shares and instruments allotted on preferential basis to be locked-in

The shares to be issued on preferential allotment basis are not transferable till the lock in period, as per the prevailing SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

## 9. Auditor's certificate

A Certificate as required under SEBI Guidelines certifying that the proposed issue is in accordance with the said Guidelines has been obtained from the Auditors of the Company and will be available for inspection seven days prior to the date of AGM i.e. from July 23, 2010 to July 29, 2010 at the Registered Office of the Company on any working day.

## 10. Currency of shareholders resolution

The currency of the resolution for which the shares are proposed to be issued on preferential allotment basis to the proposed Allottee as set out in this notice will be as per the guidelines in force after obtaining approval from the members.

## 11. Demat of shares

The Company's Equity shares are compulsorily in dematerialized form. Proposed shares shall also be issued in Demat form.

## 12. Change in management

The issue of shares as aforesaid will not result in change in the management or control of the Company.

## 13. Compliances

The Company has fulfilled all the listing agreement of clause 40A(iii) and other applicable clauses. The compliances of requirements made in the guidelines are duly certified by the Statutory Auditors.

## 14. Valuations of assets purchased out of monies received

An Independent valuer will duly certify the valuations of the assets to be purchased if any, out of the proceeds of the preferential issues. The Company is taking necessary steps to obtain the requisite approvals from regulatory agencies, as may be applicable, for the proposed investment.

## Additional Information:

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement).

| Name of the Director | Date of Birth | Date of appointment / reappointment | Experience in specific areas | Qualifications | Directorships in other companies |
|---|---|---|---|---|---|
| Mr.S.S.Dua | 20-07-1938 | 24-03-2006 | He is a former acting CMD of Mumbai based power utility company BSES (presently Reliance Energy Ltd).<br>He has more than four decades of rich experience in energy generation, transmission and distribution areas. | B.Sc., Engg.(Elect), IIPE, FIE | 1. Core Projects & Technologies Ltd<br>2. Core Education Infratech Limited<br>3. Jain Infratech Limited |
| Mr. P. Kodandaramaiah | 23-12-1945 | 08-06-2005 | Worked earlier with Central Power Distribution Company (formerly APSEB) for more than 36 years and is having vast experience in power generation and distribution segments | B.E. (Electricals) | - Nil - |

By the order of the Board of Directors
for **ICSA (INDIA) LIMITED**
sd/-

Place: Hyderabad
Date: July 1, 2010

K.ARUN KUMAR
*Company Secretary*

ICSA
An ISO 9001:2000 Company

**ICSA (INDIA) LIMITED**

Regd. Office: 1st Floor, Plot No.12, Software Units Layout, Cyberabad, Hyderabad - 500081, India

# Proxy Form

| | |
|---|---|
| D. P. ID * | |
| Client ID * | |

| | |
|---|---|
| Master Folio No. | |

I/We ______________________________ of ______________________________

of______________________________ being a member(s) of ICSA (INDIA) LIMITED hereby appoint ______________________ of ______________________ or failing him/her ______________________ of ______________________ in the district of ______________________ as my/our proxy to attend and vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at the Kohinoor, Taj Deccan, Road No.1, Banjara Hills, Hyderabad – 500 034 (A.P) on Friday, July 30, 2010 at 12.00 noon and at any adjournment thereof.

Signed this ______________________ day of ______________________ 2010

Full Name ______________________________

For Office use only

No of Shares :

Proxy No.:

Affix Revenue Stamp

Note:

The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

* Applicable for investors holding shares in Electronic Form

# Attendance Slip

| | |
|---|---|
| D. P. ID * | |
| Client ID * | |

| | |
|---|---|
| Master Folio No. | |

Please complete this Attendance Slip and hand it over at the entrance of the meeting hall.

| NAME OF THE MEMBERS | NO. OF SHARE(S) HELD |
|---|---|
| | |

I hereby record my presence at the Sixteenth Annual General Meeting of the Company being held on Friday, July 30, 2010 at 12.00 noon at the Kohinoor, Taj Deccan, Road No.1, Banjara Hills, Hyderabad – 500 034 (A.P).

| Signature of the Member or Proxy |
|---|

* Applicable for Members holding shares in Electronic Form