



# Future-ready.

ICSA'S TRANSFORMATION



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INDIA'S POWER INDUSTRY IS TRANSFORMING RAPIDLY. SO IS ICSA.

Our results of 2010-11 indicate this transformation.

The Company grew its topline and bottomline in the current year. Overall revenues increased 13.56 per cent and PAT increased 3.11 per cent.

The greater the challenge, the bigger our determination.

- ▶ The unprecedented R-APDRP opportunity will require a larger volume of technologically advanced products. ICSA has already developed relevant automation products.
- ▶ The SCADA-based opportunity will transform the country's transmission and distribution segment. ICSA has emerged as an approved SCADA implementation agency, executed pilot projects and bid for commercial tenders.
- ▶ India's power transmission segment intends to make its largest-ever investment. ICSA is prepared with its qualification for 400kv and marching towards 765 kv.
- ▶ ICSA's smart energy meter manufacturing facility is now in full swing.



**A  
reinvented  
ICSA is  
ready.**

# From here to prosperity.

India's power industry is preparing for its biggest transformation

From the use of conventional energy meters to Smart Energy Meters

From 'Automation' between 2003 to 2008 to 'SCADA implementation' between 2009 to 2012 to 'SMART grids' beyond 2013.

From pilot SCADA projects to a commercial rollout across 220 Indian towns.

From government-owned small transmission networks (132 kv and 220 kv) to large private sector-owned transmission networks (including 765 kv and 1200 kv).

From inefficient distribution companies to third party-managed efficient distribution franchisees. From one franchisee in 2008 to four in 2010 and many more in the coming years.

India's power industry is growing rapidly. It is also turning 'intelligent'. Together.



# The power sector in India is transforming. Bigger and better.



- ▶ 21 states have selected IT System Integrators to implement part A of RAPDRP
- ▶ Smart Grid pilot projects are planned
- ▶ 1,00,000 MW of power generation capacity is expected to be added in the Twelfth Plan
- ▶ ₹3.4 trillion investments are expected to be made in India's

- transmission and distribution network in five years (*Source: Crisil Research Power Sector Annual Review, Nov. 2010*).
- ▶ India's T&D infrastructure is likely to be privatised through the build-own-operate-transfer (BOOT) model
- ▶ A National Smart Grid Forum was formed to facilitate the policy creation for Smart Grid

ICSA is shaping in line with the evolving industry.

**2002-07**  
ICSA provided automation products for India's power sector

**2007-11**  
ICSA consolidated its place in India's automation segment, built SCADA business and smart meter manufacturing, while strengthening its position in transmission and distribution project execution

**2012 onwards**  
ICSA is geared for emerging opportunities in India's power sector



**Specialised solutions.  
High margins. Growing volumes.  
This has been ICSA's story so far.**

# Going ahead, ICSA addresses an unprecedented industry opportunity.

**To this opportunity, ICSA brings a combination of deep knowledge, technology alliance, low costs and a first-mover's advantage.**

## **Pedigree**

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

## **Products and Services**

► 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 substation controllers, distribution transformer controllers and automatic meter reading systems, among others

► SCADA-DMS for distribution utilities

► Smart Energy Meters

► Infrastructure deployment services for power transmission & distribution networks on a turnkey basis (partial or full). The services include designing, planning, procurement, construction, erection, commissioning of substations and lines

## **Presence**

► Headquartered in Hyderabad (India);

► Equity shares listed on the Bombay Stock Exchange and National Stock Exchange

► Tied up with Dongfang of China for SCADA-based solutions

## **Awards and accolades**

► Business Standard has ranked ICSA at:

i. 352 by net sales (last year it was 461)

ii. Industry-wise IT rank at 10

► Business Today ranked ICSA at:

i. At 329 by total assets (last year at 341);

ii. 300 by sales (last year at 304);

iii. 259 by net profit (last year at 161);

► ICSA has been ranked 62nd in Asia and 7th in India by Forbes Asia in "Asia's 200 Best Under A Billion"

► Data Quest July 15, 2010 ranked ICSA at 106 among the top 200 companies in 2009-10 in the IT Sector

► Mint newspaper has ranked ICSA at 10 among the top 500 best-performing mid-size firms in India.

## Future-Ready ICSA's transformation



# What we achieved in 2010-11

## Product development

- ▶ Redesigned the IAMR to reduce 40 per cent of our production cost
- ▶ Field Remote Terminal Unit - 126 (FRTU)
- ▶ Data Concentrator Units - 126 (DCU)
- ▶ Ticket Issuing Machines - 126 (TIM)
- ▶ Different derivatives of smart energy meter and IAMRs

## Financials

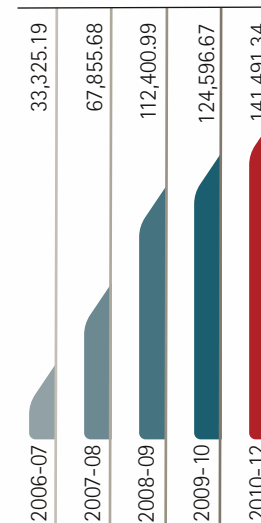
- ▶ Revenue increased 13.56 per cent from ₹124,596.68 lakh in 2009-10 to ₹141,491.34 lakh
- ▶ EBITDA increased 16.70 per cent from ₹24,575.02 lakh in 2009-10 to ₹28,679.04 lakh
- ▶ Post-tax profit increased 3.11 per cent from ₹12,184.59 lakh in 2009-10 to ₹12,563.19 lakh
- ▶ Cash profit increased 1.90 per cent from ₹14,321.15 lakh in 2009-10 to ₹14,593.67 lakh

## Corporate

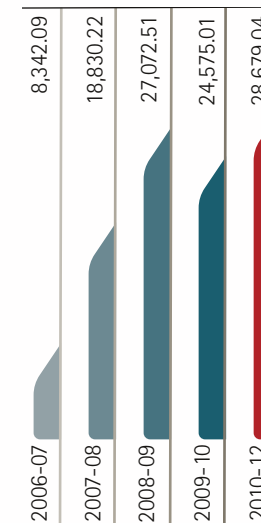
- ▶ Commissioned a state-of-the-art Smart Energy meter manufacturing facility to produce 1.8m units per annum
- ▶ Entered into a tie-up in the IPS segment for the execution of GIS substations and underground cabling
- ▶ Entered into SCADA-based projects business; bid for SCADA projects under RAPDRP

# Our financial performance

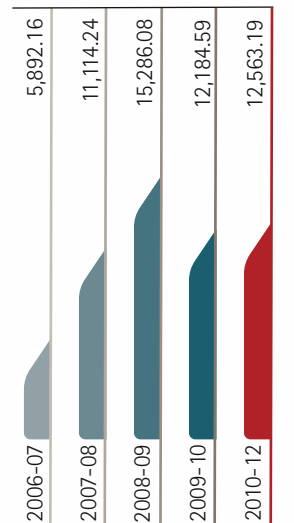
Total income (In ₹lakh)



EBIDTA (In ₹lakh)



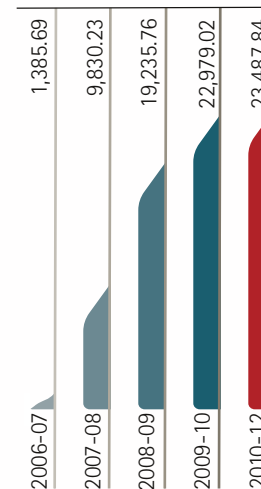
PAT (In ₹lakh)



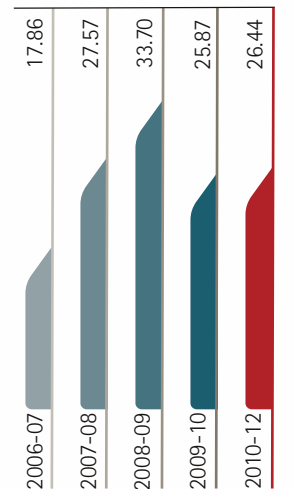
Cash profit (In ₹lakh)



Gross block (In ₹lakh)



Basic EPS (₹)



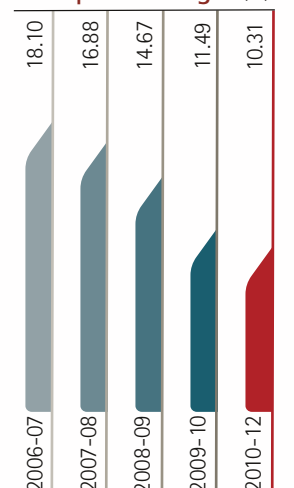
EBIDTA margin (%)



PAT margin (%)



Cash profit margin (%)







**“ICSA will not only provide cutting-edge solutions. It will help leapfrog India from first generation to third generation power infrastructure in one of the shortest tenures anywhere in the world.”**

MR G BALA REDDY, CHAIRMAN AND MANAGING DIRECTOR, TALKS ABOUT THE TRANSFORMATION HAPPENING IN THE INDIAN POWER SECTOR AND ICSA'S PREPAREDNESS.



**Dear shareholders,**  
Rarely in the history of a mature sector does one encounter an opportunity where the prevailing sectoral technology is poised to jump from first generation to third generation in just five years.

This is precisely the kind of opportunity that addresses the power sector in India today.

For decades, India's power sector was plagued by legacy infrastructure, high losses and ineffective investments. This reality proved to be a national drag that not only pulled down the efficiency of national spending from a limited perspective but prevented Indians from inheriting an infrastructure that would take their lives ahead.

As an Indian I am proud that our tryst with an improved destiny appears to be round the corner; as someone who promoted ICSA, I am deeply satisfied that our Company is helping make this national transformation a visible reality.



#### Enabling environment

The Indian power sector is poised to emerge as one of the most sophisticated in the world on account of the following realities:

- ▶ The government formed the Revised APDRP for the focused reduction of AT&C losses in the country. This was implemented through Power Finance Corporation (PFC), who empanelled system integrators (primary customers) and who, in turn, outsourced assignments to network solution providers, GIS solution providers, and meter data acquisition and solution providers, among others (ICSA bid directly to customers under the erstwhile APDRP segment but was required to bid to system integrators in the new R-APDRP environment).

- ▶ Under the R-APDRP programme, the government began to float tenders for a SCADA-based distribution management system to increase sectoral automation. ICSA was empanelled as one of only 14 system integrators, creating a large potential opportunity.

- ▶ The government is also rolling out distribution franchisees for efficient and profitable distribution; ICSA possesses the capability to conduct relevant projects.

- ▶ The Government of India (GoI) is now laying a greater emphasis on private participation in building T&D networks; the central (PowerGrid) and state utilities (state transmission companies) are likely to place BOOT transmission line and substation contracts in the coming years.

- ▶ The government also formed a national Smart Grid forum to evaluate the scope of Smart Grid opportunities in India.

These developments indicate that India is approaching an inflection point in the history of its power sector.

#### 2010-11 review

The financial year of 2010-11 was a year of steady improvement in our revenues and profits, which is reflected in the numbers below:

- ▶ Revenues grew 13.56 per cent over 2009-10
- ▶ EBIDTA strengthened 16.70 per cent over 2009-10
- ▶ Post-tax profit strengthened 3.11 per cent over 2009-10
- ▶ EBIDTA margin enhanced 56 basis points

However, the big story of 2010-11 is not reflected in these numbers; our various initiatives and benefits will reflect only from the current year onwards.

#### Initiatives 2010-11

**IPS segment:** This continued to be our biggest segment (68.43 per cent of our revenues), growing 19.37 per cent over the previous year. The Company is now enhancing its focus on the transmission segment by executing a range of transmission line projects (132 kv, 220 kv, 400 kv) and entering into a joint venture for GIS substations and underground cable laying, completing its largest erection project (88 substations) and creating a pan-India presence.

**ESS segment:** This segment's revenues (30.97 per cent of our revenue) increased 2.74 per cent in 2010-11. The Company strengthened this business by bidding for fresh tenders (with Dongfang Electric) in the SCADA-DMS segment, the benefits of which are expected from FY2011-12 onwards. The smart meter manufacturing unit started operations. Streamlined processes enhanced efficiency and product quality. A redesigned IAMR reduced costs by 40 per cent. New products and newer versions of existing

products were developed (with enhanced communication capabilities). A SCADA-based pilot project was executed to establish capability and credibility.

#### Industry overview

It is a national irony that the second fastest growing country in the world should be suffering a peak power shortage of 12.1 per cent. The reality is that India stands sixth in the world in terms of power generation but is one of the lowest per capita electricity consumers (612 kWh against the global average of 2,300 kWh) (*Source: Ministry of Power*). As per the government, the power sector lost ₹45,000 crore during the fiscal year ended 31st March 2010, a figure that is likely to touch ₹68,000 crore by end 2010-11 and ₹1,00,000 crore by March 2015 (*Source: Livemint*).

ASSOCHAM's 'Study on Mounting T&D losses' warned that almost a third of the country's ₹810,000 cr investments in the 11th Five Year Plan would be largely wasted if immediate steps were not taken to reduce these losses. Even if only 50 per cent of the country's transmission and distribution losses can be plugged by the stoppage of theft or the upgradation of its transmission and distribution system, India can more than make up its power shortage (*Source: AEP*).

The country is investing extensively to correct this situation; it targeted a reduction in AT&C loss to 15 per cent in the Eleventh Five Year Plan. As this progressively transpires, distribution companies will be liquid enough to re-invest in strengthening their networks.

This proposed investment will not come a day too soon: the government plans to add 100,000 MW of power generation capacity in the Twelfth Plan, making it imperative to create a corresponding transmission and



The government has lined up transmission sector investments worth ₹380,000 crore (USD 84.4 billion) during 2008-17.

distribution network. Besides, Power Grid Corp. of India Ltd. (PGCIL) – responsible for national power transmission – plans to increase India's inter-regional power transfer capacity from 20,800 MW to 37,000 MW by 2012, which will require state electricity boards to invest in a more sophisticated distribution system. This will not only plug national losses but also create a significant business opportunity for ICSA.

### Emerging opportunities

ICSA is future-ready. The Company is readying to address the emerging automation opportunity in the Indian power sector through the implementation of SCADA-based projects on the one hand and addressing the Smart Grid opportunity on the other. Through these initiatives, ICSA is not merely addressing an Indian opportunity; the Company is working at the cutting-edge of a global technology curve that will enhance its international relevance.

**SCADA opportunity:** Under the R-APDRP, the government plans to do something daring; it intends to implement SCADA-based Distribution Management System (DMS) solutions across India. During the first phase, the government identified 80 cities with a population of at least 400,000 each where these solutions are planned to be implemented in the Eleventh Five Year Plan followed by another 140 cities in the Twelfth Plan. The combination of 220 cities is expected to create more than USD one billion SCADA opportunity, one of the largest such opportunities anywhere in the world.

ICSA is attractively placed to capitalise on this scenario for the following reasons:

- ▶ The Company is already empanelled as one of only 14 system integrators (including six serious players) for the first 80 towns;

the Company is expected to benefit significantly once the tenders are floated.

- ▶ The Company entered into collaboration with Dongfang Electronics Ltd. (Dongfang), the world's largest SCADA deployer with more than 700 global installations. Dongfang is a pure SCADA company with distinctive core competence. ICSA's collaboration will facilitate technology transfer; ICSA is not only equipped to provide a competent solution but also at a competitive cost over larger players

Dongfang's credentials are compelling as well:

- ▶ The Company enjoys a reputation for having been the quickest SCADA deployer, completing implementation projects in an average four months against the industry average of 18 months
- ▶ The Company has been associated with prestigious SCADA installations; the Company was engaged in the entire power automation of the Beijing Olympics; Dongfang also enjoys the reputation for possessing the richest experience across terrains, resulting in cost-effective installations the world over.

- ▶ The Company is comfortable at working with multiple technologies for customised solutions, an advantage in India

Two SCADA tenders were floated; the rest of the tenders are to be awarded in the current financial year.

**Smart Grid:** Smart Grid represents the next generation of power services anywhere in the world. This grid will comprise hardware and software applications seamlessly integrated, leading to uninterrupted real-time 'communication' with each other. This will make the grid an intelligent bi-

directional digital network (unlike the conventional unidirectional alternative). A smart grid will comprise hardware – smart meters, energy management technologies, wireless sensor networks, control systems like SCADA – and software system integrators. Besides, demand side incentives will be managed with pricing models that optimise consumption and minimise peak load usage.

This scenario is no wishful thinking; India has already formed a National Smart Grid Forum to evaluate this possibility. The task force suggested that DISCOMs must undertake pilot projects by 2012, covering the following:

- ▶ Remote reactive power management
- ▶ Remote frequency control
- ▶ Remote metering with open communication protocol
- ▶ Remote disconnect and connect
- ▶ Real time harmonic measurement
- ▶ Create a data base for electrical and other parameters for effective forecasting and scheduling

ICSA is prepared for this unfolding reality. The Company 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. The Company is also evaluating inorganic growth prospects in developed nations that are a couple of years ahead in this cutting-

edge technology. This arrangement will grow our competence and make it possible for us to offer related solutions anywhere in the world.

**Distribution franchisee:** The Indian government is rolling out the concept of Distribution Franchisees where the distribution responsibility for a particular geography is allocated to a private player. In these instances, power tariffs will be fixed as per government rates; franchisees will be given the responsibility to run the distribution network within that area and collect revenues for about 10 to 20 years. The key to success under this model lies in an important determinant: franchisees who reduce their distribution losses will add to their revenues. Four Indian cities have already implemented this model with success, resulting in reduced T&D losses and enhanced revenue collection.

ICSA is competently placed to enter this business for the following reasons: The Company understands how power distribution networks operate; the Company comprises a strong Board of Directors and senior management set up with a rich experience in the management of distribution companies.

**BOOT model in power transmission and distribution:** The government has lined up transmission sector investments worth ₹380,000 crore (USD 84.4 billion) during 2008-17. Following a decade of underinvestment in the T&D space, the Eleventh Plan and Twelfth Plans are expected to correct the situation. This is clearly evident from the fact that the projected share of T&D expenditure in total power expenditure in the Eleventh and Twelfth Plans is 51 per cent and 56.4 per

cent respectively, compared to 44.2 per cent in the Tenth Plan. The foray of private companies to build T&D infrastructure is sign of a huge quantum of capex to be committed by them in the next couple of years. It is expected that both central (PowerGrid) and state utilities (state transmission companies) will place transmission line and substation contracts only on a BOOT basis in the coming years, strengthening investment pace and quality (Source: icicidirect.com).

ICSA is attractively positioned to take advantages in this sector for the following reasons: the Company has executed a number of T&D projects covering design and erection; it possess the capability to execute projects up to 400 kv and entered into a business-enhancing arrangement for GIS substation and underground cable laying. Going forward, it will also gain qualification for 765 kv projects.

### Road ahead

The Indian power industry is marked by the following opportunities: contemporariness, longevity, size and speed. On the one hand, the government has laid down a priority in mitigating transmission and distribution

losses; on the other, a growing proportion of the investment in the country's power industry will be derived from the private sector. Over the foreseeable future, the sector is expected to evolve faster on account of modernisation and automation, throwing up attractive opportunities.

ICSA is attractively placed to capitalise on this unprecedented phenomenon. ICSA established its capability in providing automation products and creating a proactive competitive edge. In the IPS segment, the Company is embarking on bigger projects (in India and abroad), graduating to solutions for 765 kv transmission lines and planning to bid for GIS substations and buried cable lines.

In 2011-12, the Company expects to start generating SCADA revenues, grow its topline 25 per cent, protect margins and generate a corresponding increase in its bottomline.

This will bring ICSA closer to its vision of emerging as a formidable force in the power sector.

Regards,  
**G Bala Reddy**  
Chairman-cum-Managing Director

### The SCADA system

The SCADA system represents the next generation solutions in the global power sector.

The system facilitates 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 system makes it possible to plug pilferage points, enhance quality power supply, accelerate fault identification, hasten power restoration and make it possible to plan and design the network efficiently.



# ICSA's competitive advantages.

## Early-mover advantage; established presence

The Company enjoys a first-mover's advantage across its several ESS offerings. Its expertise in the IPS and ESS segments provides it with an edge over industry entrants. Its rich sectoral experience is a pre-requisite for industry success that can only be developed over years of consistent performance. The Company's dedicated research and experience have been derived through a deep understanding of its bespoke customised products; the Company's regional experience has been derived from the execution of Government projects since 2000.

## Integrated operations; synergic opportunities

The range of services provided by the Company in IPS and ESS are complementary and synergic. The execution of IPS projects enhances technological insights, leading to corresponding ESS product development.

## Product development expertise and certifications

The Company possesses significant product development expertise, reflected in a portfolio of patented products successfully deployed in multiple sites. The Company created a high industry entry barrier through product certifications like BIS 14697:1999 and 13779:1999 for its two smart electricity meter types.

## Strong domestic presence

The Company has a strong Indian presence with operations across all major states and a track record of successful execution across its services - a competitive advantage over competition - as it showcases an understanding of the sector and its bureaucracy.

## Intellectual property

The Company possesses intellectual property in the form of patents, designs, trademarks and copyrights. The Company aims to secure full intellectual property rights over new products to protect against replication. A table illustrating the intellectual property status of some of its key products is set out below:

Patents	
Name	Status
ICSA-DTMS	Existing
ICSA-IAMR	Applied
ICSA-ICAP	Applied
ICSA-TDD	Applied

Design	
Name	Status
Automating meter reading apparatus	Existing
Detection device	Existing
Protection for pipeline for oil and gas	Existing

Trademarks	
Name	Status
ICSA-IAMR	Existing
ICSA-TDD	Existing
ICSA-ICAP	Applied
ICSA-DTMS	Applied

Copyright	
Name	Status
ICSA-DTMS software	Existing
ICSA-IMR software	Existing
ICSA-ICAP system software	Existing
Web content of ICSA (INDIA) LIMITED	Existing

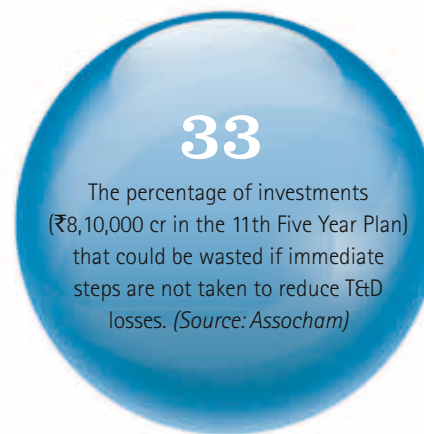
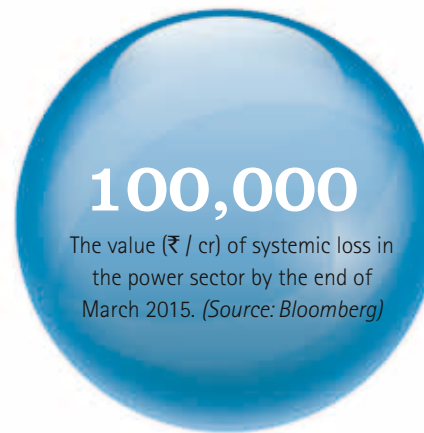
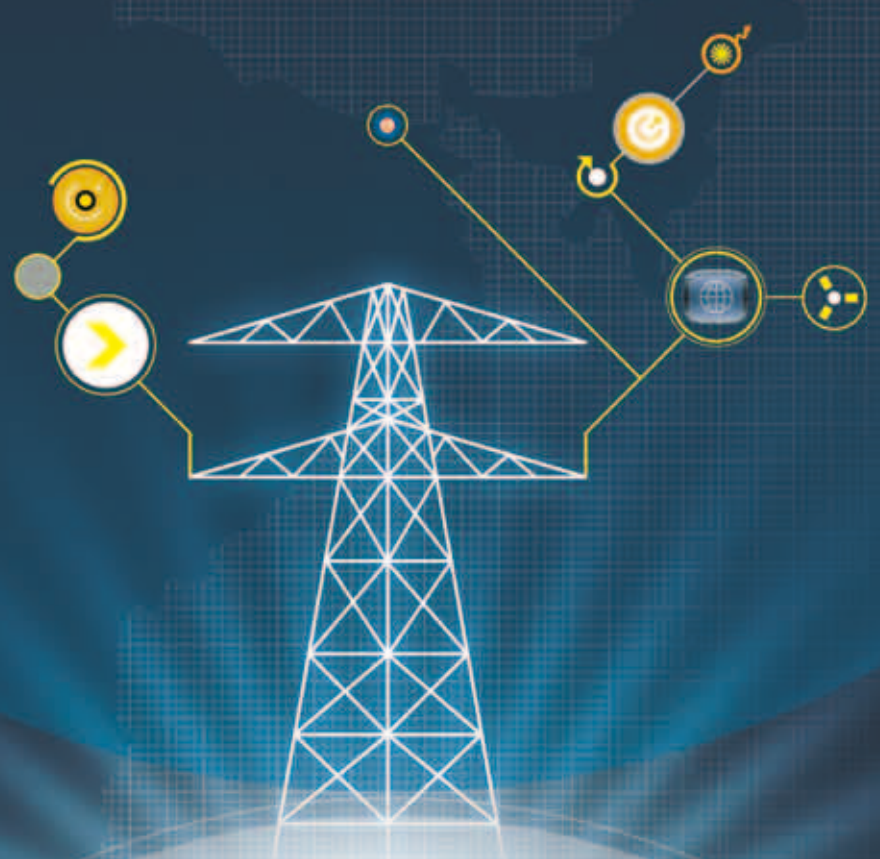
## Research and Development

The Company's R&D team develops new products and embedded software. The team developed products like Automated Cathodic Protection System and a third party damage identification system for the oil, gas and water sectors. The Company invests regularly in research and development.

Financial Year	Amount invested in R&D	% of sales
2007-08	₹18.29 Cr	2.73
2008-09	₹ 19.84 Cr	1.80
2009-10	₹9.04 Cr	0.73
2010-11	₹4.60 Cr	0.33



# India is probably one of the most attractive power sector opportunities in the world. For the following reasons







FUTURE READY

This visual depicts growing T&D investments and ICSA's preparedness. The human icon signifies the end user as the beneficiary on the one hand and depicts an ICSA, ready to capitalise on emerging opportunities, on the other hand. The terms in the circles depict the various sectors in the industry.

# more

MORE INVESTMENTS ARE BEING MADE IN INDIA'S T&D NETWORK THAN EVER BEFORE

The fundamental right of every Indian is to receive power anywhere in the country.



THE GOVERNMENT EXPECTS TO MAKE THIS A REALITY THROUGH THE FOLLOWING INITIATIVES:

- ▶ The Ministry of Power has set an ambitious 'Power for all' goal by 2012 leading to corresponding investments
- ▶ The government is investing in the development of a National Grid including inter-state connections, technology upgradation and to optimise transmission cost
- ▶ The government plans to add 100,000 MW in the Twelfth Plan with a supporting transmission and distribution network.
- ▶ India expects to raise its inter-regional power transfer capacity from 20,800 MW to 37,000 MW by 2012 (Source: Livemint).

ICSA is well-placed to capitalise on this sweeping T&D transformation in the following ways:

- ▶ More than a decade-long experience in the T&D project execution
- ▶ Established capability to execute a range of T&D projects (132 kv, 220 kv, 400 kv)
- ▶ Business-enhancing collaboration to execute GIS substations and underground cable-laying
- ▶ Pan-India presence across all the major states and execution experience





# specialised

THERE IS A NEED FOR OUTSOURCED HANDS TO STRENGTHEN INDIA'S DISTRIBUTION EFFICIENCY

In a country where thousands of villages are bereft of electricity, it is an irony that we should 'lose' ₹100,000 crore (estimate up to end March 2015) to systemic power losses (source: Bloomberg).



THE GOVERNMENT HAS ONE OF THE SOLUTION AT HAND.

Outsourced distribution management will ensure that the management of distribution utilities is outsourced to a third party. This is expected to leverage private sector help in enhancing public sector efficiency.

ICSA is well-placed to capitalise on this opportunity for the following reasons:

- ▶ More than decade-long experience in the erection of transmission and distribution projects
- ▶ Developed a range of software embedded automation products to detect power theft, distribution load management, receivables collection, meter reading and to reduce AT&C losses
- ▶ Commissioned a smart meter manufacturing unit (annual capacity 180,000 meters); the product facilitates real time data acquisition and theft elimination

ICSA plans to enter this growing business segment by bidding for various distribution franchisee tenders.





FUTURE READY



This visual depicts the Company's SCADA preparedness. The human icon represents an ICSA ready for the opportunity. The circles portray elements of SCADA/DMS.

# remote

THE KEY LIES IN MONITORING AND CONTROLLING THE ENTIRE POWER TRANSMISSION NETWORK FROM A SINGLE CHAIR

In a country where the power distribution network is spread across 244,521 ckm (as on October 2010) of the national landmass, it was considered impossible to monitor their ongoing performance from a single location.



UNTIL SCADA/DMS SOLUTIONS MADE THIS A REALITY.

SCADA/DMS solutions now make it possible to acquire real time data and monitor multiple substations from a single location, making it possible to achieve the following advantages:

- ▶ Acquire data in real time
- ▶ Plug pilferage points
- ▶ Switch automatically between power surplus and deficit areas
- ▶ Accelerate fault detection
- ▶ Forecast accurate demand-supply management
- ▶ Restore power faster in the event of a breakdown
- ▶ Automate meter reading
- ▶ Analyse information for faster and informed decision making

The government intends to cover 220 cities with SCADA/DMS up to the end of the Twelfth Plan, creating a business opportunity in excess of USD 1 billion.

ICSA is attractively placed to capitalise on this opportunity through a collaboration with Dongfang Electric (world's largest SCADA implementation company), empanelment as a system integrator by PFC for SCADA/DMS implementation, development of micro-RTUs and feeder RTUs (key related hardware), the successful execution of a pilot project and the bidding for more such projects.





# smart

THE SMART GRID COMPRISES A SCENARIO OF NO DARKNESS, IMMEDIATE SENSING OF POWER DEFICITS AND RETAIL POWER CONSUMERS EMERGING AS GENERATORS.

A smart grid city will be the next most exciting thing in the global power industry for the following reasons:

- ▶ A smart grid 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.
- ▶ A smart grid will control power loss due to overhead power line failure by designing networks in a way that failure of one network part does not affect supply to end users.
- ▶ A smart grid will be bi-directional, making it possible for retail consumers to generate electricity and supply it to the grid
- ▶ A smart grid will enable power generators to schedule switches between different generation modes in line with demand (especially related to wind and solar power generation, which are time-dependent).
- ▶ A smart grid will manage the transition from a centralised, producer-controlled network to one less centralised and more consumer-interactive.
- ▶ A smart grid will enable consumers to exercise demand response' and shed load depending on power demand and availability.
- ▶ A smart grid will enable power distribution utilities to know where the power is flowing, when and at which quantity as one means to curb power theft

As the government has ambitious plans to launch smart grids in Indian cities, ICSA is attractively positioned to benefit for the following reasons:

- ▶ The Company provides a suite of pioneering embedded solutions and quality infrastructure in energy management, energy audit and control applications
- ▶ The Company manufactures smart meters – high-accuracy electronic function, tamper detection, remote billing, disconnection and reconnection features – to reduce AT&C losses
- ▶ The Company uses several communication platforms like GSM, GPRS, CDMA, PLCC, optical fibre and RF, among others, for data acquisition



This visual depicts Smart Grid opportunities in India. The human icon represents an ICSA possessing the potential necessary for the successful implementation of Smart Grid projects. The circles depict the Company's preparedness.



Case study

# Bhiwandi's electricity distribution franchisee.

Maharashtra suffered from a power deficit of 18.7 per cent (Source: *Powering Maharashtra - Vision 2020*). Since the gestation period for addition of generation capacity was long, Maharashtra State Electricity Distribution Company Limited (MSEDCL) focused on load-side energy management through the private sector instead. MSEDCL decided to enter into a distribution franchising arrangement to enhance efficiency in select circles (networks) as per the provisions of the Electricity Act 2003.

The distribution franchise arrangement was applied to the distribution circle in Bhiwandi, 48 km north-east of Mumbai. This was a

pioneering experiment and the first 'input' distribution franchisee project following the introduction of the concept in the Electricity Act 2003. In this 'input' model, the agency became responsible for the supply of power at the input point and the franchisee became responsible for the following distribution obligations in the franchisee area:

- ▶ Supply of power
- ▶ Consumer service
- ▶ Operations and maintenance of distribution network
- ▶ Billing and collection
- ▶ Compliance with regulatory standards

Bhiwandi was a prudent selection; the

location had been a chronic defaulter in power bills with high Aggregate Technical and Commercial (AT&C) losses across 160,000 customers and 721 sq kilometres. Bhiwandi comprised a number of textile and garment manufacturing units (mainly power looms) with an aggregate demand of about 800 MVA, translating into an annual energy input of about 2,500 gigawatt hours (GWh).

This is what made the Bhiwandi experiment challenging:

- ▶ In FY 2002-07, Bhiwandi circle revenues had stagnated at about ₹240 crores despite power sales rising by over 42 per cent to 1.225 billion units.

- ▶ Aggregate technical and commercial (AT&C) losses were estimated at 58 per cent
- ▶ Load shedding was about six hours a day
- ▶ Distress load shedding was on account of a deficit of 300 MVA in the Extra High Voltage network

- ▶ Transformer failure rate was 40 per cent
- ▶ There were a number of unregistered customers

- ▶ There was poor reliability of supply and frequent incidents of appliance failure

This sub-standard performance was on account of the following reasons:

- ▶ There had been effectively no capital investment in Bhiwandi's distribution network for a decade, resulting in network overloading and a high transformer failure rate.

- ▶ Getting official connections or an additional load sanctioned was difficult and time-consuming, prompting illegal connecting.

## Delivery

MSEDCL appointed a private player to become its distribution franchisee (DF).

The DF focussed on network upgradation, loss reduction and consumer service

through the following initiatives:

- ▶ Immediately after handover, the DF regularised illegal connections and metering; it replaced all existing meters with accurate tamper-proof meters.

- ▶ The DF conducted a survey jointly with Maharashtra State Transmission Company Limited (MSETCL) to prepare a three-year EHV augmentation plan covering the addition of 250 MVA EHV capacity in the Bhiwandi area by end FY 2009.

- ▶ The DF replaced 1,700 distribution transformers and added 241 new distribution transformers, reducing the transformer failure rate.

- ▶ The DF introduced a 24x7 call centre, online collection centres, user-friendly bills, extending the operating time of customer care centres, public awareness and community development activities.

## Results

The initiatives translated into the following results:

- ▶ Reduced AT&C losses from 58 per cent just before handover to 24 per cent, corresponding to a reduction in AT&C losses of about ₹170 crores against a capital investment of about ₹250 crores during this period.

The percentage of accurate metered sales increased from 23 per cent at the time of handover to 95 per cent

- ▶ The consumption of electricity increased from ~2,200 GWh to ~ 3,000 GWh.

- ▶ Some 55,000 new connections were added (including those regularised)

- ▶ The distribution transformer failure rate declined from 40 per cent to 7.5 per cent.

- ▶ Average load shedding hours reduced from six a day to 3.5 a day.

- ▶ The percentage of accurate metered sales increased from 23 per cent at the time of handover to 95 per cent

## Benefits for all

The efficiency gains to the power distribution system through the franchisee model benefited all stakeholders.

- ▶ The DF benefited through increased revenue from a reduction in losses and an improvement in collection efficiency due to network refurbishment, regularising illegal connections and metering.

- ▶ MSEDCL benefited due to a reduction in operational and maintenance expenditure, capital investments and interest on working capital.

- ▶ The consumer benefited through an increased reliability in power supply and improved customer service.

Disclaimer  
All the information for this case study has been extracted from <http://toolkit.pppinindia.com/highways/module3-rocs-bedf1.php?links=bedf1>. ICSA takes no responsibility on the accuracy of the information.

# Management discussion and analysis

## Indian economic growth

THE INDIAN ECONOMY REBOUNDED FROM THE GLOBAL ECONOMIC SLOWDOWN OF 2007-08. INDIA'S GDP GREW 8.6 PER CENT IN 2010-11 AGAINST 7.2 PER CENT IN 2009-10, CATALYSED BY A GROWTH IN AGRICULTURE AND A FORWARD MOMENTUM IN THE MANUFACTURING SECTOR.

### Growth in GDP at factor cost (2004-05 prices) (%)

	2005-06	2006-07	2007-08	2008-09PE	2009-10QE	2010-11AE
Agriculture, mining and forestry	5.1	4.2	5.8	(0.1)	0.4	5.4
Mining and quarrying	1.3	7.5	3.7	1.3	6.9	6.2
Manufacturing	10.1	14.3	10.3	4.2	8.8	8.8
Electricity, gas and water supply	7.1	9.3	8.3	4.9	6.4	5.1
Construction	12.8	10.3	10.7	7.6	9.7	11.0
Trade, hotels, transport and communication	12.1	11.7	10.7	7.6	9.7	11.0
Financing, insurance, real estate and business services	12.7	14.0	11.9	12.5	9.2	10.6
Community, social and personal services	7.0	2.9	6.9	12.7	11.8	5.7
GDP at factor cost	9.5	9.6	9.3	6.0	8.0	8.6

[Source: CSO]

## Indian economic highlights, 2010-11

- Inflation was 15.92 per cent while food inflation peaked at 9.5 per cent
- Foreign exchange reserves strengthened from USD 279.09 billion (2 April 2010) to USD 305.49 billion (1 April 2011)
- India's wireless network (811.59 million

mobile users) became the second largest in the world.

- India reported 34 per cent savings and 37 per cent investment (of GDP, 2010-11).
- Per capita income (at 2004-05 prices) rose from ₹33,731 in 2009-10 to ₹36,003

### Indian power sector

India's power generation capacity was

173,626.40 MW (64.98 per cent thermal, 21.64 per cent hydro, 2.75 per cent nuclear and 10.63 per cent renewable). During 2010-11, the country witnessed peak power shortage of 10.2 per cent (April-December 2010) against 12.7 per cent in 2009-10 and energy deficit of 8.8 per cent against 10.1 per cent in 2009-10.

### Power generation in India (in billion units)

2001-02	515.3
2002-03	531.40
2003-04	558.3
2004-05	587.4
2005-06	617.5
2006-07	662.5
2007-08	704.5
2008-09	723.6
2009-10	768.4
2010-11	811.1

[Source: CEA, IBEF]

### A buoyant Twelfth Five Year Plan

The government announced a planned investment of USD 1 trillion in the Twelfth Five Year Plan. Power accounts for 40 per cent of the Plan outlay. The government plans to add 1,00,000 MW in the Twelfth Plan (50 per cent super critical) *Source: Business World, 07/01/11*

The Union Budget 2011-12 encouraged the growth of the power sector through the following proposals:

- Announced an infrastructure debt fund
- Increased the limit (by USD 20 billion to USD 25 billion) for FII investment in corporate infrastructure bonds
- Increased the allocation to the Bharat Nirman programme (includes Rajiv Gandhi Vidyut Vitaran Yojna)
- Extended the window of raising funds through tax-free bonds by infrastructure finance companies to FY 2011-12

To strengthen India's transmission and distribution network, Ministry of Power is providing financial assistance to state utilities and aggressively pushing for National Electricity Fund (NEF) with a corpus of ₹100,000 crore. The fund will be mobilised through multi-lateral agencies (World Bank, Asian Development Bank etc.) and the disinvestment of the power sector, central public sector enterprises.

### Transmission and distribution

India's existing bulk transmission line capacity is 244,521 ckm (as on October 2010). Transmission substation size increased from 46,621 MVA during VI Plan to 316,112

MVA during XI Plan. Power transmission lines are estimated to reach 2,93,372 ckm by 2012 and sub-station capacity is estimated to increase by about 41 per cent to 428,000 MVA to address capacity constraints (Source: IBEF). During the Twelfth Plan, the Ministry of Power expects to commission 90,000 ckm transmission lines with a target of 18,000 ckm each year; 1,54,000 MVA of total sub-station capacity is to be added during the period. Some 27,350 MW of inter-regional transmission is to be added under the Twelfth Plan.

For every Rupee spent on power generation, India spends ₹ 0.5 on T&D, as compared to the world where this ratio is 1:1. Once corrected, this could translate into significant transmission & distribution opportunities in India.

The country's T&D program for the Eleventh Plan focuses on the phased creation of a National Grid by adding over 60,000 ckm of transmission network by 2012. The existing inter-regional power transfer capacity is to be enhanced to 37,700 MW by 2012 through the creation of Transmission Super Highways. Further, ₹4,270 billion and ₹6,400 billion is expected to be invested in the T&D sector in the Eleventh Plan and Twelfth Plan respectively [Source: CEA].

### Transmission lines (CKm)

Transmission lines	End of Xth Plan	XIth Plan additions	XIIth Plan additions
765 kv	2,184	5,428	25,000-30,000
HVDC, 500 kv	5,872	1,606	0
HVDC 800/600 kv	0	3,600	5,000
400kv	75,722	49,278	50,000
220kv	114,629	35,371	40,000
Total (ckm)	198,569	95,283	120,000-125,000

[Source: CEA, Unicorn Research]



**T&D losses:** As per the Thirteenth Finance Commission report, the aggregate loss of state T&D utilities for 2010-11 (at 2008 tariffs) was projected as ₹686 billion and likely to increase to ₹1000 billion by FY13-14 (Source: Indian Electricity Conference, 2010).

**AT&C losses:** In India, power tariff hikes (5.2 per cent CAGR over FY04-09) by SEBs have not kept pace with rising power purchase costs (7.3 per cent CAGR). Besides, high aggregate technical and commercial (AT&C) losses at 28.4 per cent and inadequate subsidies paid by the states have resulted in SEBs generating negative operating cash flows. A tariff increase of a mere ₹0.25/kWh (7.3 per cent) would have cut SEB FY09 loss by 21 per cent. It is estimated that SEB losses would reach USD 16.6 billion by FY17, despite factoring an optimisation in power purchase costs, a 5 per cent tariff hike and a 1 per cent cut in AT&C loss per annum over FY09-17. (Source: Credit Suisse)

The future of India's power and utilities sector is assured for some good reasons: increasing power demand, continued investor interest and a continuation of favourable policy changes. India's electricity demand is expected to increase from 900 billion kilowatt hours to 1,400 billion kwh by March 2017, which will warrant a capacity addition of 100,000 MW during the Twelfth Plan with an outlay of around USD 300-USD

400 billion. In turn, this will translate into an increase in downstream transmission and distribution capacities.

### Sectoral opportunities

#### Rajiv Gandhi Grameen Vidyutikaran

**Yojana (RGGVY):** The objective of the RGGVY is to provide electricity to all Indian households (electrify 118,499 villages and around 2.46 crore below-poverty-line households) by 2012. From April 2005 to February 2011, some 92, 689 villages had been electrified and 148.80 lakh BPL households provided free electricity connections. In 2010-11 alone, some 14,433 villages were electrified and free electricity connection provided to 47.84 lakh BPL households (2011-12 target 15,500 villages and around 47 lakh BPL households respectively).

**Restructured APDRP:** The focus of the programme is on actual performance in terms of AT&C loss reduction. The objective is to make it possible for state power utilities to reduce the level of AT&C losses to 15 per cent. Till February 2011, projects worth ₹20,031.43 crore had been sanctioned.

#### Distribution Reform, Upgrades and

**Management (DRUM):** The Distribution Reform, Upgrades and Management (DRUM) project was conceptualised in 2004 by the Ministry of Power (MoP) and United States Agency for International Development

(USAID) to improve the quality and reliability of 'last mile' power distribution. The result was DRUM projects reduced AT&C losses and transformer failure rate from 50 per cent to 15 per cent and between 10 per cent and 2 per cent respectively.

**Government encouragement:** The Indian government permits 100 percent FDI through the automatic route in generation, transmission, distribution and power trading (except atomic power), resulting in a foreign direct investment worth USD 1,028 million during April-December 2010.

**Mandatory energy audit:** The government made an energy audit mandatory for all SEBs and discoms. ICSA possesses products required by discoms to monitor and detect AT&C losses. ICSA's products also help in the real time monitoring and communication (supply and consumption) to a centralised database located in the distribution company's offices, which helps identify faults, supply and consumption.

**National Smart Grid:** Owing to soaring electricity consumption and economic activities, Indian central government involvement in the smart grid expanded beyond the confines of Ministry of Power into an inter-department organisation called India Smart Grid Task Force. India is appraised at third in the 10 most attractive countries based on Smart Grid by potential.

### 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%	0.8	1,415	215,700	280,300	70,800
	0.9	1,470	224,600	291,700	82,200
9%	0.8	1,470	224,600	291,700	82,200
	0.9	1,532	233,300	303,800	94,300
10%	0.8	1,525	232,300	302,300	92,800
	0.9	1,597	244,000	317,000	107,500

[Source: Ministry of Power]

ICSA's products and services for the power sector		
Infrastructure projects and services		
	<ul style="list-style-type: none"> <li>▶ 400 Kv transmission substations and lines</li> <li>▶ 220 Kv transmission substations and lines</li> <li>▶ 132 Kv transmission substations and lines</li> <li>▶ 33 Kv and 11 Kv substations and lines</li> <li>▶ Rural electrification works under RGGVY and other infrastructure services</li> </ul>	
ESS Products	Product strengths	Area of application
SMART Energy Meters	<ul style="list-style-type: none"> <li>▶ Energy Measurement (Single phase, three phase, trivector meters)</li> <li>▶ GPRS Communication</li> <li>▶ Energy Audit Module</li> <li>▶ Storage Facility</li> <li>▶ Inbuilt Connection/ Disconnection Facility</li> </ul>	HT LT consumers
Intelligent automatic meter reading (IAMR)	<ul style="list-style-type: none"> <li>▶ Collects data from energy meter and other devices</li> <li>▶ Transmits and receives through wire and wireless communication</li> <li>▶ Monitors both at field and base stations</li> <li>▶ Facilitates automatic monthly billing, detects tamper conditions, sends alerts to control rooms and collects instantaneous parameters</li> </ul>	High tension consumers
Distribution transformer monitoring system (DTMS)	<ul style="list-style-type: none"> <li>▶ Monitors and controls distribution transformer</li> <li>▶ Facilitates energy management, remote data acquisition, peak load management, energy accounting, transformer health monitoring and remote switching</li> <li>▶ Alerts when parameters exceed threshold values</li> </ul>	Distribution transformers
Pole top RTU	<ul style="list-style-type: none"> <li>▶ Measures energy parameters of the connection at the pole</li> <li>▶ Provides remote connection/disconnection for supply, monitor and communicates with master station via GSM network</li> <li>▶ Raises alarms in case of tampers and line disturbance, among others</li> </ul>	Low tension power distribution
Theft detection device (TDD)	<ul style="list-style-type: none"> <li>▶ Monitors energy and sends information about voltage, current and power, among others, to base stations</li> <li>▶ Detects tampers and send alerts to base stations and concerned officials</li> </ul>	Distribution pillars
Sub-station controller	<ul style="list-style-type: none"> <li>▶ Provides total metering interface up to 32 meters</li> <li>▶ Facilitates remote data acquisition from central control room</li> <li>▶ Enables automatic over load tripping of feeders and remote upload of time schedules.</li> <li>▶ Monitors health of sub station equipment</li> </ul>	Sub stations
Micro RTU	<ul style="list-style-type: none"> <li>▶ Monitors and controls sub station feeders as a part of SCADA system.</li> <li>▶ Facilitates energy audit, load survey and fault analysis</li> </ul>	The SCADA system
Energy auditing services	<ul style="list-style-type: none"> <li>▶ Depict details of location, quantity and type of losses in power distribution network</li> <li>▶ 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</li> </ul>	Overall
Multiplexer unit (MUX Unit)	<ul style="list-style-type: none"> <li>▶ Collects data from multiple meters at single location; from 8 to 16 meters</li> <li>▶ Communicates with meters that are distributed over an area of 100 metres</li> </ul>	Domestic customers for spot billing
Remote street lighting control systems (RSLC)	<ul style="list-style-type: none"> <li>▶ Enables switch on/off controlling from a central location and automatic programming of timings as per seasonal changes/traffic movements</li> </ul>	
Computerised online data logging system	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	
Agricultural load management system	<ul style="list-style-type: none"> <li>▶ Manages supply of power to farmer during specified time with assured time duration</li> <li>▶ Reduces the stress on LT lines, distribution transformers, sub-station and system in view of diversified usage</li> </ul>	
Power generation	Wind power	



# ICSA's business snapshot

ICSA (INDIA) LIMITED	
2010-11	2009-10
Total Revenue – ₹ 141,491.34 lakh	Total Revenue – ₹ 124,596.68 lakh
EBIDTA – ₹ 28,679.04 lakh	EBIDTA – ₹ 24,575.02 lakh
PAT – ₹ 12,563.19 lakh	PAT – ₹ 12,184.59 lakh



## Embedded software solutions

2010-11	2009-10
Revenue – ₹ 43,478.05 lakh	Revenue – ₹ 42,412.06 lakh
Operating profit – ₹ 12,847.01 lakh	Operating profit – ₹ 12,080.54 lakh

**Automation:** Solutions in the Automation division automate measurement, billing data collection, reporting and loss identification

**Smart Energy Meters:** under the SEM division, Company offers various types of energy meters,

smart energy meters and metering solutions.

**SCADA:** Solutions in SCADA enable utilities to control the energy flow in the distribution network of the utility

## Infrastructure projects and services

2010-11	2009-10
Revenue – ₹ 96,070.05 lakh	Revenue – ₹ 80,515.49 lakh
Operating profit – ₹ 13,250.77 lakh	Operating profit – ₹ 9,702.47 lakh

**EPC basis:** Design, supply, transport, erection, testing and commissioning of

- ▶ 400 Kv transmission substations and lines
- ▶ 220 Kv transmission substations and lines

- ▶ 132 Kv transmission substations and lines
- ▶ 33 Kv and 11 Kv substations and lines
- ▶ Rural electrification works under RGGVY and other infrastructure services

## Wind power

2010-11	2009-10
Revenue – ₹ 840.32 lakh	Revenue – ₹ 944.92 lakh
Operating profit – ₹ 550.76 lakh	Operating profit – ₹ 655.45 lakh

Power generation through wind mills

## SEGMENT REVIEW

# Embedded Software Solutions (ESS)

30.97 PER CENT OF REVENUES, 2010-11

## Highlights, 2010-11

- ▶ Commenced production of the smart energy meter manufacturing unit
- ▶ Developed smart energy meters with open access protocol (accessibility by any service provider)
- ▶ Bid for projects on SCADA/DMS system with Dongfang Electronics Company Ltd.

## Overview

The problem of T&D losses is perhaps one of

the most crippling in India's power sector. This indicates that even though national resources were invested in the distribution network on one hand and generation resources on the other, both are operating way below their respective potential, translating into a colossal national waste. It is estimated that a significant amount of resources are 'lost' annually within the country through this drain. In view of this, the national priority – in addition to

commissioning fresh generation – is to plug this drain and recoup energy. ICSA is a company that promises to make this national savings priority a reality. The Company delivers relevant embedded software solutions that minimise AT&C losses in India's power T&D segment, customised around the specific requirements of large utilities across the power sector. Over the past three years, the Company

## SCADA systems in India's power sector

The ability to perform operations at an unattended location from an attended station or operating center and to have a definite indication that the operations have been successfully carried out can lead to significant savings.

This is what SCADA (Supervisory Control and Data Acquisition) makes a reality. SCADA represents a collection of equipment that provides an operator at a remote location with sufficient information to determine the status of equipment or process and cause actions to take place regarding that equipment or process without a direct physical presence.

## Some SCADA applications:

- Automatic switching**
- ▶ Emergency load shedding
  - ▶ Re-routing services for station maintenance
  - ▶ Automatic transfer schemes
  - ▶ Load sectionalising
  - ▶ Custom, automatic re-closing schemes
  - ▶ Automatic service restoration
  - ▶ Circuit breaker control and interlocking
  - ▶ Feeder automation and fault recovery

## Protection and control

- ▶ Circuit breaker lockout
- ▶ Protective relay interface/interaction
- ▶ Dynamic protective relay setting for dynamic station topology

## Voltage regulation management

- ▶ Load Tap Changer (LTC) control
- ▶ Voltage regulator control
- ▶ Capacitor control

## Transformer management

- ▶ Parameter monitoring and alarming
- ▶ Real-time modeling
- ▶ Interface to existing transformer monitors

## Automatic system diagnostics

- ▶ Power apparatus health monitoring
- ▶ PLC and communications self monitoring
- ▶ Report and alarm on IED self diagnostics

## Maintenance and safety

- ▶ Kirk Key interlock management
- ▶ Maintenance 'lock-out/tag-out' management
- ▶ Automatic circuit isolation control

## Station MMIs – Graphical User Interface (GUI)

- ▶ Interface real-time single-line displays
- ▶ Interactive real-time breaker and switch control display
- ▶ On-line operation and maintenance logs
- ▶ Sequence of events recording
- ▶ IED detail displays
- ▶ Parameter trending displays

launched ESS products for the country's power sector, strengthening its product acceptance from government and private-sector companies. The Company widened its product range with applications across the power distribution value chain – from 33KV sub-stations to the end consumer.

### Road ahead

SCADA opportunities are growing in India, estimated at USD 500-600 mn in the next two years. The Company expects to capitalise through a tie-up with Dongfang and plans to bid for upcoming projects in this segment in 2011-12.

### Smart energy meters (SEM)

A large part of the Indian power system is manual, resulting in errors arising out of intervention on one hand and losses arising out of deliberate tampering on the other hand. In view of this, the government focused on automating the power sector in the country; ICSA strengthened its business

through the introduction of smart energy meters. There is a considerable scope related to the replacement of legacy meters in India.

ICSA built-up and started a state-of-the-art smart meter manufacturing unit near Hyderabad. The Company's rich domain experience in the area of embedded software systems in the power segment helped it to manufacture state-of-the-art meters with wireless communication systems integrated with the open platform protocol.

### Technology

- ▶ Installed a fully automatic SMT line to enhance the capacity to produce 150,000 meter per month
- ▶ Automated calibration/verification for increase the productivity.
- ▶ Adopted conveyer technique for Mechanical assembly section to increase the productivity
- ▶ Started manual Insertion of leaded component with Wave soldering process
- ▶ Designed wave pallet for wave soldering to increase the productivity

- ▶ Focussed on tamper jig for test all the tampers at a same time.

### SEM product portfolio

- ▶ Single Phase Domestic Static KWh Meters
- ▶ Single Phase Distribution Transformer CT Operated Static Meters
- ▶ Three Phase Domestic Static KWh Meters
- ▶ Three Phase Commercial Static kWh Meters
- ▶ Three Phase Industrial (LTCT) Static kWh Meters
- ▶ Tri-vector Three Phase HT Meters

### Product pipeline

- ▶ High Current Whole Current Meters (40-200A)
- ▶ Meters with GSM communications
- ▶ Meter with LPR communications
- ▶ Group meters
- ▶ Meters with remote display unit
- ▶ ABT meters
- ▶ Panel meters
- ▶ Pre-paid meters

# Powerful partnership.

## THE COMING TOGETHER OF TWO LEADERS – DONGFANG AND ICSA

ICSA TIED UP WITH DONGFANG ELECTRONICS COMPANY LIMITED (Dongfang) of China to provide SCADA-based distribution management solutions to distribution utilities in India.

Dongfang enjoys a 30-year presence in the area of power automation systems. The Company created a range of product series 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. Dongfang filed seven patent applications; the Company launches around 10 products a year.

Dongfang has a proven implementation track record comprising 7,000 RTUs, 600 DMS systems and 2,000 substation automation systems. It possesses coveted certificates from recognised international-accredited agencies like KEMA IEC61850, CE certificates and other local certificates.

Dongfang and ICSA jointly offer world-class automation solutions by studying client systems and requirements. They enhance system reliability, maximise operational efficiency and reduce losses through state-of-the-art hardware, comprehensive software and reliable services.

ICSA will implement the total solution

including design, engineering and installation and commissioning of the SCADA DMS/EMS system. It will also provide lifelong support in system expansion, maintenance and upgradation.

### Support function Research and development

#### Significance

ICSA's forte lies in designing and creating new products and solutions that minimise resource loss. The 150-member research and development team develops products and software embedded in products and processes that optimise cost. The Company became one of few companies in India to be



recognised as a meter data acquisition and service provider under the RAPDRP programme on account of its strong R&D division, which works closely with the business development, customisation and engineering teams.

### Highlights, 2010-11

- ▶ Developed smart energy meters with the open protocol IT platform, which increased product acceptance
- ▶ Re-designed its IAMR with enhanced specification and reduced cost

### Road ahead

The Company plans to re-engineer the entire embedded software products segment to enhance cost-competitiveness and efficiency.

### Support function Quality control

#### Significance

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

The Company's quality assurance and R&D teams are engaged in the management of product quality. They exceed customers' expectations through the following initiatives:

- ▶ **Validation:** The R&D team develops products checked and validated by the R&D team. 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 select products. The quality team checks for a certificate of testing for the outsourced components followed by 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 NABL, ensuring accuracy.
- ▶ **Packaging:** The Company's products are supplied across the country with adequate packaging.

The Company is associated with various quality testing agencies. The Company has also got ISO 9001: 2008 and ISO 14001:2004 certifications.

### Highlights, 2010-11

- ▶ Automated and streamlined the manufacturing process to enhance the quality of smart energy meters
- ▶ Installed scanner-based tracking system in the smart energy meter manufacturing system
- ▶ Enhanced acceptance of the final products

### Road ahead

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

### Support function Human resource management Overview

ICSA had a team strength of 1,101 employees as on 31st March 2011 (950 as on 31st March 2010). The Company undertook initiatives in the area of employee engagement resulting in a lower attrition of around 10 per cent against an industry benchmark of 20 per cent. The Company created an HR portal and automated its human resource management system.

**Recruitment:** The Company recruited employees as per project requirements through a combination of job portals, campus recruitment drives, referrals and manpower consultants. The Company made arrangements with local institutes to recruit engineer trainees; experienced and senior

management recruitments were made through job portals, referrals and manpower placement agencies.

**Training:** The Company undertook a two-year, on-the-job training programme – Graduate Engineer Training Scheme – to facilitate specialisation in product-related technologies and processes. Based on performance appraisal, training needs were identified. The HR team prepared a training calendar and employees were provided regular training. The Company also arranged training programs with external institutes; employees were also sent overseas to attend technical seminars.

**Appraisal:** The Company's employees were appraised annually. The Company is implementing a Balance Scorecard system of performance appraisal covering key roles and performance.

**Compensation:** The Company's compensation package was designed around prevailing industry standards. Employees were awarded ESOPs based on their appraisal. The Company also provided incentives and insurance benefits.

**Motivation:** The Company's work environment was enriched through initiatives like collective celebration and fun at work. A special Friday/Saturday training session called Gurukulam enhanced knowledge sharing. The Company celebrated an annual ICSA Day where employees participated in cultural programs.

### Road ahead

The Company is planning various innovative programs for ensuring complete employee engagement. The Company is also taking initiatives for recognising star performers and reward them. It is also planning to strengthen the portal and disperse communications from the senior management.



Segment reviews

# Infrastructure project and services (IPS)

68.43 PER CENT OF REVENUES, 2010-11

## Highlights 2010-11

- Established a presence across all major states in India
- Collaborated with a major international player to execute projects in underground cable laying and GIS substations
- Completed the construction of 88 substations under one contract for an individual customer, the largest ever ICSA project

## Overview

ICSA provides infrastructure deployment

services for power transmission & distribution networks on a turnkey basis (partial or full). The services include designing, planning, procurement, construction, erection, commissioning of substations and lines. The Company participates in the construction of the following transmission and distribution infrastructure:

- 400 Kv transmission substations and lines
- 220 Kv transmission substations and lines
- 132 Kv transmission substations and lines

- 33 Kv and 11 Kv substations and lines
- Rural Electrification works under RGGVY and other infrastructure services

## Road ahead

Going ahead, the Company will bid for 765 kv transmission line projects, GIS substation and buried cable lines. The Company is focussing on private power generation companies looking to build transmission lines for evacuation. Besides, the Company plans to establish its global presence by bidding for projects abroad.

# Finance review

In 2010-11, the Company achieved significant growth which is reflected in the following numbers:

In ₹lakh	2010-11	2009-10	Percentage change
Total income	141,491.34	124,596.68	13.56
EBIDTA	28,679.04	24,575.02	16.70
Profit before tax	17,913.50	17,047.54	5.08
Profit after tax	12,563.19	12,184.59	3.11
Cash profits	14,593.67	14,321.15	1.90

	2010-11	2009-10	Basis point change
EBIDTA margin (%)	20.40	19.84	56
PAT margin (%)	8.88	9.78	(90)

## 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

Total income increased 13.56 per cent from ₹124,596.68 lakh in 2009-10 to ₹141,491.34 lakh in 2010-11. Similarly, net sales increased 13.45 per cent from ₹123,745.23 lakh in 2009-10 to ₹140,388.42 lakh in 2010-11.

## Expense analysis

While the Company's total expenses increased 14.90 per cent from ₹107,549.14 lakh in 2009-10 to ₹123,577.84 lakh in 2010-11, total expenditure as a proportion of total income increased 102 basis points from

86.32 per cent in 2009-10 to 87.34 per cent in 2010-11. The increase in total expenditure was primarily owing to a change in business mix, growth in infrastructure project and services segment and a rise in input costs.

**Employee costs:** Employee costs increased 15.26 per cent from ₹3,043.64 lakh in 2009-10 to ₹3,508.17 lakh in 2010-11

**Administrative expenses:** The administrative and other expenses of the Company increased 64.89 per cent from ₹3,366.62 lakh in 2009-10 to ₹5,551.12 lakh in 2010-11.

**EBIDTA:** EBIDTA increased 16.70 per cent from ₹24,575.02 lakh in 2009-10 to ₹28,679.04 lakh in 2010-11.

## Capital Employed

The capital employed in the business recorded a 11.02 per cent increase over the

previous year – from ₹85,297.80 lakh as on March 31, 2010 to ₹94,697.03 lakh as on March 31, 2011. This increase was basically owing to a majority of revenues coming from IPS segment with a longer execution cycle.

## Shareholder's funds

The Company's net worth stood at ₹81,787.50 lakh as on March 31, 2011, a 21.11 per cent surge over the previous year. Judicious utilisation of shareholders' wealth resulted in enhanced returns. The book value per share (of ₹2 each) grew from ₹142.81 per share as on March 31, 2010, to ₹171.28 per share as on March 31, 2011.

**Equity capital:** The Company's equity capital comprised 47,750,985 shares (face value of ₹2 per share). It increased from ₹945.77 lakh as on March 31, 2010 to ₹955.02 lakh as on March 31, 2011. The Company allotted 462,497 equity shares of



₹2 each to its employees following the exercise of stock options.

**Reserves and surplus:** Reserves and surplus increased of 17.71 per cent from ₹70,211.94 lakh on March 31, 2010, to ₹82,647.60 lakh as on March 31, 2011. This increase was due to the addition of operational surplus to the reserves account and a growth in share premium. Free reserves accounted for 66.16 per cent of the Reserves, reflecting financial robustness to fund value-accretive initiatives.

#### External funds

The Company's debt portfolio grew 36.38 per cent from ₹61,397.79 lakh on March 31, 2010 to ₹83,733.24 lakh as on March 31, 2011. The ratio of secured loans to unsecured loans increased to 3.82 in 2010-11 from 2.38 for 2009-10.

**Secured loans:** Secured loans, comprising 79.27 per cent of the total loan portfolio, grew from ₹43,254.57 lakh as on March 31,

2010 to ₹66,373.88 lakh as on March 31, 2011.

**Unsecured loans:** Unsecured loans declined from ₹18,143.22 lakh as on March 31, 2010 to ₹17,359.36 lakh as on March 31, 2011.

In line with its expanding debt, financial expenses (including interest cost and bank charges, on the secured and unsecured portion of debt) increased from ₹6,242.36 lakh in 2009-10 to ₹9,837.98 lakh in 2010-11. The weighted average cost of debt for 2010-11 was at 11.75 per cent against 10.17 per cent in 2009-10.

#### Net block

In 2010-11, net block declined 8.02 per cent from ₹18,973.87 lakh as on March 31, 2010, to ₹17,453.10 lakh as on March 31, 2011. The Company consistently provided depreciation as per straight line method.

#### Working capital

The reasonably long working capital cycles of both businesses mandated efficient

resource utilisation. Working capital outlay increased in 2010-11 (net current assets) to ₹147,906.57 lakh as on March 31, 2011, compared with ₹110,922.49 lakh on March 31, 2010. The major portion of the increase in working capital was owing to increased operation in IPS segment, marked by a long execution cycle and delayed payments. The Company enjoyed working capital limits from Indian nationalised banks. Going ahead, the Company plans to strengthen its working capital cycle and optimise support to the supplier/sub-contractor eco-system. Working capital days stood at 190 days in the current year.

**Inventories:** Inventories represented a significant component of the working capital outlay. Inventories stood at ₹48,738.05 lakh as on March 31, 2011 against ₹20,327.09 lakh as on March 31, 2010, an increase of 139.77 per cent. The increasing infrastructure project sizes resulted in increased sub-contractor activity. And a corresponding need to efficiently use

the manpower, achieve timely execution and hand over the projects. Inventory days stood at 144 days for 2010-11.

**Sundry debtors:** Debtors increased from ₹53,545.63 lakh as on March 31, 2010, to ₹62,399.26 lakh as on March 31, 2011. In 2010-11, the proportion of debtors over six months old accounted for 18.46 per cent of the total debtors, as against 21.20 per cent in 2009-10. Debtor days stood at 162 days in 2010-11.

**Loans and advances:** Loans and advances increased from ₹49,679.83 lakh as on March 31, 2010 to ₹57,511.34 lakh as on March 31, 2011. Loans and advances, as a proportion of current assets, accounted for 29.96 per cent.

Advances to subcontractors increased 18.06 per cent from ₹22,037.53 lakh for 2009-10 to ₹26,017.48 lakh for 2010-11. Advances to suppliers increased 15.24 per cent from ₹20,962.63 lakh in 2009-10 to ₹24,157.41 lakh in 2010-11. Other advances comprised advances to labour, civil and other operational resource contractors.

**Current liabilities and provisions:** The Company's current liabilities and provisions increased from ₹28,866.77 lakh as on March 31, 2010, to ₹44,051.32 lakh as on March 31, 2011. Sundry creditors, which included creditors for expenses, suppliers and subcontractors, increased from ₹12,888.85 lakh as on March 31, 2010 to ₹27,053.56 lakh as on March 31, 2011. Advances from

customers decreased to ₹8,295.92 lakh as on March 31, 2011 against ₹8,374.51 lakh as on March 31, 2010. Creditor days stood at 116 days for 2010-11. Provisions (income tax, gratuity, dividend and corporate dividend tax) increased from ₹5,468.97 lakh as on March 31, 2010 to ₹6,970.78 lakh as on March 31, 2011.

#### Taxation

In line with the expanding operations, tax out flow increased from ₹4,862.95 lakh in 2009-10 to ₹5,350.31 lakh in 2010-11. The current tax for the year increased from ₹4,580.96 lakh in 2009-10 to ₹5,925.64 lakh in 2010-11.

### Sources of funds

Sources of funds	FY 2011		FY 2010		Increase/decrease (₹Lakh)
	Amount in ₹lakh	% of total	Amount in ₹lakh	% of total	
Equity capital	955.02	0.57	945.77	0.71	9.25
Share warrant and ESOP application money	1,095.75	0.65	7.50	0.01	1,088.25
Reserves and surplus	82,647.60	49.06	70,211.94	52.50	12,435.66
Loan funds	83,733.24	49.70	61,397.79	45.91	22,335.45
Deferred tax liability	40.68	0.02	1,167.83	0.87	-1,127.15
Total	168,472.29	100.00	133,730.83	100.00	34,741.46

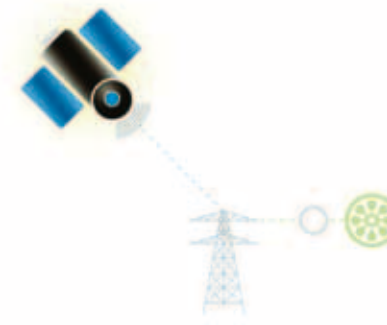
### Application of funds

Application of funds	FY 2011		FY 2010		Increase/decrease (₹Lakh)
	Amount in ₹lakh	% of total	Amount in ₹lakh	% of total	
Net block	17,453.10	10.36	18,973.87	14.19	-1,520.77
Investment	201.75	0.12	201.86	0.15	-0.11
Net current assets	147,906.57	87.79	110,922.49	82.94	36,984.08
Miscellaneous expenditure	2,910.87	1.73	3,632.61	2.72	-721.74
Total	168,472.29	100.00	133,730.83	100.00	34,741.46

### ICSA – Liquidity matrix

	2010-11	2009-10
Current ratio	4.36	4.84
Quick ratio	3.25	4.14

# Managing risks at ICSA



## Slowdown in the downstream industry could dampen corporate growth

- ▶ India has planned an outlay of USD 1 trillion for infrastructure in the Twelfth Plan; power investments will account for significant proportion of this outlay
- ▶ The government plans to add around 100,000 MW of generation capacity in the Twelfth Five Year Plan
- ▶ The SCADA opportunity in India's transmission and distribution segments has been estimated at more than USD 1 billion
- ▶ The RGGVY aims at providing electricity to every Indian by 2012.
- ▶ In the power sector, the Company opened multiple revenue streams which would help ICSA to partially mitigate this risk.



## Change in regulations regarding the sector could affect results

- ▶ The government formed a National Smart Grid Forum to create a smart grid across the country, which is a dramatic reform.
- ▶ The Company's capability was rated favourably for creating a smart energy grid in India as it was also a part of working group formed under Smart Grid National Forum
- ▶ The Company was empanelled for providing remote data acquisition solutions for R-APDRP by Power Finance Corporation.



## Increased competition could dent profitability

- ▶ The Company enjoys a first-mover's advantage in automated product distribution through the several products across the years.
- ▶ The Company is among pioneers to introduce smart energy meters (software embedded) with an open platform in India.
- ▶ The Company was empanelled as a SCADA/DMS implementation agency by Power Finance Corporation, one of a few such companies



### Dependence on single business portfolio could affect growth on account of slowdown in the sector

- ▶ The Company is present in the power sector – a key sector identified by the government to sustain economic growth of the country.
- ▶ In the power sector, the Company opened multiple revenue streams through transmission, embedded software solutions, smart energy meters, SCADA/DMS-based solutions and distribution franchisee among others.
- ▶ The smart energy meters address significant market opportunity.
- ▶ The Company is planning to enter into the distribution franchisee business.



### An inability to develop innovative products could dent the Company's competitive edge

- ▶ The Company is a pioneer in the development of energy meters integrated with communication technology and open platform.
- ▶ The Company invests regularly in research and development.



### Delays in the recovery of dues could impact liquidity

- ▶ The Company's current ratio and quick ratios stood at 4.36 and 3.25 respectively in 2010-11
- ▶ The Company's working capital needs are supported by a consortium of nationalised and private banks.
- ▶ The debtors' cycle remained at similar level that of last year.



## Senior management team

Standing from Left: **Mr.Mohd Abdul Rub** CEO (Infra), **Mr.Pervez Younus** Executive Vice President (SCADA), **Mr.L.S.Karindikar** Chief Technology Officer, **Mr.Sushil Tiwari** Head (Smart Energy Meter Division), **Mr.G.Vinaya Kumar** Chief Technical Advisor, **Mr.Ravi Jatavallabha** Head (Corporate Strategy), **Mr.A.Ravindranath Reddy** Sr.Vice President (Finance), **Mr.K.Arun Kumar** Company Secretary

Sitting from Left: **Mr.P.Kodanda Ramaiah** Director (Technical), **Mr.G.Bala Reddy** Chairman-cum-Managing Director



# Directors' Report



Your Directors have pleasure in presenting the 17th Annual Report together with the audited accounts for the financial year ended March 31, 2011.

## Financial highlights

	2010 – 11 (₹in lakh)	2009– 10 (₹in lakh)	per cent growth/increase
Total income	141,491.34	124,596.68	13.56
Profit before tax	17,913.50	17,047.54	5.08
Profit after tax	12,563.19	12,184.59	3.11
Basic EPS (in ₹)	26.44	25.87	2.20

## Review of operations

For the financial year ended March 31, 2011, your Company made a significant growth and reported a total income of ₹141,491.34 lakh, showing a growth of 13.56 per cent over 2009-10.

The Company recorded a net profit of ₹12,563.19 lakh, signifying a growth of 3.11 per cent over the previous year 2009-10.

Operating performance of infrastructure projects and services was significantly better than 2009-10, 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 improvements:

New innovations and product improvements/additions to the product base, during the year under review are given below:

#### A. SCADA/DMS:

1. Field Remote Terminal Unit-126
2. Data Concentrator Unit-126

#### B. Energy meter and derivatives:

1. Smart Trivector Meter LT/HT with built in load connection/

disconnection

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

#### C. AMR:

1. IAMR 6.2
2. Data concentrator with in-built web server and RTOS (MODBUS/DLMS)
3. IAMR with transmission line fault detection
4. IAMR with PLCC for theft detection
5. IAMR with PLCC for prepaid through scratch card

6. IAMR with RFID for LT/HT connection
7. IAMR 7.0 with FOTA
8. Smart adaptor

#### Smart Energy Meter manufacturing facility:

During the year under review, your Company has started a state-of-the-art Smart Energy Meter manufacturing facility near Hyderabad at Pashyamyaram.

## Changes in capital structure

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

Serial number	Date of allotment	Particulars	Number of shares allotted	Total number of equity shares post allotment
1	March 31, 2010	Equity share capital as on March 31, 2010	-	47,288,488 shares of ₹2 each
2	June 9, 2010	Allotment of equity shares representing 25 per cent of stock options granted under Employee Stock Option Scheme 2006, allotted at the discounted price of ₹70 per equity share of ₹2 each	62,496	47,350,984 shares of ₹2 each
3	July 1, 2010	Allotment of equity shares representing the final tranche of 25 per cent of stock options granted under Employee Stock Option Scheme 2005, allotted at the discounted price of ₹60 per equity share of ₹2 each	75,000	47,425,984 shares of ₹2 each
4	July 14, 2010	Allotment of equity shares representing 30 per cent of stock options granted under Employee Stock Option Scheme 2008, allotted at the discounted price of ₹26 per equity share of ₹2 each	150,000	47,575,984 shares of ₹2 each
5	March 4, 2011	Allotment of equity shares representing the final tranche of 35 per cent of stock options granted under Employee Stock Option Scheme 2007, allotted at the discounted price of ₹25 per equity share of ₹2 each	175,001	47,750,985 shares of ₹2 each
	March 31, 2011	Equity share capital as on March 31, 2011	-	47,750,985 shares of ₹2 each



**Recognition and ranking**

- 1 Business Standard has ranked ICSA at:
  - i. 352 by net sales (last year it was 461)
  - ii. Industry-wise IT rank at 10
- 2 Business Today ranked ICSA at:
  - i. At 329 by total assets (last year at 341);
  - ii. 300 by sales (last year at 304);
  - iii. 259 by net profit (last year at 161);
- 3 ICSA has been ranked 62nd in Asia and 7th in India by Forbes Asia in "Asia's 200 Best Under A Billion"
- 4 Data Quest July 15, 2010 ranked ICSA at 106 among the top 200 companies in 2009-10 in the IT Sector
- 5 Mint newspaper has ranked ICSA at 10 among the top 500 best-performing mid-size firms in India.

**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 rights by bond holders in the earlier years and an amount of USD 21 mn FCCBs were outstanding as on March 31, 2011.

**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 ₹1.80 (90 per cent) per equity share of ₹2 each for the financial year 2010-11, as against ₹1.60 (80 per cent) per equity share of ₹2 each paid for the previous financial year 2009-10.

**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 Y.V.Ramana Reddy retires by rotation and being eligible offers himself for reappointment.

**Auditors**

M/S. VDNR & Associates, Chartered Accountants, Hyderabad, the retiring Statutory Auditors, being eligible, offer themselves for reappointment at 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 part of this Report.

**Listing at stock exchanges**

The Company's equity shares continue to be listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange Ltd. The annual listing fee for the years 2010-11 and 2011-12 have been paid to these exchanges.

**Report on Corporate Governance**

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

**Employee stock options**

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

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

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

**Conservation of energy**

Energy conservation measures taken up:

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

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

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

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

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

**Research and Development**

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

**Technology absorption, adoption and innovation**

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

**Acknowledgements**

Your Directors thank all investors, customers, vendors, banks and service providers as well as regulatory and government authorities for their continuous 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/-

**G. Bala Reddy**

*Chairman-cum-Managing Director*

Place: Hyderabad

Date: May 20, 2011

## Annexure to Directors' Report



Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, as amended and forming part of the Directors Report for the year ended March 31, 2011

Serial number	Name of the employee and age	Designation and nature of duties	Qualification and experience	Date of commencement of employment	Last employment held	Remuneration (in ₹.)
1	Mr. Mohd Abdul Rub, 47 yrs	Chief Executive Officer - Infra	B.Tech with 20 yrs	October 24, 2008	BS Transcomm Ltd, Hyderabad	49,13,612/-
2	Mr. P. S. Younus, 61 yrs	Executive Vice President (SCADA)	B.Tech with 20 yrs	February 15, 2010	Nelco Limited, Mumbai	42,00,000/-
3	Mr. Mariasingam Joe Antony Shaya Basker, 46 yrs	Chief Executive Officer-ENMS	B E, M. Sc, M.B.A with 24 yrs	February 1, 2010	Cooper Power Systems, Delhi	39,29,948/-
4	Mr. Vishnubhatla Ravi Kumar Jatavallabha, 37 yrs	Head - Corporate strategy	M.B.A with 13 yrs	November 5, 2007	Syringa Communications Pvt. Ltd, Hyderabad	29,02,408/-
5	Mr. N K Chaturvedi, 56 yrs	Chief Executive Officer-Technology	BE, MBA Mktg Et sales with 30 yrs	November 27, 2007	C&S Protection Et Control Limited, Delhi	28,47,008/-
6	Mr. C V Siva Reddy, 43 yrs	General Manager- Business Development	B.Tech (ECE) with 15 yrs	March 10, 2010	Maharashtra Power transmission, Mumbai	24,58,212/-
7	Mr. Sushil Tiwari, 46 yrs	Business Head - Smart Energy Meter division	M.Tech with 20 yrs	August 23, 2010	TTL Ltd, Delhi	21,35,075/-
8	Mr. L S Karandikar, 63 yrs	Chief Technology Officer	M E with 41 yrs	April 28, 2010	C&S Protection Et Control Ltd, Delhi	20,53,563/-

## Annexure to Directors' Report

### Form 'B' (See rule 2)

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

1. Specific areas in which R & D has been carried out by the Company:	Embedded solutions and software for Energy Sector
2. Benefits derived as a result of the above R & D:	We believe that our R & D activities will help us gear up for future opportunities and enable us to provide state-of-the-art power automation solutions.
3. Future plans of action:	The Company will continue R & D in the embedded solutions.
4. Expenditure on R & D	₹460.49 lakhs
a) Capital	NIL
b) Recurring	₹460.49 lakhs
c) Total	₹460.49 lakhs
d) Total R & D expenditure as a percentage of total turnover	0.33 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 new product development, product improvement, cost reduction among others.

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

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

4. Foreign exchange earnings and outgo :

1) Activities relating to exports, initiatives taken to increase exports, developments of new export markets for products and services and export plans	<p>The power sector has been receiving special attention from the private and government sectors world over. Every country has been realising the need to improve the status of the grids, bring in efficiency in Transmission and Distribution and manage demand and supply equation effectively. It is also acknowledged that adopting technology is the only way to achieve these objectives.</p> <p>Countries in which stakes are significant for the government are seeing reform initiatives either through funding programs or privatisation to fast-track development, and countries with private sector stakes are seeing technology deployments for efficiency building. Developed countries like the US and the UK are funding or incentivising utilities and co-operatives to deploy smart-grid technologies throughout the grid. While the developed world is a few years' advanced in initiating development, the Asian region is still lagging behind in these initiatives. Having said that, the Asian countries have also realised the need to make the grids smarter since the structure of power sector and the environment in which they operate are similar, viz. power losses by theft, inefficient commercial processes (metering, billing and collection), power deficit and resultant poor customer service.</p> <p>The Company's efforts in the last year have shown that the southeast Asian region is a good target market which includes Indonesia, Malaysia, Thailand, Vietnam since the distribution inefficiencies are much similar to those in India. These countries are also experiencing either privatisation or government interference to better handle power distribution. Power theft and poor customer service are considered as important factors by utilities for considering technology deployment. Several multi-lateral organisations like ADB, World Bank and IMF are funding projects taken up by the utilities that have energy-efficiency objective. The Company has also studied the type of the solutions that are required in these countries, and it is understood that automation technologies that have the capabilities of integrating into smart grid, power theft technologies, grid management technologies are mostly preferred.</p> <p>Having understood the landscape from a distance, the Company is now working towards approaching and explaining our capabilities to deploy through proper business development network to feel the pulse on the ground and the minds of the stakeholders in the utilities. Shortly, the Company plans to establish partner network to understand immediate and long-term opportunities.</p> <p>All the efforts the Company is making are in line to develop the market for a profitable long-term benefit.</p>
2) Total foreign exchange used and earned:	
a. Foreign exchange earnings :	NIL
b. Foreign exchange outgo:	₹1,299.56 lakhs



### Annexure C to Directors' Report

Details of ESOPs as on date:

Sl. no.	Description	ESOP Scheme 2005	ESOP Scheme 2006	ESOP Scheme 2007	ESOP Scheme 2008	ESOP Scheme 2009
1	Options granted	3,00,000 options of ₹2 each	2,50,000 options of ₹2 each	5,00,000 options of ₹2 each	5,00,000 options of ₹2 each	5,00,000 options of ₹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	80 per cent to 95 per cent	80 per cent to 95 per cent
3	Options vested	3,00,000	187,485	500,000	150,000	150,000
4	Options exercised	3,00,000	187,485	500,000	150,000	150,000
5	Total number of shares arising as a result of exercise of options	3,00,000	187,485	5,00,000	150,000	150,000
6	Options lapsed	NIL	NIL	NIL	NIL	NIL
7	Variation of terms of options	NIL	NIL	NIL	NIL	NIL
8	Money realised by exercise of options	₹18,000,000/-	₹13,123,950/-	₹12,500,000/-	₹3,900,000/-	₹3,750,000/-
9	Total number of options in force as on 31.03.2011	0	62,515	0	350,000	350,000
10	Employee-wise details of options granted to					
	i. Senior managerial personnel	Enclosure – 1	Enclosure – 1	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	Nil	Nil
	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	Nil	Nil
11	Diluted EPS (in ₹)			23.54		

### Enclosure – 1

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

Sl. no.	Name of the employee	Designation	ESOP Scheme – 2006	ESOP Scheme – 2008	ESOP Scheme – 2009
1	Mr. P. Kodanda Ramaiah	Director (Technical)	1,875	8,400	8,400
2	Mr. S. S. Dua	Director	1,250	NIL	NIL
3	Mr. Y. V. Ramana Reddy	Director	1,250	7,000	NIL
4	Mr. Mohd Abdul Rub	CEO (Infra)	NIL	7,700	7,000
5	Mr. Pervez Younus	Executive Vice President (SCADA)	NIL	NIL	7,00
6	Mr. Sushil Tiwari	Business Head - Smart Energy Meter Division	NIL	NIL	3,500
7	Mr. Ravi Jatavallabha	Head - Corporate Strategy	NIL	5,600	8,400
8	Mr. A.Ravindranath Reddy	Sr.Vice President (Finance)	NIL	2,800	4,900
9	Mr. G.Vinaya Kumar	Chief Technical Advisor	NIL	3,500	7,000
10	Mr. G.Satyanarayana	GM (Project Monitoring)	NIL	3,500	2,800
11	Mr. K. Srinivasa Rao	GM (Corporate HR)	875	3,500	3,500
12	Mr. K. Arun Kumar	DGM (Company Secretary & Legal)	563	2,800	4,200

# Corporate Governance

Annexure 'A' to the Directors' Report



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 continuously 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. Companies stand to gain by adopting systems that bolster stakeholders' trust through transparency, accountability and fairness.

## 2. Board of Directors Composition

Our policy towards the composition of the Board is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board. The Board of Directors has a combination of Executive and Non-Executive Directors. The Board comprises two Executive and three Non-Executive Directors as on March 31st, 2011, in conformity with the Listing Agreement.

Name of the Director	Category of Director	Designation
Mr. G. Bala Reddy	Promoter, Executive	Chairman & Managing Director
Mr. P. Kodanda Ramaiah	Executive	Director – Technical
Mr. S. S. Dua	Independent and Non-Executive	Director
Mr. Y. V. Ramana Reddy	Independent and Non-Executive	Director
Mr. V. Shyam Sunder Reddy	Independent and Non-Executive	Director

Mr. Y.V. Ramana Reddy retires by rotation and being eligible, offers himself for reappointment.

## Meetings and attendance

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

Name of Director	Number of meetings held	Number of meeting attended	Attendance at last AGM	Number of other companies		
				Directorships	Committee memberships #	Committee Chairmanships #
Mr. G. Bala Reddy	30	30	Yes	8	1	Nil
Mr. P. Kodanda Ramaiah	30	30	Yes	Nil	Nil	Nil
Mr. S. S. Dua	30	NIL	Yes	3	Nil	Nil
Mr. Y. V. Ramana Reddy	30	30	Yes	1	Nil	Nil
Mr. V. Shyam Sunder Reddy	30	30	Yes	1	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 is a member or Chairperson as on March 31, 2011:

Name of the 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

S.No	Date	S.No	Date	S.No	Date
1	April 13, 2010	11	August 6, 2010	21	November 27, 2010
2	April 26, 2010	12	August 12, 2010	22	December 28, 2010
3	May 7, 2010	13	August 26, 2010	23	January 4, 2011
4	June 3, 2010	14	August 27, 2010	24	January 18, 2011
5	June 9, 2010	15	September 14, 2010	25	January 25, 2011
6	June 16, 2010	16	September 16, 2010	26	January 28, 2011
7	July 1, 2010	17	September 24, 2010	27	February 3, 2011
8	July 14, 2010	18	October 14, 2010	28	March 4, 2011
9	July 16, 2010	19	November 4, 2010	29	March 15, 2011
10	July 30, 2010	20	November 17, 2010	30	March 31, 2011





**Board meeting procedures**

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

**Information supplied to the Board**

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

**Directors' membership in Boards/committees of other companies**

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

**Shareholdings of Directors as on 31.03.2011:**

Serial number	Name of the Director	Number of shares held	% to total equity
1	Mr. G. Bala Reddy	77,92,433	16.32%
2	Mr. P. Kodanda Ramaiah	25,275	0.05%
3	Mr. S. S. Dua	8,000	0.02%
4	Mr. V. Shyam Sunder Reddy	3,000	0.01%
5	Mr. Y. V. Ramana Reddy	8,000	0.02%

**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/ unaudited quarterly, half-yearly and yearly financial results with the management before submitting them to the Board for its consideration and approval. The Chairman of the Audit Committee is present at the Annual General Meeting.

**ii. Composition and qualifications**

The Audit Committee comprises of the following three independent Directors as on March 31, 2011.

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 the financial year 2010-11 as mentioned below:

Serial number	Date	Committee strength	Number of members present
1	May 7, 2010	3	3
2	June 16, 2010	3	3
3	August 6, 2010	3	3
4	November 4, 2010	3	3
5	February 3, 2011	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

Name of the Director	Relationship with other Directors (Yes/No)	Remuneration	Commission	Sitting fees
Mr. G. Bala Reddy	No	₹36,541,192	₹36,558,155	NIL
Mr. P. Kodanda Ramaiah	No	₹2,142,000	NIL	NIL
Mr. S. S. Dua	No	NIL	NIL	NIL
Mr. Y. V. Ramana Reddy	No	NIL	NIL	₹150,000
Mr. V. Shyam Sunder Reddy	No	NIL	NIL	₹150,000

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

**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 four times in a 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 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 paid sitting fee for attending the meetings.

**vii. Details of remuneration to all Directors**

The details of remuneration paid/payable for the financial year 2010-11 to the Directors of the Company are as follows:



**C. Shareholders' & Investors' Grievance Committee**

**Brief description of the terms of reference**

The Shareholders & Investors Grievance Committee administers mainly the following:

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

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

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

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

**Name and designation of compliance officer as on March 31,2011:**

Mr. K Arun Kumar – DGM (Company Secretary & Legal)

**4. Management discussion and analysis report**

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

**5. CEO/CMDs' declaration**

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

**6. CEO/ CFO certification**

As required under Clause 49 of the Listing Agreement with the stock exchanges, the Managing Director, Director (Technical) and Sr. Vice President (Finance) certified to the Board on the authenticity the financial statements for the year ended March 31, 2011 and is set out as an Annexure to this report.

**7. General body meetings**

General information pertaining to last three years Annual General Meetings are 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
2007-08	September 30, 2008. At 12.00 noon	Kohinoor – II, Taj Deccan, Banjara Hills, Hyderabad – 500 034
2008-09	September 30, 2009. At 12.00 noon	Kohinoor, Taj Deccan, Banjara Hills, Hyderabad – 500 034
2009-10	July 30, 2010. At 12.00 Noon	Kohinoor, Taj Deccan, Banjara Hills, Hyderabad – 500 034.

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

Date of the AGM	Number of special resolutions passed	Resolutions requiring postal ballot	Postal procedure ballot
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
July 30, 2010 12.00 noon	4	NIL	N.A

**8. Disclosures**

**i. Related party transactions**

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

**ii. Compliances by the Company**

During the last three years, no penalties or strictures were imposed on the Company by the stock exchanges or 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.

**iv. Listing on stock exchanges and stock code**

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) Mumbai – 400 051

**v. Listing fee**

The Company paid the listing fee for the year 2011-12 to BSE and NSE

**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 Thursday, June 30, 2011 at 12.00 noon  
Venue At the Kohinoor, Hotel Taj Deccan, 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 within 45 days from the relevant quarter.

**iii. Date of book closure**

From June 28, 2011 (Tuesday) to June 29, 2011 (Wednesday), inclusive of both days.

**vi. Annual Custodial Charges to Depositories**

The Company paid annual custodial charges for the year 2011-12 to National Securities Depository Limited and Central Depository Services (India) Limited.





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

Month	NSE price		Number of shares traded
	High (₹)	Low (₹)	
April, 2010	141.65	115.70	1,64,50,774
May, 2010	159.00	112.35	2,84,60,726
June, 2010	147.75	122.60	1,55,62,720
July, 2010	152.60	128.00	96,89,426
August, 2010	139.00	123.30	92,10,388
September, 2010	137.90	123.50	87,68,111
October, 2010	138.40	124.30	1,43,09,722
November, 2010	162.00	111.10	1,69,96,888
December, 2010	144.40	121.00	39,52,375
January, 2011	144.90	111.60	26,49,499
February, 2011	148.00	115.00	32,48,695
March, 2011	129.95	111.05	29,88,974

## viii. Transfer system

The Share Transfer Committee of the Company will meet as often as required to approve share transfers

## viii. Distribution of shareholding as on March 31, 2011:

Share of nominal value of ₹ (1)	Share holders		Share amount	
	Number (2)	Per cent to total (3)	In ₹ (4)	Per cent to total (5)
1-5000	39,919	97.85	1,51,93,396	15.91
5001-10000	420	1.03	30,68,882	3.21
10001-20000	226	0.55	33,69,068	3.53
20001-30000	60	0.15	14,79,846	1.55
30001-40000	41	0.10	14,42,932	1.51
40001-50000	21	0.05	9,78,294	1.02
50001-100000	40	0.10	28,31,900	2.97
100001- and Above	70	0.17	6,71,37,652	70.30
<b>Total</b>	<b>40,797</b>	<b>100</b>	<b>9,55,01,970</b>	<b>100</b>

## ix Shareholding pattern as on March 31, 2011:

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	
					As a percentage of (A+B)	As a percentage of (A+B+C)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>					
<b>1</b>	<b>Indian</b>					
(a)	Individuals/ Hindu undivided family	3	98,08,083	98,08,083	20.54	20.54
(b)	Central Government/ State government(s)					
(c)	Bodies corporate	1	6,46,000	6,46,000	1.35	1.35
(d)	Financial institutions/Banks	0	0	0	0	0
(e)	Any others (specify)	0	0	0	0	0
	<b>Sub total (A) (1)</b>	<b>4</b>	<b>1,04,54,083</b>	<b>1,04,54,083</b>	<b>21.89</b>	<b>21.89</b>
<b>2</b>	<b>Foreign</b>					
A	Individuals (non-residents individuals/ foreign individuals)	0	0	0	0	0
b	Bodies corporate	0	0	0	0	0
c	Institutions	0	0	0	0	0
d	Any others (specify)	0	0	0	0	0
	<b>Sub total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>4</b>	<b>1,04,54,083</b>	<b>1,04,54,083</b>	<b>21.89</b>	<b>21.89</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>					
(a)	Mutual funds/ UTI	0	0	0	0.00	0.00
(b)	Financial institutions / Banks	1	7,550	7,550	0.02	0.02
(c)	Central Government/ State government(s)	0	0	0	0.00	0
(d)	Venture capital funds				0.00	
(e)	Insurance companies	4	13,73,305	13,73,305	2.88	2.88
(f)	Foreign institutional investors	48	1,05,17,829	1,05,17,829	22.03	22.03
(g)	Foreign venture capital investors	0	0	0	0.00	0
(h)	Any other (specify)	0	0	0	0.00	0
	<b>Sub-total (B)(1)</b>	<b>53</b>	<b>1,18,98,684</b>	<b>1,18,98,684</b>	<b>24.92</b>	<b>24.92</b>



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	
					As a percentage of(A+B)1	As a percentage of (A+B+C)
<b>B 2</b>	<b>Non-institutions</b>					
(a)	Bodies corporate	787	84,94,175	8,478,125	17.79	17.79
(b)	Individuals					
I	Individual shareholders holding nominal share capital up to ₹1 lakh	39,201	1,12,21,548	10,559,416	23.50	23.50
II	Individual shareholders holding nominal share capital in excess of ₹1 lakh.	13	34,41,647	3,441,647	7.21	7.21
(c)	Any other (specify)					
(c-i)	NRI's	738	7,66,567	7,66,567	1.61	1.61
C-ii	Foreign bodies corp	1	14,74,281	14,74,281	3.09	3.09
	<b>Sub-total (B)(2)</b>	<b>40,740</b>	<b>2,53,98,218</b>	<b>2,47,20,036</b>	<b>53.19</b>	<b>53.19</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>40,793</b>	<b>3,72,96,902</b>	<b>3,66,18,720</b>	<b>78.11</b>	<b>78.11</b>
	<b>TOTAL (A)+(B)</b>	<b>40,797</b>	<b>4,77,50,985</b>	<b>4,70,72,803</b>	<b>100.00</b>	<b>100.00</b>
(C)	Shares held by custodians and against which depository receipts have been issued	0	0	0	0	0
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>40,797</b>	<b>4,77,50,985</b>	<b>4,70,72,803</b>	<b>100.00</b>	<b>100.00</b>

**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, 2011, 98.58% 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 transfer/demat of shares:**

**Registrar & Share Transfer Agents:**

Venture Capital and Corporate Investments Pvt. Ltd

12-10-167, Bharatnagar, Hyderabad – 500018

Email id: info@vccilindia.com

Tel: 040-23818475 / 23818476 / 23868023

Fax: 040-23868024

**For any queries regarding shares/dividend/compliance:**

**Mr. K. Arun Kumar**

Company Secretary

ICSA (INDIA) LIMITED

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

Cyberabad, Hyderabad – 500081, Andhra Pradesh

Email id: secretarial@icsa-india.com

Tel: 040-23115619, 23114923, 23114928, Fax: 040-23114921

**For any queries relating to financial statements and investor correspondence:**

**Mr. Atul Gangwal**

Manager – Strategic Planning

ICSA (INDIA) LIMITED

5th Floor, Plot No. 12, Software Units Layout

Cyberabad, Hyderabad – 500081, Andhra Pradesh

Email id: atul.gangwal@icsa-india.com

Tel: 040-23115619, 23114923, 23114928, Fax: 040-23114921

By the order of the Board of Directors

for **ICSA (INDIA) LIMITED**

Sd/-

Place: Hyderabad

Date: May 20, 2011

**G. Bala Reddy**

Chairman-cum-Managing Director

**Declaration under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct**

I, G. Bala Reddy, Chairman-cum-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 2010-11.

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

Sd/-

**G. Bala Reddy**

Chairman-cum-Managing Director

Place: Hyderabad

Date: May 20, 2011

**Certification by CMD, Director (Technical) & Sr. Vice President (Finance) of the Company**

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

We, G. Bala Reddy, Chairman-cum-Managing Director, P. Kodanda Ramaiah, Director (Technical) and A. Ravindranath Reddy, Sr. Vice President (Finance) of the Company do hereby jointly and severally certify that:

- (a) We have reviewed the Balance Sheet and Profit and Loss account (standalone and consolidated), and all the schedules and notes on accounts, as well as the cash flow statements, and the Directors' report for the year ended March 31, 2011, and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or contain statements that might be misleading or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made
  - (ii) These statements and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations
- (b) There were, to the best of our knowledge and belief, no transactions entered into by the Company during the year which were fraudulent, illegal or violative of the Company's Code of Conduct.

- (c) We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
  - (i) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - (ii) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting.
  - (iii) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
- (d) We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing the equivalent functions):
  - (i) There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarise and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - (ii) There were no significant changes in internal controls during the year covered by this report.



- (iii) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
- (iv) There were no instances of fraud of which we are aware, that involve the management or other employees who have a significant role in the Company's internal control system.
- (e) In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or

incentive or equity-based compensation, which was inflated on account of such errors.

(f) We affirm that we have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.

for ICSA (INDIA) LIMITED  
Sd/-

Date: May 20, 2011	<b>G. Bala Reddy</b>	<b>P. Kodanda Ramaiah</b>	<b>A. Ravindranath Reddy</b>
Place: Hyderabad	Chairman-cum-Managing Director	Director (Technical)	Sr. Vice President (Finance)

**Certificate**

To  
The Members of  
I C S A (INDIA) LIMITED

We have examined the compliance of conditions of corporate governance by ICSA (INDIA) LIMITED, for the year ended on March 31, 2011, 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, 2011 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.

For **VDNR & ASSOCIATES**  
Chartered Accountants

**D. Venkateswarlu**  
Partner  
Membership No.: 028488  
Firm Reg. No. 0112515

Place: Hyderabad  
Date: May 20, 2011

**Auditor's Report**

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

1. We have audited the attached Balance Sheet of ICSA (INDIA) LIMITED as at March 31, 2011, 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 account as required by law have been kept by the company so far as appears from our examination of those books;
  - iii) The balance sheet, the profit and loss account and cash flow

- statement dealt with by this report are in agreement with the books of account;
- 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 March 31, 2011 and taken on record by the Board of Directors, We report that none of the Directors is disqualified as on March 31, 2011 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 March 31, 2011;
  - 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:

for **VDNR & ASSOCIATES**  
Chartered Accountants

**D. Venkateswarlu**  
Partner  
Membership No. : 028488  
Firm Reg. No. 0112515

Place: Hyderabad  
Date: May 20, 2011





## Annexure to the Auditor's Report

Re: ICSA (INDIA) LIMITED

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

- |  |  |   |   |
|--|--|---|---|
| <p>i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>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.</p> <p>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.</p> | <p>v) a) According to the information and explanations given to us, that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.</p> <p>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.</p> | <p>at March 31, 2011 for a period of more than six months from the date they become payable.</p> <p>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.</p>   | <p>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.</p>   |
| <p>ii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.</p> <p>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.</p> <p>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.</p>  | <p>vi) In our opinion and according to the information and explanations given to us, the company has not accepted public deposits covered by the provisions of sections 58 A and 58AA of the Companies Act, 1956 and the rules framed there under.</p> <p>vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.</p> <p>viii) In our opinion and according to the information and explanations given to us, the company has maintained cost records where ever applicable.</p>   | <p>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.</p> <p>xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks.</p> <p>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.</p> <p>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.</p> | <p>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. However, the company has during the current year, issued 2,500,000 fully convertible warrants to the promoter group at an issue price of ₹145 per warrant, convertible to 2,500,000 equity shares.</p> <p>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.</p> <p>xx) The company had not raised any money by public issues during the period covered by audit.</p> <p>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.</p> |
| <p>iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence Clause (iii) [a] to [g] of paragraph 4 of the Companies (Auditor's report) Order 2003 is not applicable to the Company for the current year.</p>   | <p>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.</p> <p>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.</p>   | <p>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.</p> <p>xv) In our opinion, the company has not given any guarantees for loans taken by others from banks or financial institutions.</p> <p>xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.</p>   | <p>for <b>VDNR &amp; ASSOCIATES</b><br/><i>Chartered Accountants</i></p> <p><b>D. Venkateswarlu</b><br/><i>Partner</i></p> <p>Place: Hyderabad<br/>Date: May 20, 2011</p> <p>Membership No. : 028488<br/>Firm Reg. No. 0112515</p>  |
| <p>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.</p>   | <p>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</p>  |   |   |



## Balance Sheet as at March 31, 2011

(₹ in Lakhs)

Schedule	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS :</b>		
<b>Shareholders Funds:</b>		
Share Capital	955.02	945.77
Application Money	1,095.75	7.50
Reserves and Surplus	82,647.60	84,698.37
		70,211.94
		71,165.21
<b>Loan Funds:</b>		
Secured Loans	66,373.88	43,254.57
Unsecured Loans	17,359.36	83,733.24
		18,143.22
		61,397.79
<b>Deferred Tax Liability</b>		
	40.68	1,167.83
<b>Total</b>	<b>168,472.29</b>	<b>133,730.83</b>
<b>APPLICATION OF FUNDS:</b>		
<b>Fixed Assets:</b>		
Gross Block	23,487.84	22,979.01
Less: Depreciation	6,034.74	4,005.14
Net Block	17,453.10	18,973.87
<b>Investments</b>		
	201.75	201.86
<b>Current Assets, Loans and Advances:</b>		
Inventories	48,738.05	20,327.09
Sundry Debtors	62,399.26	53,545.63
Cash and Bank Balances	6,654.52	6,431.81
Other Current Assets	16,654.72	9,804.90
Loans and Advances	57,511.34	49,679.83
	191,957.89	139,789.26
<b>Less: Current Liabilities &amp; Provisions:</b>		
Liabilities	37,080.54	23,397.80
Provisions	6,970.78	5,468.97
	44,051.32	28,866.77
<b>Net Current Assets</b>	147,906.57	110,922.49
<b>Miscellaneous Expenditure</b>		
(to the extent not written off or adjusted)	2,910.87	3,632.61
<b>Total</b>	<b>168,472.29</b>	<b>133,730.83</b>
Significant Accounting Policies	17	
Notes on Accounts	18	

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

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

Date : May 20, 2011  
Place : Hyderabad

**K. Arun Kumar**  
Company Secretary

## Profit and Loss Account for the year ended March 31, 2011

(₹ in Lakhs)

Schedule	Year ended March 31, 2011	Year ended March 31, 2010
<b>INCOME:</b>		
Gross Sales	140,611.85	123,872.47
Less: Excise Duty	223.43	127.24
Net Sales	140,388.42	123,745.23
Other Income	1,102.92	851.45
<b>Total</b>	<b>141,491.34</b>	<b>124,596.68</b>
<b>EXPENDITURE:</b>		
Projects and Services Expenses	101,136.12	91,358.67
Administration, Selling & Other Expenses	5,551.12	3,366.62
Employee Remuneration & Benefits	3,508.17	3,043.64
Excise Duty on Finished Goods	4.36	4.03
Managerial Remuneration	752.41	732.16
Development Expenses written off	757.20	665.10
Financial Expenses	9,837.98	6,242.36
Depreciation	2,030.48	2,136.56
<b>Total</b>	<b>123,577.84</b>	<b>107,549.14</b>
<b>Profit Before Tax</b>	<b>17,913.50</b>	<b>17,047.54</b>
Provision for Taxation	5,350.31	4,862.95
<b>Profit After Tax</b>	<b>12,563.19</b>	<b>12,184.59</b>
Balance brought forward from previous year	38,508.02	28,427.10
<b>Balance available for Appropriation</b>	<b>51,071.21</b>	<b>40,611.69</b>
<b>APPROPRIATIONS:</b>		
Proposed Dividend	859.52	756.62
Corporate Dividend Tax	142.76	128.59
Transfer to General Reserve	1,256.32	2,258.60
		1,218.46
		2,103.67
<b>Balance carried to Balance sheet</b>	<b>48,812.61</b>	<b>38,508.02</b>
Earning per share in ₹ (Face Value of ₹2 each)		
Basic (No. of Shares used in calculation - 47,516,156)	26.44	
Diluted (No. of Shares used in calculation - 54,500,435)	23.54	
Basic (No. of Shares used in calculation - 47,091,160)		25.87
Diluted (No. of Shares used in calculation - 52,174,488)		23.77
Significant Accounting Policies	17	
Notes on Accounts	18	

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

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

Date : May 20, 2011  
Place : Hyderabad

**K. Arun Kumar**  
Company Secretary



## Schedules to the balance sheet as at March 31, 2011

(₹ in Lakhs)

Particulars	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 1 SHARE CAPITAL</b>				
<b>Authorised Capital:</b>				
75,000,000 Equity Shares of ₹2 each		1,500.00		1,500.00
<b>Issued, Subscribed and Paid up:</b>				
47,750,985 Equity Shares of ₹2 each		955.02		-
47,288,488 Equity Shares of ₹2 each		-		945.77
		<b>955.02</b>		<b>945.77</b>

Particulars	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 2 APPLICATION MONEY</b>				
<b>Application Money:</b>				
ESOP Application Money		8.25		7.50
Warrant Application Money		1,087.50		-
		<b>1,095.75</b>		<b>7.50</b>

Particulars	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 3 RESERVES AND SURPLUS</b>				
Capital Reserve		249.70		249.70
Share Premium Account		27,123.43		25,823.64
<b>General Reserve:</b>				
Opening Balance	4,613.91		3,395.45	
Additions during the year	1,256.32	5,870.23	1,218.46	4,613.91
<b>Profit and Loss Account:</b>				
Opening balance	38,508.02		28,427.10	
Balance transferred from P&L during the year	10,304.59	48,812.61	10,080.92	38,508.02
Reserve for Employee Stock Option Scheme		591.63		1,016.67
		<b>82,647.60</b>		<b>70,211.94</b>

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the year	Deletions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	382.96	23.01	-	405.97	-	-	-	-	405.97	382.96
Office Buildings	206.68	-	-	206.68	7.86	3.37	-	11.23	195.44	198.81
Factory Buildings	3,129.72	172.48	-	3,302.21	39.17	105.52	-	144.69	3,157.52	3,090.56
Furniture & Fixtures	102.55	32.02	-	134.57	30.49	7.83	-	38.33	96.24	72.06
Office Equipment	89.05	28.06	-	117.11	12.63	5.08	-	17.71	99.40	76.42
Vehicles	204.09	61.44	3.09	262.44	46.49	23.11	0.88	68.72	193.73	157.60
Electrical Installations	14.79	-	-	14.79	5.34	0.94	-	6.27	8.52	9.46
Computers	2,825.81	157.49	-	2,983.30	1,315.70	471.20	-	1,786.90	1,196.40	1,510.11
Plant & Machinery (Projects)	10,337.26	27.63	-	10,364.89	641.08	491.30	-	1,132.38	9,232.51	9,696.18
Development Software	3,873.98	9.78	-	3,883.76	1,307.27	628.39	-	1,935.66	1,948.11	2,566.71
Testing Tools	1,812.13	-	-	1,812.13	599.11	293.75	-	892.85	919.28	1,213.02
<b>Total</b>	<b>22,979.02</b>	<b>511.92</b>	<b>3.09</b>	<b>23,487.84</b>	<b>4,005.14</b>	<b>2,030.48</b>	<b>0.88</b>	<b>6,034.74</b>	<b>17,453.10</b>	<b>18,973.87</b>
Previous year figures	19,235.76	3,747.66	4.40	22,979.01	1,869.99	2,136.56	1.41	4,005.14	18,973.87	17,365.77

## Schedules to the balance sheet as at March 31, 2011

(₹ in Lakhs)

Particulars	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 5 SECURED LOANS</b>				
<b>Working Capital Loans from Banks:</b>				
(Details of Securities are as per point No.14 of Notes on Accounts)				
Bank of India	8,484.92		6,980.50	
Punjab National Bank	10,035.66		8,894.94	
State Bank of India	14,590.16		8,491.95	
Union Bank of India	5,507.77		3,708.67	
IDBI Bank	7,499.13		-	
Andhra Bank	13,015.74	59,133.38	1,797.37	29,873.43
<b>Specific Project Working Capital Loans:</b>				
Andhra Bank	-		3,963.38	
State Bank of India	3,033.21	3,033.21	2,653.68	6,617.06
<b>Term Loans:</b>				
<b>Long Term</b>				
Andhra Bank	3,665.52		4,236.79	
Vehicle Loans	41.77	3,707.29	27.29	4,264.08
<b>Short Term</b>				
Punjab National Bank		500.00		2,500.00
		<b>66,373.88</b>		<b>43,254.57</b>

Particulars	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 6 UNSECURED LOANS</b>				
FCCB (Foreign Currency Convertible Bonds)		9,363.31		9,150.00
Development Credit Bank		996.05		1,000.00
ING Vysya Bank		-		3,000.00
Canara Bank		5,000.00		-
IDBI Bank		2,000.00		4,993.22
		<b>17,359.36</b>		<b>18,143.22</b>

Particulars	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 7 CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>CURRENT ASSETS:</b>				
<b>Inventories</b>				
Material, Stores & Spares at sites	23,821.60		11,796.81	
Work in progress/Finished Goods	24,916.45	48,738.05	8,530.28	20,327.09
<b>Sundry Debtors (Unsecured Considered good):</b>				
Debt outstanding for a period exceeding:				
Six months	11,515.87		11,353.81	
Other debts	50,883.39	62,399.26	42,191.82	53,545.63
<b>Cash &amp; Bank Balances:</b>				
Cash on hand	108.62		72.95	
Balance with Schedule Banks in Current Accounts	411.29		1,085.03	
<b>In Fixed Deposits Accounts</b>				
- Margin Money	5,870.11		5,022.21	
- Other Deposits	264.50	6,654.52	251.62	6,431.81
<b>Other Current Assets (Unsecured considered good):</b>				
Earnest Money Deposits	215.62		430.75	
Deposits with others	777.88		725.02	
Retention Money Receivable	11,681.59		4,276.40	
TDS Receivable and Advance Tax	3,604.28		3,885.18	
Prepaid expenses	375.35	16,654.72	487.55	9,804.90





## Schedules to the balance sheet as at March 31, 2011

(₹ in Lakhs)

Particulars	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 7 CURRENT ASSETS, LOANS &amp; ADVANCES (Contd...)</b>				
<b>LOANS &amp; ADVANCES (Unsecured considered good):</b>				
Advance to Sub-contractors	26,017.48		22,037.53	
Advance for Expenses	208.64		91.86	
Advances to Suppliers	24,157.41		20,962.63	
Loans to Subsidiary	8.62		8.62	
Other Advances	7,119.19	57,511.34	6,579.19	49,679.83
		<b>191,957.89</b>		<b>139,789.26</b>
<b>Schedule 8 CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>Current Liabilities:</b>				
<b>Sundry Creditors</b>				
- Expenses	175.82		74.33	
- Suppliers	18,782.58		11,484.26	
- Sub-contractors	8,095.16		1,330.26	
Un-claimed Dividend	42.99		31.63	
Advances from Customers	8,295.92		8,374.51	
Other Liabilities	1,688.07	37,080.54	2,102.81	23,397.80
<b>Provisions:</b>				
Provision for Gratuity	42.86		2.78	
Provision for Income tax	5,925.64		4,580.98	
Proposed Dividend	859.52		756.62	
Provision for Corporate Dividend Tax	142.76	6,970.78	128.59	5,468.97
		<b>44,051.32</b>		<b>28,866.77</b>
<b>Schedule 9 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>				
<b>FCCB Issue Expenses</b>	516.70		516.70	
Add: Addition during the year	-		-	
	516.70		516.70	
Less: Written off during the year	-	516.70	-	516.70
<b>Deferred Employee Compensation</b>	1,016.67		1,977.58	
Add: Addition during the year	712.50		-	
	1,729.17		1,977.58	
Less: Written off during the year	1,137.53	591.64	960.91	1,016.67
<b>Deferred Revenue / Development Expenditure</b>				
Product Development Expenses	2,099.24		1,860.76	
Add: Addition during the year	460.49		903.58	
	2,559.73		2,764.34	
Less: Written off during the year	757.20	1,802.53	665.10	2,099.24
		<b>2,910.87</b>		<b>3,632.61</b>

## Schedules to the Profit and Loss Account for the year ended March 31, 2011

(₹ in Lakhs)

Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
<b>Schedule 10 OTHER INCOME</b>				
Dividend Received		0.01		0.39
Foreign Exchange Fluctuation		365.72		324.63
Interest Received		358.37		329.55
LD Charges Received		98.82		46.06
Profit on Sale of Shares		-		150.77
Other Receipts		280.00		0.05
		<b>1,102.92</b>		<b>851.45</b>
<b>Schedule 11 PROJECTS AND SERVICES EXPENSES</b>				
<b>Consumption</b>				
Opening Stock	11,796.81		1,945.83	
Add: Purchases	72,220.86		57,220.84	
	84,017.67		59,166.67	
Less: Closing Stock	23,821.60		11,796.81	
		60,196.07		47,369.86
Sub-contract Bills		55,278.40		47,546.84
Cess on Civil Works		85.29		8.71
Freight Charges		405.96		216.28
Fuel Expenses		70.75		17.62
Factory Maintenance		62.84		-
Import Clearing Charges		6.00		12.58
Job Work Charges		203.24		131.31
Labour Charges		100.29		51.76
Loading & Unloading		23.68		14.63
Seignorage Expenses		31.24		22.90
Site Stores Rent		30.73		15.77
Survey Charges		32.05		20.42
Service Tax		999.78		2,138.01
<b>Work in Progress / Finished Goods:</b>				
Opening Balance	8,530.28		2,322.26	
Less: Excise Duty provision on Finished Goods reversal	4.03		-	
Less: Closing Work in Progress	24,916.45	(16,390.20)	8,530.28	(6,208.02)
		<b>101,136.12</b>		<b>91,358.67</b>
<b>Schedule 12 FINANCIAL EXPENSES</b>				
Interest & Financial Charges		8,935.52		5,660.98
Bank Charges		902.46		581.38
		<b>9,837.98</b>		<b>6,242.36</b>



## Schedules to the Profit and Loss Account for the year ended March 31, 2011

(₹ in Lakhs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Schedule 13 ADMINISTRATION, SELLING &amp; OTHER EXPENSES</b>		
Advertisement	9.96	10.17
Audit Fees	40.00	40.00
Books, Periodicals and Memberships	53.20	28.68
Communication Expenses	56.43	48.91
Consultancy/Professional Charges	551.74	471.41
Conveyance and Travelling Expenses	338.83	276.02
Donations	7.80	14.06
Directors Sitting Fees	3.00	2.05
Electricity Charges	65.78	42.08
General Expenses	212.21	135.64
Sales Tax	2,836.80	1,291.28
Insurance	129.61	72.00
Business Promotion Expenses	258.32	192.15
Products Samples	-	52.45
Meeting Expenses	5.07	5.86
Office Maintenance	143.31	62.62
Postage and Telegrams	24.62	26.00
Printing and Stationery	66.65	40.56
Rates, Taxes and Registration Fees	170.59	90.09
Recruitment and Training	33.23	20.64
Rent	442.33	340.74
Repairs and Maintenance	8.68	8.55
Loss on Sale of Vehicle	1.21	1.69
Diminution in Investments (Long Term)	0.11	0.41
Tender Documents Purchases	27.56	16.27
Vehicle Maintenance	64.08	76.29
	<b>5,551.12</b>	<b>3,366.62</b>
<b>Schedule 14 EMPLOYEE REMUNERATION &amp; BENEFITS</b>		
Salaries, Allowances and Other Benefits	2,139.02	2,007.83
Contribution to PF and Other Funds	115.26	47.44
Incentives and Staff Welfare	116.35	27.46
Employee compensation expense under ESOP	1,137.54	960.91
	<b>3,508.17</b>	<b>3,043.64</b>
<b>Schedule 15 MANAGERIAL REMUNERATION</b>		
Directors Remuneration	375.79	373.20
Managerial Commission	365.58	347.92
Managerial allowances	11.04	11.04
	<b>752.41</b>	<b>732.16</b>
<b>Schedule 16 PROVISION FOR TAXATION</b>		
Current Tax	5,925.64	4,580.98
Deferred Tax	(1,127.16)	(259.31)
Income taxes paid for previous years	551.83	541.28
	<b>5,350.31</b>	<b>4,862.95</b>

## Schedules to the Accounts for the year ended March 31, 2011

### Schedule 17 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 recognised as and when the services are performed. Sales are stated at selling price inclusive of all taxes.

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

Interest income: Interest income is recognised 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 recognised 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 realisable 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 amortisation:

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

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

#### 6. Depreciation and amortisation

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 upto ₹ 5,000 each are written off in the year of capitalisation.

Temporary sheds are amortised 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 at the balance sheet date.



## Schedules to the Accounts for the year ended March 31, 2011

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS (Contd...)

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

#### 8. Deferred Revenue Expenditure

FCCB issue expenses are being written off in proportion to conversion of FCCBs into Equity Shares or repayment of such FCCBs (as the case may be) as and when such conversion/repayment takes place.

#### 9. Investments

Investments that are readily realisable 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 recognise a decline other than temporary in the value of the investments.

#### 10. Employee Benefits- Retirement benefits

Employee Benefits like Provident Fund and Gratuity are charged to the profit and loss account of the year when the contributions to the respective accounts are due. There are no other obligations other than the contributions payable to the respective authority / account.

#### 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 outstanding during the period and is adjusted for the events of conversion of FCCB's.

For the purpose of calculating diluted earnings 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 recognised 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 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 organised 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, amortisation costs incurred in connection with arrangement of borrowings. Costs incurred on borrowings directly attributable to project development, which take a substantial period of time to complete, are capitalised within such time development / producing the asset for each cost center.

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

## Schedules to the Accounts for the year ended March 31, 2011

### Schedule 18 NOTES FORMING PART OF THE ACCOUNTS

- All amounts presented in the financial statements are in "Rupees in Lakhs", except per share data as other wise stated.
- The company has no contingent liabilities as on March 31, 2011 acknowledged as debts except the Bank Guarantees given to various government departments to the extent of ₹38,043.18 Lakhs and letters of credit of ₹11,043.73 Lakhs.
- The company has no dues outstanding more than 30 days to any of the Small Scale Industrial undertakings as on March 31, 2011.
- Certain balances of loans and advances, sundry debtors and sundry creditors are subject to confirmation from the concerned parties.
- FCCB issue expenses are being written off in proportion to conversion of FCCBs into Equity Shares or repayment of such FCCBs (as the case may be) as and when such conversion/repayment takes place.
  - The product development expenditure incurred during the current financial year of ₹460.49 Lakhs is amortised over a period of Five years on a straight line basis.
- Inventory:**  
Inventory is valued at cost or net realisable value, whichever is less on FIFO basis. Inventories are physically verified and certified by the management.
- The Company has allotted 462,497 Equity shares of ₹2 each to its employees on exercise of Employees Stock Options. During the year, the company has issued 2,500,000 fully convertible warrants to promoter group and 500,000 fully convertible warrants to others at an issue price of ₹145 per warrant, convertible to 3,000,000 equity shares within eighteen months from the date of issue.

#### 8. Segmental Reporting:

(₹ in Lakhs)

Description	Embedded Solutions & Software Services	Infrastructure Projects & Services	Power Generation	Unallocable	Total
Segment Revenue	43,478.05	96,070.05	840.32	-	140,388.42
Segment Results (Before Interest & Tax)	12,847.01	13,250.77	550.76	1,102.93	27,751.47
Segment Capital Employed	24,274.72	63,826.47	5,737.56	858.28	94,697.03

- 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:

(₹ in Lakhs)

Deferred tax liabilities recognised for timing differences due to:	March 31, 2011	March 31, 2010
Depreciation	188.92	3,197.30
Research & Development	(66.45)	238.48
<b>Total</b>	<b>122.46</b>	<b>3,435.78</b>
Net Deferred Tax liability	40.68	1,167.83
Deferred tax revenue transferred to Profit and Loss Account	1,127.16	259.31

#### 10. Earnings per share:

Earnings per share computed in accordance with Accounting Standard 20 in respect of profit for the year 2010-2011 is as under: (In ₹)

Description	March 31, 2011 (Per Equity Share of ₹ 2/- each)	March 31, 2010 (Per Equity Share of ₹ 2/- each)
Profit after Tax	1,256,318,159	1,218,458,921
Adjusted Profits	1,282,908,463	1,240,304,761
No. of shares - Basic	47,516,156	47,091,160
No. of Shares - Diluted	54,500,435	52,174,488
EPS - Basic in ₹	26.44	25.87
EPS - Diluted in ₹	23.54	23.77

The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of





## Schedules to the Accounts for the year ended March 31, 2011

### Schedule 18 NOTES FORMING PART OF THE ACCOUNTS (Contd..)

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.

#### 11. 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
Cura Technologies Limited	Associate

##### Key Management Personnel as on March 31, 2011

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

b) The details of related party transactions during the year in terms of Accounting standard (AS-18) are as follows : (₹ in Lakhs)

Nature of transactions	Associates		Subsidiaries	
	Current Year	Previous Year	Current Year	Previous Year
Purchases / Sub-contract works	6,731.63	6,178.27	-	-
Sales	15.23	494.28	-	-
Rent & Amenities	479.81	309.72	-	-
Professional Charges	9.68	-	-	-
Loans and Advances	-	-	-	8.62
Rent Deposit	-	100.00	-	-
Advance received for services	897.80	-	-	-

c) Amounts due from / to related parties as at the year end are: (₹ in Lakhs)

Nature of the party	Current Year		Previous Year	
	Due to	Due from	Due to	Due from
ICSA International Pte Ltd	-	8.62	-	8.62
Cura Technologies Limited	928.17	100.00	-	105.69

An amount of ₹2,732.15 Lakhs was outstanding from BRG Energy Ltd as advance against execution of work contracts and supply of transformers at market prices prevailing as on the date of these transactions.

d) Summary of Transactions with Key Management personnel: (₹ in Lakhs)

Description	March 31, 2011	March 31, 2010
Directors Remuneration	386.83	384.24
Commission to Managing Director	365.58	347.92

## Schedules to the Accounts for the year ended March 31, 2011

### Schedule 18 NOTES FORMING PART OF THE ACCOUNTS (Contd..)

#### 12. There were no Foreign Exchange earnings in previous and current year.

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

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010
<b>Foreign Exchange Inward</b>		
Exports realisation pertaining to previous years	935.57	1,8001.16
Advance from Customers	-	265.23
<b>Total</b>	<b>935.57</b>	<b>18,266.39</b>
<b>Foreign Exchange Out go</b>		
<b>Value of Imports during the year (C.I.F.Basis)</b>		
- Raw Materials	1,046.79	938.48
<b>Capital goods - Furniture Et Fixtures</b>	-	13.43
<b>Expenditure in Foreign Currency during the year</b>		
- Interest Et Bank Charges(FCCB)	243.82	253.51
- Professional Charges	4.53	14.96
- Licence Et Fees	1.37	-
- Foreign Travel	3.05	3.60
- Subscriptions	-	1.34
<b>Loans and advances in Foreign currency during the year</b>		
- Loans and Advances to Subsidiary	-	8.62
<b>Total</b>	<b>1,299.56</b>	<b>1,233.94</b>

#### 13. Auditor's remuneration:

(₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010
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

14. a) The Company has availed various working capital credit facilities under multiple banking arrangement from:

- State Bank of India, CAG Branch, Punjagutta, Hyderabad.
- Bank of India, Large Corporate Branch, Hyderabad.
- Union Bank of India, Khairatabad Branch, Hyderabad.
- Punjab National Bank, Large Corporate Branch, Annasalai, Chennai.
- IDBI Ltd, Chapel Road Branch, Hyderabad.
- Andhra Bank, Sultan Bazaar Branch, Hyderabad.

The following securities were offered for availing regular Working Capital limits:

- i. First Charge on both present and future 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 625,000 shares held by promoters of the Company.
- iii. Second charge on Wind mill project assets financed by Andhra Bank.

b) The Company has availed term loan facilities from Andhra Bank, Sultan Bazaar Branch, Hyderabad for setting up of wind mills at Tamilnadu and Karnataka. The following securities were offered in this regard :

- i. The term loan is secured by hypothecation of wind mills at Tamilnadu and Karnataka and Mortgage of the land pertaining to these wind mill plants.
- ii. Second Charge on existing fixed assets of the Company.



**Schedules to the Accounts** for the year ended March 31, 2011

**Schedule 18 NOTES FORMING PART OF THE ACCOUNTS (Contd..)**

- c) The Company has availed credit limits for specific projects from State Bank of India, CAG Branch, Punjagutta, Hyderabad. The following securities were offered for availing these credit limits :
- First charge on project specific current assets of the Company
  - Pledge of 100,000 shares held by promoters of the Company.
- d) The Company has availed short term loans from:
- Canara Bank, Prime Corporate Branch, Secunderabad.
  - IDBI Ltd, Chapel Road Branch, Hyderabad.
- The following securities were offered for availing the short term loans:
- Canara Bank: Pledge of 714,300 shares held by promoters of the Company.
  - IDBI LTD: First Charge on the current assets of the Company on pari passu basis under multiple banking arrangements.
- e) The Company has also availed adhoc cash credit limits from:
- Bank of India, Large Corporate Branch, Hyderabad.
  - Union Bank of India, Khairatabad Branch, Hyderabad.
  - Punjab National Bank, Large Corporate Branch, Annasalai, Chennai.
  - Andhra Bank, Sultan Bazaar Branch, Hyderabad.
- The following securities were offered in this regard:
- First charge on the current assets of the Company ranking pari passu under multiple banking arrangements.
15. Investments comprising shares in other listed companies are valued at cost and classified as long term investments. Provision for diminution in value of Investments is made to recognise the decline.
16. Additional information pursuant to provisions of the Para 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.
- The company is engaged in the business of development and maintenance of technology solutions which includes embedded solutions and software for Energy Sector. The production and sale of such solutions cannot be expressed in any generic units and hence, it is not possible to give quantitative details.
  - 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.
  - The company is also engaged in the business of Rural Electrification, Construction of Sub stations, Conversion of LT line to HT lines and generation of wind power. Due to the nature of job, it is difficult to furnish quantitative details.

**Signature to Schedules 1 to 18**

for and on behalf of the Board

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

**K. Arun Kumar**  
Company Secretary

Date : May 20, 2011  
Place : Hyderabad

**Balance Sheet Abstract**

**BALANCE SHEET ABSTRACT AND COMPANY BUSINESS PROFILE**

**a. Registration Details**

Registration No.  State Code

Balance Sheet Date

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

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement & Others	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="5"/>

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

Total Liabilities	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="9"/>	Total Assets	<input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="9"/>
<b>Sources of Funds</b>		Reserves & Surplus	<input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="6"/> <input type="text" value="0"/>
Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="2"/>	Unsecured Loans	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="6"/>
Secured Loans	<input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="8"/>	Deferred Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="8"/>
Application Money	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="5"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="5"/>
<b>Application of Funds</b>		Misc. Expenses	<input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="7"/>
Net Fixed Assets	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/>	Total Expenses	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="4"/>
Net Current Assets	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="7"/>	Profit After Tax	<input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/>
Accumulated Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Dividend Rate (%)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="0"/>

**d. Performance of the Company (Amount in ₹ Thousands)**

Turnover	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="4"/>
Profit Before Tax	<input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="0"/>
Earning per Share (Basic)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="4"/>
Earning per Share (Diluted)	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="4"/>

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

Item Code No. (ITC Code)

Product Description

for and on behalf of the Board

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

Date : May 20, 2011  
Place : Hyderabad

**K. Arun Kumar**  
Company Secretary



## Cash Flow Statement for the year ended March 31, 2011

(₹ in Lakhs)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	17,913.50	17,047.54
<b>Adjustment for:</b>		
Depreciation	2,030.48	2,136.56
Dividend income	(0.01)	(0.39)
Interest income	(358.37)	(329.55)
Misc. Expenses written off	721.74	722.43
Interest and Finance Charges	9,837.98	6,242.36
Operating profit before working capital change	30,145.32	25,818.96
Increase in sundry debtors	(8,853.62)	(2,592.62)
Increase in other current assets	(14,681.33)	(28,236.12)
Increase in inventories	(28,410.97)	(16,058.99)
Increase in sundry creditors and liabilities	13,722.83	13,245.76
<b>Cash Generated from Operations</b>	<b>(8,077.77)</b>	<b>(7,823.01)</b>
Income Taxes paid	(5,132.81)	(3,934.45)
<b>Cash flow before extraordinary items</b>	<b>(13,210.58)</b>	<b>(11,757.45)</b>
Extraordinary items	-	-
<b>Net cash from operative activities</b>	<b>(13,210.58)</b>	<b>(11,757.45)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(509.71)	(3,744.67)
Purchase of investments	0.11	59.28
Interest received	358.37	329.55
Dividend received	0.01	0.39
<b>Net cash used in investing activities</b>	<b>(151.22)</b>	<b>(3,355.46)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	1,972.25	143.25
Proceeds from long term borrowings	22,335.45	22,237.14
Interest paid	(9,837.98)	(6,242.36)
Dividend paid	(885.20)	(659.59)
<b>Net cash used in financial activities</b>	<b>13,584.51</b>	<b>15,478.44</b>
Net increase in cash and cash equivalents	222.71	365.53
Cash and cash equivalents at beginning of the year	6,431.81	6,066.28
Effects of Changes in Foreign Exchange Rates	-	-
Cash and cash equivalents at end of the year	6,654.52	6,431.81

### Notes:

- Cash and Cash equivalents includes :
  - ₹6,134.61 Lakhs in margin money, fixed deposits lodged with Banks against letter of guarantee issued .
  - Bank balance includes restricted amount of ₹42.99 Lakhs towards unclaimed dividend.
- 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.
- Previous year's figures have been regrouped/rearranged 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  
Membership No.: 028488  
Firm Reg. No.: 011251S

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

Date : May 20, 2011  
Place : Hyderabad

**K. Arun Kumar**  
Company Secretary

## 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, 2011
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	500,000 shares of SG\$ 1 each
4.	Extent of holding 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	₹ (20.54) Lakhs
	ii. Not Dealt with in the accounts of the Holding Company	NIL
	b) for the previous financial years since it became Subsidiary	
	i. Dealt with in the accounts of the Holding Company	₹(163.92)Lakhs
	ii. Not Dealt with in the accounts of the Holding Company	NIL
6.	As the financial year of the Subsidiary coincides with the financial year of the Holding Company, Section 212(5) of the Companies Act, 1956 is not applicable.	

for and on behalf of the Board

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

Date : May 20, 2011  
Place : Hyderabad

**K. Arun Kumar**  
Company Secretary



## Directors' report for the financial year ended March 31, 2011

The directors submit their report together with the audited financial statements of the Company for the year ended 31 March 2011.

### Directors

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

Gopu Bala Reddy  
Tangirala Venkata Ramana  
Nagothu Ravi Prasad (appointed on August 2, 2010)

During the current year, Mr. Bhushan Rao and Mr. Shiv Kumar resigned as Directors on account of pre-occupation and Mr. Nagothu Ravi Prasad was appointed as Director.

### 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 01.04.2010	As at 31.03.2011
ICSA (India) Ltd.		
Ordinary shares of ₹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 shares options outstanding, as at 31 March 2011.

### Independent auditor:

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

On behalf of the directors,

**Gopu Bala Reddy**  
Director

**Nagothu Ravi Prasad**  
Director

Singapore,  
Date: May 12, 2011

## Statement by Directors for the Financial year ended 31 March 2011

In the opinion of the directors,

- a) the accompanying balance sheet, Statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and of the results of the business, the changes in equity and the cash flows of the Company for the financial year ended on that date and;

- b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors,

**Gopu Bala Reddy**  
Director

**Nagothu Ravi Prasad**  
Director

Singapore,  
Date: May 12, 2011

## 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 2011, 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:

- devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised 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;
- selecting and applying appropriate accounting policies;
- 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,

- 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 2011 and the results, changes in equity and cash flows of the Company for the year ended on that date; and
- 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.

Place: Singapore

Date: May 12, 2011

ICSA INTERNATIONAL PTE LIMITED (Incorporated in the Republic of Singapore, Registered Number: 200700123R)

## Balance Sheet as at March 31, 2011

(Amount in S\$)

	Notes	As at March 31, 2011	As at March 31, 2010
<b>ASSETS</b>			
<b>Current Assets</b>			
Trade and other receivables	5	3,660	49,875
Cash and cash equivalents	6	6,710	12,316
		10,370	62,191
<b>Total Assets</b>		<b>10,370</b>	<b>62,191</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accruals	7	24,610	18,390
Amount owing to holding company	8	25,646	25,646
Provision for tax	4	-	-
		50,256	44,036
<b>Equity</b>			
Issued capital	9	500,000	500,000
Accumulated (losses) /Retained profit		(539,886)	(481,845)
<b>Shareholders equity</b>		<b>(39,886)</b>	<b>18,155</b>
<b>Total Liabilities and Equity</b>		<b>10,370</b>	<b>62,191</b>

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, 2011

(Amount in S\$)

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
<b>REVENUE</b>			
<b>Other Income</b>		-	3,600
Staff costs		39,551	-
Depreciation		-	11,094
Other operating expenses		58,041	56,440
(Loss) before tax	3	(58,041)	(103,485)
Less: Tax expense - under provision in previous year	4	-	(531)
<b>Net (loss) after tax</b>		<b>(58,041)</b>	<b>(104,016)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(58,041)</b>	<b>(104,016)</b>

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, 2011

(Amount in S\$)

	Issued Capital	Accumulated (losses)	Total
<b>Balance as at 31 March 2009</b>	500,000	(377,829)	122,171
Issuance of Ordinary shares	-	-	-
<b>Total comprehensive Income</b>	-	<b>(104,016)</b>	<b>(104,016)</b>
<b>Balance as at 31 March 2010</b>	500,000	(481,845)	18,155
Issuance of Ordinary shares	-	-	-
<b>Total comprehensive Income</b>	-	<b>(58,041)</b>	<b>(58,041)</b>
<b>Balance as at 31 March 2011</b>	<b>500,000</b>	<b>(539,886)</b>	<b>(39,886)</b>

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, 2011

(Amount in S\$)

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) for the year		(58,041)	(104,016)
Adjustment for:			
Loss on disposal of plant & equipment		-	125
Depreciation		-	11,094
<b>Operating (loss) before reinvestment of capital</b>		<b>(58,041)</b>	<b>(92,797)</b>
Decrease in trade and other receivables		46,215	67,799
Increase in trade and other payables		6,220	8,440
<b>Cash provided by / (used in) operations</b>		<b>(5,606)</b>	<b>(16,558)</b>
Income tax paid		-	(10,700)
<b>Net cash provided by / (used in) operating activities</b>		<b>(5,606)</b>	<b>(27,258)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of plant and equipment		-	(128)
Proceeds from disposal of property, plant & equipment		-	645
<b>Net cash provided by investing activities</b>		<b>-</b>	<b>517</b>
<b>Net Increase/(decrease) in cash &amp; cash equivalents</b>		<b>(5,606)</b>	<b>(26,741)</b>
Cash & cash equivalents at the beginning of the year		12,316	39,057
<b>Cash &amp; cash equivalents at end of the year</b>	6	<b>6,710</b>	<b>12,316</b>

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, 2011

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 2011 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.



## Notes to the Financial Statement (Contd.) for the year ended March 31, 2011

### 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.

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 recognised 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.

Loans and receivables

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, 2011

#### 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 Et 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, 2011

### 3. (Loss) Before Tax

This has been arrived after charging:

(Amount in S\$)

	2011	2010
Loss on disposal of property plant & equipment	-	125
<b>Staff costs:</b>		
Salary	-	34,340
CPF	-	4,673
Medical expenses	-	538
	-	<b>39,551</b>

### 4. Taxation

(Amount in S\$)

	2011	2010
Current taxation		
Under provision in previous year	-	531
	-	<b>531</b>

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\$)

	2011	2010
Profit before taxation	(58,041)	(103,485)
Tax at statutory rate of 17% (2010:17%)	(9,867)	(17,592)
Expenses that are not deductible for tax purposes	9,867	18,204
Tax effect on non taxable income	-	(612)
	-	-

### Movement

(Amount in S\$)

	2011	2010
Balance B/F	-	10,700
Paid during the year	-	(10,700)
Current tax	-	-
Balance C/F	-	-

### 5. Other Receivables

(Amount in S\$)

	2011	2010
Others	-	575
Deposits	-	5,640
Amount due from related parties	3,660	43,660
Prepaid expenses	-	-
	<b>3,660</b>	<b>49,875</b>

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

### 6. Cash and Cash Equivalents

(Amount in S\$)

	2011	2010
Cash at bank	6,710	12,316
	<b>6,710</b>	<b>12,316</b>

## Notes to the Financial Statement (Contd.) for the year ended March 31, 2011

Cash and cash equivalents are denominated in the following currencies.

(Amount in S\$)

	2011	2010
Singapore dollars	5,402	10,862
United states dollars	1,308	1,454
	<b>6,710</b>	<b>12,316</b>

### 7. Other Payables

(Amount in S\$)

	2011	2010
Accruals	24,610	18,390
	<b>24,610</b>	<b>18,390</b>

### 8. Holding and Ultimate Holding Company

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

### 9. Share Capital

(Amount in S\$)

	2011	2010
Issued & fully paid up with no par value		
500,000 Ordinary shares	500,000	500,000

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

### Capital management

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

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

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

(Amount in S\$)

	2011	2010
Net debt	43,546	31,720
Total equity	-	18,155
<b>Total capital</b>	<b>43,546</b>	<b>49,875</b>

### 10. Related Party Transactions

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

### 11. Financial Risk Management

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

#### a) Price risk

##### i) Currency risk

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

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

##### ii) Interest rate risk

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



## Notes to the Financial Statement (Contd.) for the year ended March 31, 2011

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

### iii) Market risk

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

### b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has no significant concentrations of credit risk. Cash is held with financial institutions of good standing/established financial institutions/ reputable financial institutions.

### c) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

The Company maintains sufficient level of cash and cash equivalents and has available adequate amount to meet its working capital requirements

### d) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The Company is not exposed to any cash flows risk as it does not have any monetary financial instruments with variable interest rates.

### e) Fair value estimation of financial assets and liabilities

The fair values of financial assets traded in active markets are based on quoted market bid-prices at the balance sheet date. The fair values of currency forwards and the embedded foreign exchange derivatives are determined using actively quoted forward currency exchange rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

## 12 New or revised Standards and interpretations

None of the new standards and interpretations to existing standards have been published and are mandatory for the Company's accounting period beginning on or after 1 January 2010 or later periods relevant to the Company.

## Detailed Profit and Loss Account for the year ended March 31, 2011

(Amount in S\$)

	March 31, 2011
<b>REVENUE</b>	-
Less: Expenses	
Audit fees	2,500
Accounting fee	7,200
Bank charges	174
Exchange loss	147
Nominee secretary fee	600
Professional fee	43,600
Registered office fee	420
Repairs & maintenance	2,500
Secretarial fee	500
Tax service fee	400
	58,041
<b>Net (loss) for the year</b>	<b>(58,041)</b>

## Consolidated Auditor's Report

The Board of Directors of

ICSA (INDIA) LIMITED on the Consolidated Financial Statements of ICSA (INDIA) LIMITED and its Subsidiary,

- We have audited the attached consolidated Balance Sheet of ICSA (INDIA) LIMITED (the Company) and its Subsidiary (Collectively referred as "the ICSA Group") as at March 31, 2011 and the consolidated Profit and Loss Account and the consolidated Cash Flow Statement of the Group for the year ended on that date both annexed thereto. These Financial Statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on the financial statements based on our audit.
- 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.
- We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of ₹194.70 Lakhs and total liabilities of ₹194.70 Lakhs as at March 31, 2011 and accumulated loss of ₹184.46 Lakhs for the year ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.
- We report that the consolidated financial statements have been

prepared by company's management in accordance with the requirements of Accounting standard (AS) 21 (consolidated financial statements), Accounting standard (AS) 23 (Accounting for investment in associates in consolidated financial statements) and Accounting Standard (AS) 27 (financial reporting of interest in joint ventures) issued by the Institute of Chartered Accounts of India.

- 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:
  - in the case of consolidated balance sheet, of the state of affairs of the ICSA Group as at March 31, 2011;
  - in the case of consolidated profit and loss account, of the profit of the ICSA Group for the year ended on that date; and
  - in the case of the consolidated cash flow statement, of the cash flows of the ICSA Group for the year ended on that date.

for **VDNR & ASSOCIATES**  
Chartered Accountants

**D. Venkateswarlu**  
Partner

Place: Hyderabad  
Date: May 20, 2011

Membership No. : 028488  
Firm Reg. No. 0112515



## Consolidated Balance Sheet as at March 31, 2011

(₹ in Lakhs)

Schedule	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS :</b>		
<b>Shareholders Funds :</b>		
Share Capital	955.02	945.77
Application Money	1,095.75	7.50
Reserves and Surplus	82,463.11	70,048.02
	84,513.88	71,001.29
<b>Loan Funds:</b>		
Secured Loans	66,373.88	43,254.57
Unsecured Loans	17,359.36	18,143.22
	83,733.24	61,397.79
<b>Deferred Tax Liability</b>		
	40.68	1,167.83
<b>Total</b>	<b>168,287.80</b>	<b>133,566.91</b>
<b>APPLICATION OF FUNDS:</b>		
<b>Fixed Assets:</b>		
Gross Block	23,527.63	23,019.92
Less: Depreciation	6,045.12	4,015.53
Net Block	17,482.51	19,004.39
<b>Investments</b>	<b>1.89</b>	<b>1.99</b>
<b>Current Assets, Loans and Advances :</b>		
Inventories	48,738.05	20,327.09
Sundry Debtors	62,399.26	53,545.63
Cash and Bank Balances	6,656.89	6,435.76
Other Current Assets	16,654.72	9,806.90
Loans and Advances	57,504.01	49,685.21
	191,952.93	139,800.59
<b>Less: Current Liabilities &amp; Provisions :</b>		
Liabilities	37,089.62	23,403.70
Provisions	6,970.78	5,468.97
	44,060.40	28,872.67
<b>Net Current Assets</b>	<b>147,892.53</b>	<b>110,927.92</b>
<b>Miscellaneous Expenditure</b>		
(to the extent not written off or adjusted)	2,910.87	3,632.61
<b>Total</b>	<b>168,287.80</b>	<b>133,566.91</b>
Significant Accounting Policies	17	
Notes on Accounts	18	

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

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

Date : May 20, 2011  
Place : Hyderabad

**K. Arun Kumar**  
Company Secretary

## Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ in Lakhs)

Schedule	Year ended March 31, 2011	Year ended March 31, 2010
<b>INCOME :</b>		
Gross Sales	140,611.85	123,872.47
Less: Excise Duty	223.43	127.24
Net Sales	140,388.42	123,745.23
Other Income	1,102.87	852.56
<b>Total</b>	<b>141,491.29</b>	<b>124,597.79</b>
<b>EXPENDITURE :</b>		
Projects and Services Expenses	101,136.12	91,358.67
Administration, Selling & Other Expenses	5,571.58	3,384.68
Employee Remuneration & Benefits	3,508.17	3,056.33
Excise Duty on Finished Goods	4.36	4.03
Managerial Remuneration	752.41	732.16
Development Expenses written off	757.20	665.10
Financial Expenses	9,838.04	6,242.37
Depreciation	2,030.48	2,140.12
<b>Total</b>	<b>123,598.36</b>	<b>107,583.46</b>
<b>Profit Before Tax</b>	<b>17,892.93</b>	<b>17,014.33</b>
Provision for Taxation	5,350.31	4,863.12
<b>Profit After Tax</b>	<b>12,542.62</b>	<b>12,151.21</b>
Balance brought forward from previous year	38,344.10	28,296.56
<b>Balance available for Appropriation</b>	<b>50,886.72</b>	<b>40,447.77</b>
<b>APPROPRIATIONS:</b>		
Proposed Dividend	859.52	756.62
Corporate Dividend Tax	142.76	128.59
Transfer to General Reserve	1,256.32	2,258.60
	2,258.60	1,218.46
		2,103.67
<b>Balance carried to Balance sheet</b>	<b>48,628.12</b>	<b>38,344.10</b>
Earning per share in ₹ (Face Value of ₹2 each)		
Basic (No. of Shares used in calculation - 47,516,156)	26.40	
Diluted (No. of Shares used in calculation - 54,500,435)	23.50	
Basic (No. of Shares used in calculation - 47,091,160)		25.80
Diluted (No. of Shares used in calculation - 52,174,488)		23.71
Significant Accounting Policies	17	
Notes on Accounts	18	

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

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

Date : May 20, 2011  
Place : Hyderabad

**K. Arun Kumar**  
Company Secretary





## Schedules to the Consolidated balance sheet as at March 31, 2011

(₹ in Lakhs)

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Schedule 1 SHARE CAPITAL</b>		
<b>Authorised Capital:</b>		
75,000,000 Equity Shares of ₹2 each	1,500.00	1,500.00
<b>Issued, Subscribed and Paid up:</b>		
47,750,985 Equity Shares of ₹2 each	955.02	-
47,288,488 Equity Shares of ₹2 each	-	945.77
	<b>955.02</b>	<b>945.77</b>

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Schedule 2 APPLICATION MONEY</b>		
<b>Application Money:</b>		
ESOP Application Money	8.25	7.50
Warrant Application Money	1,087.50	-
	<b>1,095.75</b>	<b>7.50</b>

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Schedule 3 RESERVES AND SURPLUS</b>		
Capital Reserve	249.70	249.70
Share Premium Account	27,123.43	25,823.64
<b>General Reserve:</b>		
Opening Balance	4,613.91	3,395.45
Additions during the year	1,256.32	5,870.23
<b>Profit and Loss Account:</b>		
Opening balance	38,344.10	28,296.56
Balance transferred from P&L during the year	10,284.02	10,047.54
Reserve for Employee Stock Option Scheme	591.63	1,016.67
	<b>82,463.11</b>	<b>70,048.02</b>

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the year	Deletions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	382.96	23.01	-	405.97	-	-	-	-	405.97	382.96
Office Buildings	206.68	-	-	206.68	10.20	3.37	-	13.57	193.11	196.48
Factory Buildings	3,129.72	172.48	-	3,302.21	39.17	105.52	-	144.69	3,157.52	3,090.56
Furniture & Fixtures	109.82	32.02	-	141.84	36.10	7.83	-	43.93	97.90	73.72
Office Equipment	89.48	28.06	-	117.54	13.10	5.08	-	18.18	99.36	76.38
Vehicles	204.09	61.44	3.09	262.44	46.49	23.11	0.88	68.72	193.73	157.60
Electrical Installations	14.79	-	-	14.79	5.34	0.94	-	6.27	8.52	9.46
Computers	2,827.61	157.49	-	2,985.10	1,317.66	471.20	-	1,788.86	1,196.24	1,509.95
Plant & Machinery (Projects)	10,337.26	27.63	-	10,364.89	641.08	491.30	-	1,132.38	9,232.51	9,696.18
Development Software	3,873.98	9.78	-	3,883.76	1,307.27	628.39	-	1,935.66	1,948.11	2,566.71
Testing Tools	1,812.13	-	-	1,812.13	599.11	293.75	-	892.85	919.28	1,213.02
Good will (On Consolidation)	31.38	-	1.10	30.28	-	-	-	-	30.28	31.38
<b>Total</b>	<b>23,019.92</b>	<b>511.92</b>	<b>4.19</b>	<b>23,527.63</b>	<b>4,015.53</b>	<b>2,030.48</b>	<b>0.88</b>	<b>6,045.12</b>	<b>17,482.51</b>	<b>19,004.39</b>
Previous year figures	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

## Schedules to the Consolidated balance sheet as at March 31, 2011

(₹ in Lakhs)

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Schedule 5 SECURED LOANS</b>		
<b>Working Capital Loans from Banks:</b>		
(Details of Securities are as per point No.15 of Notes on Accounts)		
Bank of India	8,484.92	6,980.50
Punjab National Bank	10,035.66	8,894.94
State Bank of India	14,590.16	8,491.95
Union Bank of India	5,507.77	3,708.67
IDBI Bank	7,499.13	-
Andhra Bank	13,015.74	59,133.38
<b>Specific Project Working Capital Loans:</b>		
Andhra Bank	-	3,963.38
State Bank of India	3,033.21	3,033.21
<b>Term Loans:</b>		
<b>Long Term</b>		
Andhra Bank	3,665.52	4,236.79
Vehicle Loans	41.77	27.29
<b>Short Term</b>		
Punjab National Bank	500.00	2,500.00
	<b>66,373.88</b>	<b>43,254.57</b>

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Schedule 6 UNSECURED LOANS</b>		
FCCB (Foreign Currency Convertible Bonds)	9,363.31	9,150.00
Development Credit Bank	996.05	1,000.00
ING Vysya Bank	-	3,000.00
Canara Bank	5,000.00	-
IDBI Bank	2,000.00	4,993.22
	<b>17,359.36</b>	<b>18,143.22</b>

Particulars	As at March 31, 2011	As at March 31, 2010
<b>Schedule 7 CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS:</b>		
<b>Inventories</b>		
Material, Stores & Spares at sites	23,821.60	11,796.81
Work in progress/Finished Goods	24,916.45	8,530.28
<b>Sundry Debtors (Unsecured considered good):</b>		
Debt outstanding for a period exceeding		
Six months	11,515.87	11,353.81
Other debts	50,883.39	42,191.82
<b>Cash &amp; Bank Balances:</b>		
Cash on hand	108.62	72.95
Balance with Schedule Banks in Current Accounts	413.66	1,088.98
In Fixed Deposits Accounts		
- Margin Money	5,870.11	5,022.21
- Other Deposits	264.50	251.62
<b>Other Current Assets (Unsecured considered good):</b>		
Earnest Money Deposits	215.62	430.75
Deposits with others	777.88	726.83
Retention Money Receivable	11,681.59	4,276.41
TDS Receivable and Advance Tax	3,604.28	3,885.18
Prepaid expenses	375.35	487.73



## Schedules to the Consolidated balance sheet as at March 31, 2011

(₹ in Lakhs)

Particulars	As at March 31, 2011		As at March 31, 2010	
<b>Schedule 7 CURRENT ASSETS, LOANS &amp; ADVANCES (Contd...)</b>				
<b>LOANS &amp; ADVANCES (Unsecured considered good):</b>				
Advance to Sub-contractors	26,017.48		22,037.53	
Advance for Expenses	208.64		91.86	
Advances to Suppliers	24,157.41		20,962.63	
Other Advances	7,120.48	57,504.01	6,593.19	49,685.21
		<b>191,952.93</b>		<b>139,800.59</b>

<b>Schedule 8 CURRENT LIABILITIES &amp; PROVISIONS</b>				
<b>Current Liabilities:</b>				
<b>Sundry Creditors</b>				
- Expenses	175.82		74.33	
- Suppliers	18,782.58		11,484.26	
- Sub-contractors	8,095.16		1,330.26	
Un-claimed Dividend	42.99		31.63	
Advances from Customers	8,295.92		8,374.51	
Other Liabilities	1,697.15	37,089.62	2,108.71	23,403.70
<b>Provisions:</b>				
Provision for Gratuity	42.86		2.78	
Provision for Income tax	5,925.64		4,580.98	
Proposed Dividend	859.52		756.62	
Provision for Corporate Dividend Tax	142.76	6,970.78	128.59	5,468.97
		<b>44,060.40</b>		<b>28,872.67</b>

<b>Schedule 9 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>				
<b>FCCB Issue Expenses</b>	516.70		516.70	
Add: Addition during the year	-		-	
	516.70		516.70	
Less: Written off during the year	-	516.70	-	516.70
<b>Deferred Employee Compensation</b>	1,016.67		1,977.58	
Add: Addition during the year	712.50		-	
	1,729.17		1,977.58	
Less: Written off during the year	1,137.53	591.64	960.91	1,016.67
<b>Deferred Revenue / Development Expenditure</b>				
Product Development Expenses	2,099.24		1,860.76	
Add: Addition during the year	460.49		903.58	
	2,559.73		2,764.34	
Less: Written off during the year	757.20	1,802.53	665.10	2,099.24
		<b>2,910.87</b>		<b>3,632.61</b>

## Schedules to the Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ in Lakhs)

Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
<b>Schedule 10 OTHER INCOME</b>				
Dividend Received		0.01		0.39
Foreign Exchange Fluctuation		365.67		324.59
Interest Received		358.37		329.55
LD Charges Received		98.82		46.06
Profit on Sale of Shares		-		150.77
Other Receipts		280.00		1.20
		<b>1,102.87</b>		<b>852.56</b>

<b>Schedule 11 PROJECTS AND SERVICES EXPENSES</b>				
<b>Consumption</b>				
Opening Stock	11,796.81		1,945.83	
Add: Purchases	72,220.86		57,220.84	
	84,017.67		59,166.67	
Less: Closing Stock	23,821.60		11,796.81	
		60,196.07		47,369.86
Sub-contract Bills		55,278.40		47,546.84
Cess on Civil Works		85.29		8.71
Freight Charges		405.96		216.28
Fuel Expenses		70.75		17.62
Factory Maintenance		62.84		-
Import Clearing Charges		6.00		12.58
Job Work Charges		203.24		131.31
Labour Charges		100.29		51.76
Loading & Unloading		23.68		14.63
Seignorage Expenses		31.24		22.90
Site Stores Rent		30.73		15.77
Survey Charges		32.05		20.42
Service Tax		999.78		2,138.01
<b>Work in Progress / Finished Goods:</b>				
Opening Balance	8,530.28		2,322.26	
Less: Excise Duty provision on Finished Goods reversal	4.03		-	
Less: Closing Work in Progress	24,916.45	(16,390.20)	8,530.28	(6,208.02)
		<b>101,136.12</b>		<b>91,358.67</b>

<b>Schedule 12 FINANCIAL EXPENSES</b>				
Interest & Financial Charges		8,935.52		5,660.98
Bank Charges		902.52		581.39
		<b>9,838.04</b>		<b>6,242.37</b>



## Schedules to the Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ in Lakhs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
<b>Schedule 13 ADMINISTRATION, SELLING &amp; OTHER EXPENSES</b>		
Advertisement	9.96	10.17
Audit Fees	40.88	40.80
Books, Periodicals and Memberships	53.20	28.68
Communication Expenses	56.43	50.94
Consultancy/Professional Charges	570.24	474.66
Conveyance and Travelling Expenses	338.83	277.06
Donations	7.80	14.06
Directors Sitting Fees	3.00	2.05
Electricity Charges	65.78	42.08
General Expenses	212.26	135.69
Sales Tax	2,836.80	1,291.28
Insurance	129.61	72.11
Business Promotion Expenses	258.32	192.45
Products Samples	–	52.45
Meeting Expenses	5.07	5.86
Office Maintenance	143.31	63.08
Postage and Telegrams	24.62	26.00
Printing and Stationery	66.65	40.83
Rates, Taxes and Registration Fees	170.74	90.09
Recruitment and Training	33.23	20.64
Rent	442.33	350.24
Repairs and Maintenance	9.56	8.76
Loss on Sale of Vehicle	1.21	1.73
Diminution in Investments (Long Term)	0.11	0.41
Tender Documents Purchases	27.56	16.27
Vehicle Maintenance	64.08	76.29
	<b>5,571.58</b>	<b>3,384.68</b>
<b>Schedule 14 EMPLOYEE REMUNERATION &amp; BENEFITS</b>		
Salaries, Allowances and Other Benefits	2,139.02	2,020.52
Contribution to PF and Other Funds	115.26	47.44
Incentives and Staff Welfare	116.35	27.46
Employee compensation expense under ESOP	1,137.54	960.91
	<b>3,508.17</b>	<b>3,056.33</b>
<b>Schedule 15 MANAGERIAL REMUNERATION</b>		
Directors Remuneration	375.79	373.20
Managerial Commission	365.58	347.92
Managerial allowances	11.04	11.04
	<b>752.41</b>	<b>732.16</b>
<b>Schedule 16 PROVISION FOR TAXATION</b>		
Current Tax	5,925.64	4,580.98
Deferred Tax	(1,127.16)	(259.31)
Income tax paid for previous years	551.83	541.45
	<b>5,350.31</b>	<b>4,863.12</b>

## Schedules to the Consolidated Accounts for the year ended March 31, 2011

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE CONSOLIDATED ACCOUNTS

#### 1. System of Accounting

The consolidated financial statements relate to ICSA (India) Limited (the company) and its subsidiary company, ICSA International PTE Ltd. (collectively referred to as "the ICSA Group"). The consolidated financial statements have been prepared on the basis of line – by – line consolidation basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and unrealized profits / losses on intra group transactions as per Accounting standard (AS) – 21 – "Consolidated Financial Statements" notified by the Companies (Accounting standards) Rules, 2006.

The ICSA Group 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 recognised as and when the services are performed. Sales are stated at selling price inclusive of all taxes.

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

Interest income : Interest income is recognised 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 recognised 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 realisable 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 amortisation:

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

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

#### 6. Depreciation and amortisation

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 upto ₹ 5,000 each are written off in the year of capitalisation.

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

#### 7. Income Taxes

Tax expense comprises Current & Deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance





## Schedules to the Consolidated Accounts for the year ended March 31, 2011

### Schedule 17 SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS (Contd...)

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 at the balance sheet date.

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

#### 8. Deferred Revenue Expenditure

FCCB issue expenses are being written off in proportion to conversion of FCCBs into Equity Shares or repayment of such FCCBs (as the case may be) as and when such conversion/repayment takes place.

#### 9. Investments

Investments that are readily realisable 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 made to recognise a decline other than temporary in the value of the investments.

#### 10. Employee Benefits- Retirement benefits

Employee Benefits like Provident Fund and Gratuity are charged to the profit and loss account of the year when the contributions to the respective accounts are due. There are no other obligations other than the contributions payable to the respective authority / account.

#### 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 outstanding during the period and is adjusted for the events of conversion of FCCB's.

For the purpose of calculating diluted earnings 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 recognised when the ICSA Group 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 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: ICSA Group's operating businesses are organised 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, amortisation costs incurred in connection with arrangement of borrowings. Costs incurred on borrowings directly attributable to project development, which take a substantial period of time to complete, are capitalised within such time development / producing the asset for each cost center.

All other borrowing costs are recognised 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, 2011

### Schedule 18 NOTES FORMING PART OF THE ACCOUNTS

#### 1. Basis of consolidation:

The consolidated financial statements relate to ICSA (India) Limited (the company) and its subsidiary company, ICSA International PTE Ltd. (collectively referred to as "the ICSA Group") as on March 31, 2011. The consolidated financial statements have been prepared on the following basis:

- 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.
- 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, 2011.
- 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 recognised in the financial statement as exchange fluctuation.
- The financial statement of the following subsidiary has been consolidated as per Accounting Standard 21 on 'consolidated financial statements' issued by the Institute of Chartered Accountants of India

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

- All amounts presented in the financial statements are in "Rupees in Lakhs", except per share data as other wise stated.
- The ICSA Group has no contingent liabilities as on 31-03-2011 acknowledged as debts except the Bank Guarantees given to various government departments to the extent of ₹38,043.18 Lakhs and letters of credit of ₹11,043.73 Lakhs.
- The ICSA Group has no dues outstanding more than 30 days to any of the Small Scale Industrial undertakings as on 31-03-2011.
- Certain balances of loans and advances, sundry debtors and sundry creditors are subject to confirmation from the concerned parties.
- FCCB issue expenses are being written off in proportion to conversion of FCCBs into Equity Shares or repayment of such FCCBs (as the case may be) as and when such conversion/repayment takes place.
  - The product development expenditure incurred during the current financial year of ₹460.49 Lakhs is amortised over a period of Five years on a straight line basis.
- Inventory:**  
Inventory is valued at cost or net realisable value, whichever is less on FIFO basis. Inventories are physically verified and certified by the management.
- The Company has allotted 462,497 Equity shares of ₹2 each to its employees on exercise of Employees Stock Options. During the year, the company has issued 2,500,000 fully convertible warrants to promoters and 500,000 fully convertible warrants to others at an issue price of ₹145 per warrant, convertible to 3,000,000 equity shares within eighteen months from the date of issue.

#### 9. Segmental Reporting:

(₹ in Lakhs)

Description	Embedded Solutions & Software Services	Infrastructure Projects & Services	Power Generation	Unallocable	Total
Segment Revenue	43,478.05	96,070.05	840.32	-	140,388.42
Segment Results (Before Interest & Tax)	12,847.01	13,250.77	550.76	1,082.45	27,730.99
Segment Capital Employed	24,274.72	63,826.47	5,737.56	858.28	94,697.03



## Schedules to the Consolidated Accounts for the year ended March 31, 2011

### Schedule 18 NOTES FORMING PART OF THE ACCOUNTS (Contd...)

10. 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: (₹ in Lakhs)

Deferred tax liabilities recognised for timing differences due to:	March 31, 2011	March 31, 2010
Depreciation	188.92	3,197.30
Research & Development	(66.45)	238.48
<b>Total</b>	<b>122.46</b>	<b>3,435.78</b>
Net Deferred Tax liability	40.68	1,167.83
Deferred tax revenue transferred to Profit and Loss Account	1,127.16	259.31

### 11. Earnings per share:

Earnings per share computed in accordance with Accounting Standard 20 in respect of profit for the year 2010-2011 is as under: (In ₹)

Description	March 31, 2011 (Per Equity Share of ₹ 2/- each)	March 31, 2010 (Per Equity Share of ₹ 2/- each)
Profit after Tax	1,254,264,413	1,215,121,080
Adjusted Profits	1,280,854,717	1,236,966,920
No. of shares - Basic	47,516,156	47,091,160
No. of Shares - Diluted	54,500,435	52,174,488
EPS - Basic in ₹	26.40	25.80
EPS - Diluted in ₹	23.50	23.71

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.

### 12. 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
Cura Technologies Limited	Associate

#### Key Management Personnel as on 31st March 2011

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

b) The details of related party transactions during the year in terms of Accounting standard (AS-18) are as follows: (₹ in Lakhs)

Nature of transactions	Associates		Subsidiaries	
	Current Year	Previous Year	Current Year	Previous Year
Purchases / Sub-contract works	6,731.63	6,178.27	-	-
Sales	15.23	494.28	-	-
Rent & Amenities	479.81	309.72	-	-
Professional Charges	9.68	-	-	-
Loans and Advances	-	-	-	8.62
Rent Deposit	-	100.00	-	-
Advance received for services	897.80	-	-	-

## Schedules to the Consolidated Accounts for the year ended March 31, 2011

### Schedule 18 NOTES FORMING PART OF THE ACCOUNTS (Contd...)

c) Amounts due from / to related parties as at the year end are: (₹ in Lakhs)

Nature of the party	Current Year		Previous Year	
	Due to	Due from	Due to	Due from
ICSA International Pte Ltd	-	8.62	-	8.62
Cura Technologies Limited	928.17	100.00	-	105.69

An amount of ₹2,732.15 Lakhs was outstanding from BRG Energy Ltd as advance against execution of work contracts and supply of transformers at market prices prevailing as on the date of these transactions.

d) Summary of Transactions with Key Management personnel: (₹ in Lakhs)

Description	March 31, 2011	March 31, 2010
Directors Remuneration	386.83	384.24
Commission to Managing Director	365.58	347.92

### 13. There were no Foreign Exchange earnings in previous and current year.

The details of Foreign Exchange Inward and Out go during the year: (₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010
<b>Foreign Exchange Inward</b>		
Exports realisation pertaining to previous years	935.57	18,001.16
Advance from Customers	-	265.23
<b>Total</b>	<b>935.57</b>	<b>18,266.39</b>
<b>Foreign Exchange Out go</b>		
<b>Value of Imports during the year (C.I.F.Basis)</b>		
- Raw Materials	1,046.79	938.48
<b>Capital goods - Furniture &amp; Fixtures</b>	-	13.43
<b>Expenditure in Foreign Currency during the year</b>		
- Interest & Bank Charges(FCCB)	243.82	253.51
- Professional Charges	4.53	14.96
- Licence & Fees	1.37	-
- Foreign Travel	3.05	3.60
- Subscriptions	-	1.34
<b>Loans and advances in Foreign currency during the year</b>		
- Loans and Advances to Subsidiary	-	8.62
<b>Total</b>	<b>1,299.56</b>	<b>1,233.94</b>

### 14. Auditor's remuneration: (₹ in Lakhs)

Particulars	March 31, 2011	March 31, 2010
i) Statutory Audit fee	30.88	30.80
ii) Tax Audit fee	2.50	2.50
iii) Certification fee	2.50	2.50
iv) Other Services	5.00	5.00

15. a) The Company has availed various working capital credit facilities under multiple banking arrangement from:

- State Bank of India, CAG Branch, Punjagutta, Hyderabad.
- Bank of India, Large Corporate Branch, Hyderabad.
- Union Bank of India, Khairatabad Branch, Hyderabad.
- Punjab National Bank, Large Corporate Branch, Annasalai, Chennai.
- IDBI Ltd, Chapel Road Branch, Hyderabad.
- Andhra Bank, Sultan Bazaar Branch, Hyderabad.

The following securities were offered for availing regular Working Capital limits:

- First Charge on both present and future current & fixed assets of the Company ranking pari passu with other banks under multiple banking arrangements.



## Schedules to the Consolidated Accounts for the year ended March 31, 2011

Schedule	18	NOTES FORMING PART OF THE ACCOUNTS (Contd..)
		<p>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 625,000 shares held by promoters of the Company.</p> <p>iii. Second charge on Wind mill project assets financed by Andhra Bank.</p> <p>b) The Company has availed term loan facilities from Andhra Bank, Sultan Bazaar Branch, Hyderabad for setting up of wind mills at Tamilnadu and Karnataka. The following securities were offered in this regard :</p> <p>i. The term loan is secured by hypothecation of wind mills at Tamilnadu and Karnataka and Mortgage of the land pertaining to these wind mill plants.</p> <p>ii. Second Charge on existing fixed assets of the Company.</p> <p>c) The Company has availed credit limits for specific projects from State Bank of India, CAG Branch, Punjagutta, Hyderabad. The following securities were offered for availing these credit limits :</p> <p>i. First charge on project specific current assets of the Company</p> <p>ii. Pledge of 100,000 shares held by promoters of the Company.</p> <p>d) The Company has availed short term loans from:</p> <ul style="list-style-type: none"> <li>- Canara Bank, Prime Corporate Branch, Secunderabad.</li> <li>- IDBI Ltd, Chapel Road Branch, Hyderabad.</li> </ul> <p>The following securities were offered for availing the short term loans:</p> <p>i. Canara Bank: Pledge of 714,300 shares held by promoters of the Company.</p> <p>ii. IDBI LTD: First Charge on the current assets of the Company on pari passu basis under multiple banking arrangement.</p> <p>e) The Company has also availed adhoc cash credit limits from:</p> <ul style="list-style-type: none"> <li>- Bank of India, Large Corporate Branch, Hyderabad.</li> <li>- Union Bank of India, Khairatabad Branch, Hyderabad.</li> <li>- Punjab National Bank, Large Corporate Branch, Annasalai, Chennai.</li> <li>- Andhra Bank, Sultan Bazaar Branch, Hyderabad.</li> </ul> <p>The following securities were offered in this regard:</p> <p>i. First charge on the current assets of the Company ranking pari passu under multiple banking arrangement.</p> <p>16. Investments comprising shares in other listed companies are valued at cost and classified as long term investments. Provision for diminution in value of Investments is made to recognise the decline.</p> <p>17. Additional information pursuant to provisions of the Para 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.</p> <p>a) The ICSA Group is engaged in the business of development and maintenance of technology solutions which includes embedded solutions and software for Energy Sector. The production and sale of such solutions cannot be expressed in any generic units and hence, it is not possible to give quantitative details.</p> <p>b) The ICSA Group is also engaged in the business of providing energy Audit solutions to bring down Transmission &amp; Distribution (T&amp;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.</p> <p>c) The ICSA Group is also engaged in the business of Rural Electrification, Construction of Sub stations, Conversion of LT line to HT lines and generation of wind power. Due to the nature of job, it is difficult to furnish quantitative details.</p>

### Signature to Schedules 1 to 18

for and on behalf of the Board

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

**K. Arun Kumar**  
Company Secretary

Date : May 20, 2011  
Place : Hyderabad

## Consolidated Cash Flow Statement for the year ended March 31, 2011

(₹ in Lakhs)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	17,892.93	17,014.33
<b>Adjustment for:</b>		
Depreciation	2,030.48	2,140.12
Dividend income	(0.01)	(0.39)
Interest income	(358.37)	(329.55)
Misc. Expenses written off	721.74	722.43
Interest and Finance Charges	9,838.04	6,242.37
<b>Operating profit before working capital change</b>	<b>30,124.80</b>	<b>25,789.32</b>
Increase in sundry debtors	(28,410.97)	(2,592.62)
Increase in other current assets	(14,666.62)	(28,212.86)
Increase in inventories	(8,853.62)	(16,058.99)
Increase in sundry creditors and liabilities	13,725.99	13,244.79
<b>Cash generated from operations</b>	<b>(8,080.41)</b>	<b>(7,830.36)</b>
Income Taxes paid	(5,132.81)	(3,934.62)
Cash flow before extraordinary items	(13,213.22)	(11,764.98)
Extraordinary items	-	-
<b>Net cash from operative activities</b>	<b>(13,213.22)</b>	<b>(11,764.98)</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(508.59)	(3,720.78)
Purchase of investments	0.10	59.28
Interest received	358.37	329.55
Dividend received	0.01	0.39
<b>Net cash used in investing activities</b>	<b>(150.11)</b>	<b>(3,331.57)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	1,972.25	117.83
Proceeds from long term borrowings	22,335.45	22,237.14
Interest paid	(9,838.04)	(6,242.37)
Dividend paid	(885.20)	(659.59)
<b>Net cash used in financial activities</b>	<b>13,584.46</b>	<b>15,453.01</b>
Net increase in cash and cash equivalents	221.13	356.47
Cash and cash equivalents at beginning of the year	6,435.76	6,079.29
Effects of Changes in Foreign Exchange Rates	-	-
Cash and cash equivalents at end of the year	6,656.89	6,435.76

### Notes:

- Cash and Cash equivalents includes :
  - ₹6,134.61 Lakhs in margin money, fixed deposits lodged with Banks against letter of guarantee issued.
  - Bank balance includes restricted amount of ₹42.99 Lakhs towards unclaimed dividend.
- 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.
- Previous year's figures have been regrouped/rearranged 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  
Membership No.: 028488  
Firm Reg. No.: 011251S

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

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

**A. Ravindranath Reddy**  
Sr. Vice President (Finance)

Date : May 20, 2011  
Place : Hyderabad

**K. Arun Kumar**  
Company Secretary





# 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

IDBI Bank

## Registered Office

**ICSA (INDIA) LIMITED**

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

Cyberabad, Hyderabad - 500081, India

E-Mail: [secretarial@icsa-india.com](mailto:secretarial@icsa-india.com)

Visit us at : [www.icsa-india.com](http://www.icsa-india.com)

## Disclaimer

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 such as '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.



**ICSA (INDIA) LIMITED**

**Registered Office**

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

Cyberabad, Hyderabad - 500081, India

[www.icsa-india.com](http://www.icsa-india.com)





## ICSA (INDIA) LIMITED

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

### NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of ICSA (India) Limited will be held on Thursday, June 30, 2011 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. Adoption of accounts:**

To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2011; Balance Sheet as on that date along with the Reports of the Directors' and Auditors' thereon.

**2. Declaration of dividend:**

To declare dividend on equity shares for the financial year 2010-11.

**3. Reappointment of Mr. Y.V.Ramana Reddy:**

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

**4. Appointment of Statutory Auditors:**

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

"RESOLVED THAT M/S. 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. Authorisation to increase the borrowing limits from ₹2,000 crores to ₹3,000 crores:**

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

"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, foreign bodies corporate, FIs, venture capital firms, either domestic or overseas or from any other persons, 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 money to be borrowed together with money 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 may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of **₹3,000 crores (Rupees Three Thousand crores)** only exclusive of interest and the Directors are hereby further authorised 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. Authorization to Grant Employee Stock Options upto 500,000 options of ₹2 each:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the ESOP Compensation Committee which has been/may be constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, which includes present and future employees, in India or overseas and any Directors including Executive and Non-Executive Directors but excluding (i) promoter directors and (ii) those directors who hold directly or indirectly more than 10per cent of the outstanding equity shares of the Company), options exercisable into equity shares being **not more than 500,000 options of ₹2 each** of the Company under a Scheme titled 'Employee Stock Option Plan 2011' (hereinafter referred to as the "ESOP Scheme 2011"), in one or more tranches, and on such terms and conditions as may be fixed or determined by the Compensation Committee, for the benefit of the employees, interalia, on the terms and conditions as detailed in the Explanatory Statement, in accordance with the provisions of the law and guidelines issued by the relevant authority."

**"RESOLVED FURTHER THAT** the Compensation Committee be and is hereby authorised to issue and allot equity shares upon exercise of such options from time to time in accordance with the ESOP scheme 2011 and such equity shares shall rank pari-passu in all respects with the then existing equity shares of the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any issue or allotment of equity shares, the Board and/or Committee of Board and/or other designated officer(s) of the Company be and are hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it/they may at its/their absolute discretion deem necessary or desirable for such purpose, including without limitation, filing necessary documents/statements with the stock exchanges, statutory authorities and other agencies and such other regulatory authority as may be necessary for listing the securities on the stock exchanges."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of stock options giving rise to shares upon exercise and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of these resolutions".

**"RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition of the shares by the aforesaid allottees under the ESOP 2011 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹2 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board/Compensation Committee set up for the purpose of the said ESOP 2011, 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, allotment of Options and utilisation of proceeds and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and any other Regulations in force for the time being."

**7. Reappointment of Mr. G. Bala Reddy as Managing Director:**

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

**"RESOLVED THAT** pursuant to provisions Section 198, 269,302, 309, 317 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, and subject to such consents and approvals as may be needed, Mr. G. Bala Reddy be and is hereby re-appointed as Managing Director of the Company not liable to retire by rotation for a period of five years with effect from October 1, 2011, on the terms and conditions set out hereunder 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. G.Bala Reddy in this behalf:

- i. Salary : ₹40,00,000 per month (Rupees Forty lakhs only)
- ii. Commission : 2per cent of the Net Profits of the Company computed as per Section 349 of the Companies Act, 1956
- iii.Perquisites : He is also entitled for the following perquisites:
  - A. Housing : ₹15,000 per month
  - B. Reimbursement of conveyance expenses including driver's salary not exceeding ₹30,000 per month
  - C. Medical reimbursement: Expenses incurred by self and his family members subject to a ceiling of one month's salary in a year or in accordance with any rules specified by the Company whichever is less
  - D. Leave Travel Concession: For self and his family members once in a year incurred in accordance with any rules specified by the Company
  - E. Club Fee: Fees of clubs subject to maximum two clubs
  - F. Personal Accident Insurance: Premium not exceeding ₹40,000 per annum or in accordance with any rules specified by the Company, whichever is less;
  - G. Company's contribution towards Provident Fund in accordance with the rules of the Company
  - H. Gratuity: Payable in accordance with an approved scheme of the Company
  - I. Free use of Company's car on Company's business and use of car for private purpose shall be billed by the Company to the Managing Director as per the rules of the Company
  - J. Residential telephone shall be provided. Personal long distance calls shall be billed by the Company to the Managing Director
  - K. Earned/Privilege Leave: Allowance as per the rules of the Company. Leave accumulated but not availed during his tenure may be allowed to be encashed as per the rules of the Company.

**"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. G. Bala Reddy, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Schedule XIII to the Act."

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

To consider and, if thought fit, to pass with or without

modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of 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 September 30, 2012, being the term of office as approved by Shareholders in the Annual General Meeting held on 30th July 2010, **on the revised terms and conditions** set out hereunder with effect from 1 July, 2011 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 ₹153,000 per month (Rupees One Lakh Fifty Three Thousand only)
- ii. Perquisites: He is also entitled to the following perquisites:
  - a. Housing: ₹30,000 per month
  - b. Reimbursement of conveyance expenses including driver's salary not exceeding ₹40,000 per month
  - c. Reimbursement of Telephone expenses not exceeding ₹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. Kodanda Ramaiah, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Schedule XIII to the Act."

**9. Authorisation to raise funds upto USD 120,000,000 (United States Dollars Twelve crores only):**

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

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and/or Section 81(4), (if applicable), and other applicable provisions, if any, of the Companies Act, 1956, ("**Act**"), as amended, and all other applicable laws and regulations including the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended, and applicable statutes, policies, schemes, rules, regulations, guidelines, notifications, press notes, or circulars, if any, issued by the

Government of India, the Securities and Exchange Board of India, ("SEBI"), the Reserve Bank of India, ("RBI"), and any other applicable laws, rules and regulations, as amended and the enabling provisions in the Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the stock exchanges where the equity shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions of relevant statutory, regulatory, governmental authorities, (including any court, tribunal or any other judicial and/or quasi-judicial authority), ("Concerned Authorities"), in this regard, as may be required and applicable and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the Concerned Authorities while granting such approvals, and permissions as may be necessary or which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee constituted by the Board or any person(s) authorised by the Board to exercise the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, in one or more tranch(es), in one or more foreign markets or domestic markets or both, to persons and entities whether such persons and/or entities are shareholders of the Company or not, including to qualified institutional buyers, (as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as may be amended from time to time, ("SEBI Regulations"), (collectively "Investors"):

- a) equity shares; and/or
- b) equity shares through depository receipts including American Depository Receipts, Global Depository Receipts; and/or
- c) non convertible debentures; and/or
- d) convertible bonds, convertible debentures, fully or partly including foreign currency convertible bonds denominated (both principal and interest) in foreign exchange issued under the relevant laws as amended from time to time, and/or;
- e) other securities convertible into equity shares at the option of the Company and/or the holder(s) of such securities;
- f) and/or securities linked to equity shares; and/or
- g) securities with or without detachable/non-detachable warrants and/or warrants with a right exercisable by the warrant-holder to subscribe for equity shares; and/or
- h) any instruments or securities representing either equity shares, secured premium notes, and/or any other financial instruments which would be converted into/ exchanged with equity shares at a later date, (collectively referred to as "Securities"),

as the Board at its sole discretion or in consultation with underwriters, merchant bankers, financial advisors or legal advisors may at any time decide, by way of one or more:

- a) public issue;
- b) private offerings;
- c) through qualified institutions placement in accordance with the provisions of Chapter VIII of the SEBI Regulations, ("Qualified Institutions Placement");
- d) Through the issuance of Convertible Bonds, Convertible Debentures, fully or partly including foreign currency convertible bonds under the relevant laws as amended from time to time;
- e) by any one or more or a combination of the above model/methods or otherwise;

and at such time or times and in one or more tranches, whether rupee denominated or denominated in foreign currency, in the domestic and/or one or more international market(s) or both, with or without an option to retain oversubscription of Securities, and including provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted, as may be deemed appropriate by the Board and permitted under applicable statutory and regulatory requirements, resulting in the issue of up to an aggregate amount of **USD 120,000,000 (United States Dollars Twelve crores only)** or the Indian Rupee equivalent thereof or its equivalent in any other currency, or in a combination of all such including premium on conversion, exercise and/or exchange of such securities, together with the aggregate value of the Securities retained for oversubscription, if any, and on such terms and conditions and timing of the issue(s)/offering(s) including the Investors to whom the Securities are to be issued, issue price, number of Securities to be issued, creation of mortgage/charge in accordance with Section 293(1)(a) of the Act, in respect of any securities as may be required either on pari-passu basis or otherwise, the stock exchanges on which such Securities will be listed, finalisation of allotment of the Securities on the basis of the subscriptions received, face value, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity share to be allotted on redemption/conversion, the ratio, period of conversion, fixing of record date or book closure dates, and any other matter in connection with, or incidental to, the issue, in consultation with the merchant bankers or other advisors or otherwise, as the Board at its sole discretion may decide together with any amendments or modifications thereto (the "Issue")."

**"RESOLVED FURTHER THAT**

- (i) the Securities to be created, issued, offered and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and the equity shares allotted in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company.
- (ii) the number and/or conversion price in relation to equity shares that may be issued and allotted on conversion of Securities that may be issued through a Qualified Institutional Placement pursuant to the SEBI Regulation as mentioned above shall be appropriately adjusted in accordance with the provisions of Chapter VIII of the SEBI Regulations.
- (iii) Subject to applicable statutory and/or regulatory requirements, the Board be and is hereby authorised on behalf of the Company to finalise the pricing, terms and conditions relating to the issue of the Securities and any other matter in connection with, or incidental to, the issue of the Securities as the Board, in its absolute discretion, deems necessary or desirable, together with any amendments or modifications thereto."

**"RESOLVED FURTHER THAT** if the Issue or any part thereof is made for a Qualified Institutional Placement, the Securities issued for such purpose shall be fully paid-up and the allotment of such Securities shall be completed within twelve months from the date of this resolution or such other minimum time as may be allowed under the SEBI Regulations from time to time, whichever is earlier, and that the pricing of the Securities shall be made subject to and in compliance with all applicable statutory and/or regulatory requirements and the Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognised stock exchange, or except as may be permitted from time to time under the SEBI Regulations at such price being not less than the price determined in accordance with the requirements relating to pricing as prescribed under the SEBI Regulations."

**"RESOLVED FURTHER THAT** in the event of issue of Securities by way of a Qualified Institutional Placement the relevant date on the basis of which price of the resultant shares shall be determined as specified under applicable law, shall be the date of the meeting in which the Board or the committee of directors duly authorised by the Board decides to open the proposed issue of Securities or such other time as may be allowed under the SEBI Regulations, from time to time, and such price shall be subject to appropriate adjustments in accordance with the applicable SEBI Regulations."

**"RESOLVED FURTHER THAT** without prejudice to the generality of the above, subject to applicable laws and subject to approval, consents, permissions, if any of any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such

governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities and such of these Securities to be issued as are not subscribed may be disposed of by the Board in such manner and/or on such terms including offering or placing them with banks/financial institutions/mutual funds or otherwise, as the Board may deem fit and proper in its absolute discretion."

**"RESOLVED FURTHER THAT** without prejudice to the generality of the foregoing, the Board be and is hereby authorised to prescribe with respect to the aforesaid issue of the Securities all or any of the terms or any combination of terms thereof in accordance with local and/or international practice including but not limited to conditions in relation to the offer, issue and allotment of the Securities, payment of interest, dividend, premium and redemption or early redemption of Securities, debt service payments and any other payments whatsoever, voting rights and all such terms as are provided in domestic and/or international offerings of this nature including terms for such issue, or variation of the price or period of conversion of any Securities into equity shares or issue of equity shares during the duration of the Securities or terms pertaining to early redemption of Securities and/or conversion into equity shares as the Board may in its sole discretion deem appropriate."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to finalise and approve the preliminary as well as the final offer documents, if required, for the proposed issue of the Securities and to authorize any director or directors of the Company or any other officer or officers of the Company to sign the above documents for and on behalf of the Company together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose aforesaid, to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorised person, be required from time to time, and to arrange for the submission of the preliminary and final placement document, and any amendments and supplements thereto, with any applicable government and regulatory authorities, institutions or bodies, as may be required."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the issue of the Securities and to give effect to these resolutions, including, without limitation, the following:

- (i) seeking, if required, the consent of the Company's lenders,



parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in or outside India, and any other consents that may be required in connection with the issue and allotment of the Securities;

(ii) giving or authorising the giving of such declarations, affidavits, certificates, consents and authorities as may be required from time to time by concerned persons; and

(iii) settling any questions, difficulties or doubts that may arise in regard to any such issue or allotment of Securities as it may in its absolute discretion deem fit."

**"RESOLVED FURTHER THAT,** for the purpose of giving effect to the above resolution and any offer, issue and allotment of Securities, the Board be and is hereby authorised to take all such actions, give such directions and to do all such acts, deeds and things as may be necessary, desirable or incidental thereto and matters connected therewith including without limitation the entering into of arrangements including arrangements for underwriting, marketing, listing, trading, appointment of lead manager(s)/merchant banker(s), underwriter(s), guarantor(s), depository(ies), custodian(s), stabilising agent(s), banker(s), advisor(s), registrar(s), paying and conversion agent(s), trustee(s), and other agents as may be required in order to facilitate or consummate the Issue, and to approve and execute all deeds, documents, instruments and writings and to pay any fees, commission, costs, charges and other outgoings in relation thereto and to settle all questions whether in India or abroad, for the Issue and to do all requisite filings with SEBI, the stock exchanges, the Government of India, the Reserve Bank of India, if required and any other concerned authority in India or outside, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Issue, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of Securities and utilisation of the issue proceeds, as it may, in its absolute discretion, deem fit and any such action, decision or direction of the Board shall be binding on all shareholders."

**"RESOLVED FURTHER THAT** any Director or Directors of the Company or any other officer or officers of the Company as may be authorised by the Board be and is or are hereby authorised to sign, execute and issue consolidated receipt/s for the Securities, listing, application, various agreements (including but limited to subscription agreement, depository agreement, trustee agreement), undertaking, deeds, declarations and all other documents and to do all such things, deeds and acts and to comply with all the formalities as may, in the opinion of such authorised person, be required in connection with or incidental to the aforesaid offering

of Securities, including post Issue formalities."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee or a person or persons, as it may deem fit in its absolute discretion, in order to give effect to this Resolution."

**"RESOLVED FURTHER THAT,** the allotment of Securities under any Qualified Institutional Placement shall only be to qualified institutional buyers within the meaning of Regulation 2(1)(zd) of the SEBI Regulations, such Securities shall be fully paid-up and the allotment of such Securities shall be completed within 12 months from the date of this resolution or such other time as may be allowed by SEBI Regulations from time to time."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to open one or more bank accounts in the name of the Company in Indian currency or foreign currency (ies) with such bank or banks in India as may be required in connection with the aforesaid issue, subject to requisite approvals from Reserve Bank of India, if any, and the director or directors of the Company or other officer or officers of the Company authorised by the Board be and is or are hereby authorised to sign and execute the application form and other documents required for opening the account, to operate the said account, and to give such instructions including closure thereof as may be required and deemed appropriate by these signatories, and that the said bank/s be and is/are hereby authorised to honor all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by the aforesaid signatories on behalf of the Company."

**"RESOLVED FURTHER THAT** the common seal of the Company, if required to be affixed in India on any agreement, undertaking, deed or other document, the same be affixed in the presence of anyone or more of the directors of the Company or anyone or more of the officers of the Company as may be authorised by the Board in accordance with the Articles of the Association of the Company."

**"RESOLVED FURTHER THAT** the Board, be and is hereby authorised to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the issue of the Securities, including, without limitation, the following:

- i. finalisation of the allotment of the Securities on the basis of the bids/applications received;
- ii. finalisation of and arrangement for the submission of the preliminary and final offer document(s), and any amendments supplements thereto, with any applicable statutory and/or regulatory authorities, institutions or bodies, as may be required;
- iii. approval of the preliminary and final offer document (including

amending, varying or modifying the same, as may be considered desirable or expedient) as finalised in consultation with the lead manager(s)/underwriter(s)/advisor(s), in accordance with all applicable statutory and/or regulatory requirements;

iv. finalisation of the basis of allotment in the event of over-subscription;

v. acceptance and appropriation of the proceeds of the issue of the Securities;

vi. authorisation of the maintenance of a register of holders of the Securities;

vii. authorisation of any Director or Directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as authorised person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the Securities;

viii. seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India, and any other consents that may be required in connection with the issue and allotment of the Securities;

ix. seeking the listing of the Securities on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;

x. giving or authorising the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time; and

xi. deciding the pricing and terms of the Securities, and all other related matters,

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/GOI/RBI or such other appropriate authority, may impose at the time of their approval and as agreed to by the Board."

#### 10. To increase the FII holding limits:

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

**"RESOLVED THAT** pursuant to the provisions of the FEMA, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, Notification No. FEMA 45/ 2000 RB dated September 20, 2000 issued by the Reserve Bank of India and all other applicable statutory and/or regulatory requirements, and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **"Board"** which term shall include a duly authorised Committee of Directors for the time being exercising the powers conferred by the Board of Directors), consent of the Company be and is hereby accorded to the Board of Directors of the Company to permit Foreign Institutional Investors (the **"FII"**) registered with the SEBI to acquire and hold on their own account and on behalf of each of their SEBI approved sub-accounts, shares of the Company upto an aggregate of applicable sectoral limit for the company, provided, however, that the equity shareholding of each FII on his own account and on behalf of each of the SEBI approved sub-account in the Company shall not exceed 10per cent (ten per cent) of the total paid-up equity share capital of the Company or such limits as are or may be prescribed, from time to time, under applicable laws, rules and regulations, (**"Individual FII Holding Limit"**) and that the Company may offer, issue and allot equity shares and/or other securities convertible, exchangeable or exercisable for equity shares of the Company to FIIs subject to the Individual FII Holding Limit and applicable statutory and/or regulatory provisions."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution including intimating the Concerned Authorities or such other regulatory body and for matters connected therewith or incidental thereto including delegating all or any of the powers conferred herein to any Committee of Directors or any Director or Officer of the Company."

By Order of the Board of Directors

**K. Arun Kumar**

Hyderabad, May 20, 2011

*Company Secretary*

#### 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 authorised 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 June 28, 2011 (Tuesday) to June 29, 2011 (Wednesday), 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 June 27, 2011;
  - 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 June 27, 2011.
9. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company and its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.
10. While members holding shares in physical form, may write to the Company for any change in their address and bank mandates, members holding shares in electronic form may write to their depository participants for immediate updation so as to enable the Company to dispatch dividend warrants to the correct address.
11. Shareholders who haven't got their shares demated are requested to do so immediately.
12. Shareholders seeking any information regarding the accounts are requested to write to the Company at least two days in advance to enable the management to keep the information ready.
13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Registered office for enabling the Company to forward the same to its Transfer Agents, for consolidation into a single folio.
14. Non-Resident Indian Members are requested to inform the Company's Registrars and Transfer Agents, immediately on:
  - a) Change in their Residential status on return to India for permanent settlement.
  - b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

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

### Item No. 5:

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot except with the consent of company obtained in general meeting borrow any monies exceeding its paid up capital and free reserves.

Shareholders have in the previous annual general meeting authorized the Board to borrow monies upto ₹2,000 crores (Rupees Two Thousand

Crores only) for meeting its business requirements.

However it is now deemed desirable as a matter of abundant caution to increase this borrowing limits from ₹2,000 crores (Rupees Two Thousand Crores) to ₹3,000 crores (Rupees Three Thousand Crores) so as to readily have a sufficient borrowing margin at any point of time, in order to meet the growing fund requirements of the company as a result of increased business operations.

Hence sanction of the shareholders is being taken to enable the directors to borrow monies to the extent of upto ₹3000 crores (Rupees Three Thousand Crores) to meet the growing fund requirements of the company in line with its expanding business / operations.

The resolution as set out in the notice is put forth for approval of the members. None of the directors is interested in the resolution.

Your board of directors recommend the resolution for your approval.

### Item No. 6:

To reward, motivate and retain its employees, who have contributed to the success of the Company, the Company proposes to sanction ESOPs to the employees. The details of ESOP Scheme - 2011 are as follows:

Appointment of Merchant Banker for implementation of the Scheme.: M/s CIL SECURITIES LTD, 214, Raghava Ratna Towers, Chirag Ali lane Hyderabad 500 001 were appointed as merchant bankers to implement the scheme by the Board in the Board meeting held on May 20, 2011.

The Compensation Committee will administer the ESOP Scheme - 2011 such as:

- Adopt rules and regulations for implementing the Plan from time to time.
- Identify the Employees eligible to participate under the Plan.
- Grant Options to the identified Eligible Employees and determine the date of Grant.
- Determine the number of Options to be granted to each Grantee.
- Decide all other matters that must be determined in connection with an Option under the Plan.

The salient features of the ESOP Scheme - 2011 as required as per the Clause 6.2 of the (SEBI Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 are as given below.

(a) Total number of options to be granted:

Options exercisable into not more than 5,00,000 (Five Lakh) Options of ₹2 each of the Company will be available for being granted to eligible employees of the Company including employees present and future working in India or abroad.

(b) Identification of classes of employees entitled to participate in the ESOP Scheme -2011:

All permanent employees present and future, Executive and Non-Executive Directors (excluding promoter Directors) of the Company as may be decided by the Compensation Committee, from time to time, would be entitled to options under the ESOP Scheme - 2011.

As per the SEBI (Employees Stock Option Scheme & Employees Stock Option Plan) Guidelines 1999 the following are not eligible to participate in the scheme:

- (i) An employee who is a promoter or belongs to the promoter group
- (ii) A Director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10 per cent of the outstanding equity shares of the Company.

(c) Requirements of vesting and period of vesting and maximum period:

The options granted shall vest so long as the employee continues to be in the employment of the Company. Vesting of the options shall take place over a maximum period of four years with a minimum vesting period of one year from the date of grant. The Options will vest in installment as follows:

- 30 per cent upon the Completion of 1st year from the date of Grant
- 35 per cent upon the Completion of 2nd year from the date of Grant
- 35 per cent upon the Completion of 3rd year from the date of Grant

(d) Exercise Price:

The 'Exercise Price' for conversion of each Option into one Equity share shall be the price, at a discount (as decided and at the discretion of Compensation Committee) of closing market price on the date of the Grant on the Stock Exchange which has recorded the Highest Trading Volume.

(e) Exercise Period and the process of Exercise:

Upon vesting, Options shall be converted into equity shares on the written request of the employee and the Options shall be valid and exercisable for a period of six months from the date of vesting or such higher period as may be determined by the Board from time to time.

(f) Appraisal Process for determining the eligibility of the employees to ESOP Scheme 2011:

All permanent employees, present or future employees, including Executive and Non-Executive Directors (excluding promoter directors) working in India or abroad, of the Company are eligible under this ESOP Scheme-2011.

(g) Maximum number of options to be issued per employee and in aggregate:

The maximum number of Options to be allotted in any financial year to each employee shall be decided by the Board of Directors based on merits on case to case basis on the recommendations of the Compensation Committee.



The Options to be allotted to all employees in aggregate shall not exceed 5,00,000 Options under ESOP 2011.

(h) Method of option valuation:

To calculate the stock based compensation, the Company shall use the Intrinsic Value method for valuation of the options granted. The difference between the employee compensation cost that shall have been recognised if it had used the fair value of the options and the impact of this difference on profits and on EPS of the Company shall be disclosed in the Directors' Report.

(i) The Company shall conform to the accounting policies specified in Clause 13.1 of SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 and its amendments, if any, or such other guidelines as may be issued by SEBI or any other authority in this respect.

(j) Subject to the approval of the Stock Exchanges, where the shares of the Company are listed, the relevant equity shares on conversion of the Options shall rank pari passu in all respects with the existing equity shares.

(k) The employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits as a shareholder in respect of option granted to him till the shares are issued on exercise of option.

(l) Consequence of failure to exercise option:

The amount payable by the employee, if any, at the time of grant of option:

- may be forfeited by the Company if the option is not exercised by the employee within the exercise period; or
- the amount may be refunded to the employee if the options are not vested due to non-fulfillment of condition relating to vesting of option as per the ESOS.

(m) Non-transferability of option:

Option granted to an employee shall not be transferable to any person. The option granted to the employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner. In the event of death of employee while in employment, all the options granted to him till such date shall vest in the legal heirs or nominees of the deceased employee. In the event of resignation or termination of the employee all options not vested as on that day shall expire.

(n) The Board shall have the powers to make fair and reasonable variations to the terms and conditions in respect of number of Options and the Exercise price, in case of rights issues, bonus issues and other corporate actions.

As the ESOP Scheme - 2011 provides for issue of Options, consent

of the members is sought pursuant to Section 81(1 A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per Clause 6 of the SEBI Guidelines.

Your Board of Directors recommend the resolution for your approval.

None of the Directors is either interested or concerned in this resolution except to the extent of their respective share holdings and for further allotments, if any.

**Item No. 7:**

Mr. G. Bala Reddy was appointed as Managing Director w.e.f. October 1, 2006 for a period of five years till September 30, 2011 in the Annual General Meeting held on September 30, 2006. Your Company has made a significant growth since Financial Year 2006-07 onwards and is optimistic on the future progress.

Mr. G. Bala Reddy, Managing Director of the Company has immensely contributed for the growth of the Company through his skills, talent and commitment. The term of office for Mr. G. Bala Reddy is expiring on September 30, 2011. Considering his contribution and responsibilities, it is proposed to reappoint Mr.G.Bala Reddy as Managing Director of the Company for a period of five years w.e.f October 1, 2011 till September 30, 2016 on the revised terms as mentioned in the notice.

No Director, except Mr. G. Bala Reddy, is deemed to be interested or concerned in his reappointment and remuneration payable to him as the Managing Director. The terms of reappointment of Mr. G. Bala Reddy, as stated in this notice, may be treated as the abstract of terms and conditions of reappointment and memorandum of interest under Section 302 of the Companies Act, 1956.

Your Board of Directors recommend his reappointment.

**Item No. 8:**

Mr. P. Kodanda Ramaiah was reappointed as Director (Technical) w.e.f. October 1, 2009 for a period of three years till September 30, 2012 in the Annual General Meeting held on 30 September, 2009 and his remuneration terms were modified in the previous AGM held on July 30, 2010. Your Company has made a considerable growth in the Financial Year 2010-11 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 aggregate salary of ₹2,00,000 per month as previously approved by the Shareholders in the Annual General Meeting held on July 30, 2010, to ₹2,25,000 Per month, w.e.f July 1, 2011 till his remaining part of the tenure of office till September 30, 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. 9**

The Company proposes to raise funds upto USD 120,000,000 (United State Dollar Twelve Crore only) for meeting the Capital expenditure as may be contemplated by the Company including but not limited to the development of its existing and new projects, acquisition of new businesses and projects, business expansion, repayment of loans, to augment the growing working capital needs of the business and for other general corporate purposes.

In order to increase its capital base for meeting the above mentioned needs / objects / plans, it is proposed to create, offer, issue and allot:

- i. equity shares; and/or
- ii. convertible bonds, convertible debentures, fully or partly, and/or;
- iii. other securities convertible into equity shares at the option of the Company and/or the holder(s) of such securities and / or;
- iv. securities linked to equity shares; and/or
- v. securities with or without detachable/non-detachable warrants and/or warrants with a right exercisable by the warrant-holder to subscribe for equity shares; and/or
- vi. any instruments or securities representing either equity shares, secured premium notes, and/or any other financial instruments which would be converted into/ exchanged with equity shares at a later date; and / or
- vii. equity shares through depository receipts including American Depository Receipts, Global Depository Receipts (collectively referred to as "Securities"),

at such price, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment shall be made at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead managers, either in foreign currency or equivalent Indian Rupees inclusive of such premium as may be determined by the Board, in any convertible foreign currency, as the Board at its absolute discretion may deem fit and appropriate.

The Company intends to issue Securities for a value of up to a maximum of USD 12,00,00,000 (United States Dollars Tweleve crores only) or Rupee equivalent thereof or its equivalent in any other currency or both.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the offer will

be determined by the Board in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and in accordance with the applicable provisions of law, and other relevant factors.

As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges under the provisions of the Listing Agreement.

Section 81(1A) of the Companies Act, 1956 and the relevant clauses of the Listing Agreement with the Stock Exchanges where the equity shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a Company by offering, issuance and allotment of further Securities, such further shares shall be offered to the existing shareholders of such Company in the manner laid down in Section 81 unless the shareholders in a General Meeting decide otherwise. Since, the Special Resolution proposed in the business of the Notice results in the issue of shares of the Company otherwise than to the shareholders of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the equity shares of the Company are listed.

The Special Resolution, if passed, will have the effect of allowing the Board to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company.

The Directors of the Company may be deemed to be concerned or interested in the proposed resolution to the extent of Securities issued/allotted to them, if any.

The Board recommends the Special Resolution set out at Item No. 8 for approval by the shareholders.

**Item No. 10**

In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Institutional Investors (FIIs)/SEBI approved sub-account of FIIs can, in aggregate, hold upto 24 per cent of paid-up equity capital. The said Regulations further provide that the limit of 24 per cent may be increased upto the sectoral cap/statutory ceiling, as applicable, by the Indian Company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body. Keeping in view the proposed raising of funds by the Company, the interest of the FIIs in the shares of your Company and the inherent advantage thereof to the shareholders at large, the Board of



Directors have, at their meeting held on May 20, 2011 decided to increase the current limit of FILs' holding from current limits to the sectoral cap/ sectoral limit as applicable to the Company from time to time, subject to the requisite approval of the shareholders. Hence, the proposed resolution.

The Resolution set out at Item No. 10 of the Notice will also enable the FILs to acquire shares of the Company through Stock Exchanges within

the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

None of the Directors of the Company are in any way concerned or interested in the Resolution.

The Board recommends the Special Resolution set out at Item No. 9 for approval by the shareholders.

**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	Shareholding in the Company	Directorships in other companies
Mr. Y. V. Ramana Reddy	June 12, 1967	December 31, 2005	He is an Engineering Graduate and has more than 15 years of rich experience in Designing, Erection and Commissioning of Electrical Transformers Et Substations of various capacities.	B.E. (Electrical)	8,000 shares of ₹2 each	BRG Energy Limited
Mr. G. Bala Reddy	June 26, 1965	December 31, 1996	He has more than 20 years experience in General Management, Administration and Finance. He has guided the direction of our Company and has taken responsibility for ensuring continuous growth of our Company. He has been instrumental in moulding the Company to present level. Under his able and dynamic leadership, we believe our Company has made enormous progress and has metamorphosed into a profitable Company.	M.A	77,92,433 shares of ₹2 each	1. Cura Technologies Limited 2. BRG Energy Limited 3. Sahasra Investments Private Limited 4. PR Cements Limited 5. Cura Global GRC Solutions Pte Ltd, Singapore 6. Cura Risk Management Software (Proprietary) Limited, South Africa 7. Cura Risk Management Software (Pty) Limited, Australia 8. Cura Software Solutions UK Limited, UK

By the order of the Board of Directors  
for **ICSA (INDIA) LIMITED**  
sd/-  
**K.ARUN KUMAR**  
Company Secretary

Place: Hyderabad  
Date: May 20, 2011  
Email: [secretarial@icsa-india.com](mailto:secretarial@icsa-india.com)



**ICSA (INDIA) LIMITED**

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

**Proxy Form**

D. P. ID *		Master Folio No.	
Client ID *			

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 Seventeenth 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 Thursday, June 30, 2011 at 12.00 Noon, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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 *		Master Folio No.	
Client ID *			

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 Seventeenth Annual General Meeting of the Company being held on Thursday, June 30, 2011 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**