

19th ANNUAL REPORT

2012 - 13



ICSA (INDIA) LIMITED

Board of Directors:

Mr. G Bala Reddy
Chairman and Managing Director

Dr. Tholada Venkata Satya Prasad
Executive Director

Mr. M Sarveswar Reddy
Director

Dr. T Srinivasa Rao
Director

Compliance Officer:

Mr. K.Amaranadha Reddy

Auditors:

RAMBABU & CO
Chartered Accountants,
6-3-1090/1/A, Pancom Chambers
Rajbhavan Road, Somajiguda, Hyd.

Bankers:

State Bank of India
Punjab National Bank
Andhra Bank
Oriental Bank of Commerce
Union Bank of India
Bank of India
IDBI Bank

Registered Office

ICSA (INDIA) LIMITED
Plot No 12, Ground Floor.
Softpro Heights, Cyberabad,
Hyderabad – 500 081
E-Mail: secretarial@icsa-india.com
Visit us at: www.icsa-india.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of ICSA (India) Limited will be held on Monday, the 23rd day of December, 2013 at 12.00 Noon, at Daspalla Hotel, Madhapur, Hyderabad – 500 081, Andhra Pradesh, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2013 and the Statement of Profit & Loss for the 15 month period ended 30th June, 2013 and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. M. Sarveswar Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/S. Rambabu & Co, Chartered Accountants (Firm Registration No. 002976S), Hyderabad be and are hereby re-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 at such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT Dr. T Srinivasa Rao, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

5. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT approval of shareholders accorded at Annual General Meeting held on 28th December 2012, in terms of the provisions of

Sections 198, 269, 309, 310, 314 & Schedule XIII as amended from time to time to the Companies Act, 1956 and other applicable provisions if any of the Companies Act 1956, based on the recommendation of the Remuneration Committee, Audit Committee and Board of Directors of the company accorded the approval for the appointment and payment of remuneration to Dr. Venkata Satya Prasad Tholada, as Executive Director of the Company for the period from 15th May 2012 to 14th May 2014 be and here by further noted and ratified **for seeking the approval of the Central Government as per the following terms and conditions:-**

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

'FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year, during his tenure as Executive Director, the minimum remuneration & perquisites set out above be paid or granted to Dr. Venkata Satya Prasad Tholada as minimum remuneration stipulated in the section II of part II of Schedule XIII to the Companies Act 1956 or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof'.

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to alter, vary such salary, commission and perquisites as may be permitted by any applicable law from time to time during the said period of office and as may be agreed to by the Board of Directors of the Company and Dr. Venkata Satya Prasad Tholada".

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

6. To consider and if thought fit, to pass with or without modification the following resolution as special resolution.

“RESOLVED THAT the Consent of the Company be and is hereby accorded for ratification of reference made to the Board for Industrial and Financial Reconstruction (BIFR) under section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 regarding erosion of more than 100% of the net worth of the Company by the Board of Directors”.

“FURTHER RESOLVED THAT Mr. G Bala Reddy, Chairman and Managing Director of the company be and is hereby authorized to do all such acts, deeds and things that may be necessary to obtain orders from Board for Industrial and Financial Reconstruction (BIFR)”.

By Order of the Board of Directors
Chairman and Managing Director

Hyderabad
12.11. 2013

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (This Meeting) is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The instrument appointing a proxy should however be deposited at the registered office of the Company not less than 48 hours before the commencement of the Annual General Meeting.**
2. Members are requested to bring their copy of the Annual Report while attending the Annual General Meeting.
3. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
4. 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.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board

Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.

6. The Register of Members and Share Transfer Books of the Company will remain closed from December 19, 2013 to December 23, 2013 (both days inclusive).
7. While members holding shares in physical form are requested to inform any change in their address/bank mandates/email address to Company and/or Company’s Registrars and Transfer Agents, Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharatnagar, Hyderabad - 500018. Members holding shares in electronic form must submit the information about change in address to their respective Depository.
8. The Company has entered into agreements with NSDL and CDSL. The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of shares certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holdings to electronic mode.
9. 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.
10. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company or its RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. The Share certificates will be returned to the Members after making requisite changes thereon.
11. Non-Resident Indian Members are requested to inform the Company’s Registrars and Transfer Agents, immediately:
 - a) Change in the 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.
12. Explanatory Statement in respect of the special business as required under Section 102(1) of the Companies Act, 2013 is annexed herewith.

**STATEMENT UNDER SECTION 102(1)
OF THE COMPANIES ACT, 2013:**

3. Financial Performance

(Rs. Lakhs)

Particulars	2012-13	2011-12	2010-11
Gross Revenue	42037.01	94136.65	141491.35
Total Expenses	124384.92	112461.94	124129.68
Operating Profit / (Loss)	(82347.91)	(18325.29)	17361.67

4. No Exports during the year 2012-13, 2011-12 & 2010-11

Item No. 4:

Mr. V Shyam Sunder Reddy has resigned from position of director of the Company w.e.f 15th April 2013 and taken note of resignation at the meeting of the board of directors held on 29.04.2013. In order to have the required number of directors, company has considered the profile of Dr. T. Srinivasa Rao, who is having 20 years of experience in the research and corporate companies in Infrastructure industry. He was appointed as additional director of the Company on 29.04.2013 by the Board of Directors of the Company According to provisions of section 161 of the Companies Act, 2013, he holds office as director only up to the date of the ensuing Annual General Meeting. As required by section 257 of the Companies Act, 1956 a notice has been received from member signifying his intention to propose appointment of Dr. T. Srinivasa Rao as director. The Board considers it desirable that the Company should continue to avail itself of his services.

Except Dr. T. Srinivas Rao no other directors, key managerial personnel, and relatives of directors of company are concerned or interested in the proposed resolution.

Item No. 5:

The Remuneration Committee, Audit Committee and Board of Directors at their respective meetings held on 15th May 2012 approved the appointment of Dr. Venkata Satya Prasad Tholada, as Executive Director of the company w.e.f. 15th May 2012 and the same was approved by the members of the company at Eighteenth Annual General meeting of the Company held on 28th December 2012.

Company made an application to the Central Government seeking the approval of appointment of Dr. Venkata Satya Prasad Tholada. But the approval has declined by the Central Government for want of further data. Having declined the approval, it is proposed to seek ratification / approval of Central Government now.

The board of directors commands the resolution for your approval.

None of the directors key managerial personnel and relatives of director key managerial personnel of the company are concerned (or) interest in the said resolution except Dr. Venkata Satya Prasad Tholada.

I. GENERAL INFORMATION

1. Nature of Industry : Infrastructure in Power Sector
2. Date of commencement of commercial operations : 1st February, 1994

II. INFORMATION ABOUT THE APPOINTEE

1. Name of the Director : Dr. Venkata Satya Prasad Tholada
2. Date of Birth : 15.07.1967
3. Date of appointment : 15.05.2012
4. Experience : 22 years experience in setting goals, operational strategies, gearing up Production to market requirements, quality assurance and general management, administration and finance.
5. Qualification : PG in Economics, Public Admn and Political Science
6. Past Remuneration : Upto Rs.2,08,335/- per month as per eligibility under Sch XIII
7. Job Profile : Managing the project implementation and administration of the company
8. Remuneration proposed : Upto Rs.2,08,335/- per month as per eligibility under Sch XIII

In the same infrastructure industry, other companies are paying higher remuneration package. Further present compensation package approved for the Executive Director of the company is much lower as compared to the remuneration paid in the companies of same size in the other industries. In view of the contribution and time devoted by him it is essential that he may be remunerated suitably.

III. OTHER INFORMATION

1. Reasons for inadequacy of profits:

The inadequacy of profit on account of infrastructure industry is facing problems of funds due to the State Electricity Boards (SEBs) are not releasing the dues in time. Also the banks have not extended the needed support to the company in time to improve the operations. Further many of the SEBs has cancelled the contracts resulted in the lower turnover leads to inadequacy of profits and incurring of the loss.



2. Steps taken or proposed to be taken for improvement:

Company approached the consortium of banks for restructure of the debts and requesting for further finance for the projects. Also, company is taking up with the SEBs for collection of the pending receivables.

3. Expected increase in productivity and profits

With the improvement in the availability of funds to the company, the projects under hand will get completed in time and company will get the new projects with the co-operations of the banks and hence the turnover of the company improves. On improvement of the turnover, the losses will comedown and company will get back to profits in two years time.

IV. DISCLOSURES

The shareholders of the company shall be informed of the remuneration package to the Managing personnel in the Annual Report of the company.

The management of the company would like to approach the Central Government to approve the appointment and payment of remuneration to Dr. Venkata Satya Prasad Tholada w.e.f. 15th May 2012.

Item no. 6: Ratification of reference made to the Board for Industrial and Financial Reconstruction (BIFR)

Company has suffered huge losses during the 15 month accounting period ended 30th June 2013 on account of low turnover, write off of bad debts, write off of the

reduction in value of Inventory due to revaluation & physical verification of inventories and writing off of the prior period expenses pertain to the materials and sub-contract expenses. These accumulated losses as on 30.06.2013 has eroded more than 100% of the net worth of the Company. In terms of section 15 of the Sick Industrial Companies (special Provisions) Act, 1985 the Company is a sick company

The Board of Directors made reference to the Board for Industrial and Financial Reconstruction (BIFR) under section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 regarding erosion of more than 100% of the Net worth of the Company as per approval of Board of Directors at their meeting held on 29th August, 2013.

The Board of Directors commends the resolution for your ratification/approval.

None of the Directors, Key Managerial Personnel, Relatives of Directors of the Company are in any way concerned or interested in the resolution except has the members of the Company.

By the order of the Board of Directors

for **ICSA (INDIA) LIMITED**

Sd/-
Chairman and Managing Director

Place: Hyderabad
Date: 12.11.2013
Email: secretarial@icsa-india.com

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circular stating that service of notice/documents etc., can be sent by e-mail to its members. To support this green initiative of the Government, members who have not registered their e-mail addresses, so far are requested to register their e-mail addresses, in respect of electronic holdings with Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with Company’s Share Transfer Agent, M/s. Venture Capital and Corporate Investments Pvt. Ltd., # 12-10-167, Bharatnagar, Hyderabad – 500018, Tel: 040-23818475 / 23818476, Fax: 040-23868024, Email id: info@vccilindia.com

DIRECTORS' REPORT

Dear Members

Your Directors have pleasure in presenting the 19th Annual Report of the Company together with the audited accounts for the 15th month accounting period ended June 30, 2013

Financial Results

(Rs. Lakhs)

Sl no	Description	2012-13 (15 months)	2011-12 (12 months)
1	Revenue (net of duties & taxes)	42037.01	94136.65
2	Profit/(Loss) before depreciation & amortization, interest and exceptional items	(26008.31)	3707.40
3	Interest	14074.10	11895.25
4	Depreciation & Amortization	3523.57	2816.83
5	Exceptional items - Bad debts written off - Prior period expenses	20781.00 17674.36	6842.58 -
6	Profit/(loss) before tax (2-3-4-5)	(82061.35)	(17847.27)
7	Provision for tax	286.56	(40.58)
8	Profit/(loss) after tax (6-7)	(82347.91)	(17806.69)

Review of operations

Performance during the 15 month accounting period ended 30.06.2013

Your company has made a Revenue of Rs.42037.01 Lakhs during the 15 months accounting period ended on 30th June 2013 as compared to the previous year 2011-12 (12 months) Rs. 94136.65 crores and incurred a net loss Rs. 82347.91 Lakhs as against net loss after tax of Rs. 17806.69 Lakhs during the previous year 2011-12. The revenue has decreased on account of non-availability of timely funds for the completion of the projects, due to bad collections from the State Electricity Boards. Also the decline in the performance is on account of slowdown of the economy with respect to the infrastructure sector. The detailed analysis of the performance, give at the management's discussion and analysis section of the Annual Report.

Prospects for the financial year 2013-14

Company has projected an annual turnover of Rs.618 crores to the banks while requesting for the revised CDR package, the achievability of the same is depends on the energy sector performance in the country and timely support of the banks.

Corporate Debt Restructuring (CDR) Package

CDR package was approved by the CDREG at their meeting held on 16th March 2012 and the approval letter was issued by the CDR Cell on 31.03.2012.

Banks have delayed the release of amount under Holding on Operations (HOO) immediately after approval of CDR package and issue of letters by the banks. Due to not providing required funds to the projects, the customers have cancelled 14 projects and the Bank Guarantees were invoked. Many of the projects have been stopped for want of materials, due to non-availability of funds and Letter of Credit's.

Income Tax department has issued the attachment of bank accounts and customer accounts at three occasions resulted in stopping of operations till withdrawal of the attachments, which took time for company to get it done.

On account of all the above factors, the performance during the 15 month accounting period ended 30th June 2013 was lower as compared to the previous year.

Due to the lower turnover and cancellation of the projects, company could not get the collections in time, which has lead to the shortage of cashflow and hence company could not meet the commitments on the payment of interest.

In order to improve the operations of the company, the required support from banks is required and for the same the company has submitted the proposal for revised CDR Package in the last week of April 2013, which is yet to be taken up by the banks.

New innovations and product improvements:

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

Energy meter and derivatives:

1. Smart Trivector Meter LT/HT with built in load connection/disconnection
2. Smart Trivector Meter with Power Line Carrier communication
3. Smart Trivector Meter with DLMS communication
4. Smart Trivector Meter with tamper-detection features like (CTR, PTM, LPF, Magnet, CT short, CT open/by pass, Neutral Disturbance, Cover Open)
5. Smart Energy Meter with all tamper feature like Reverse, Earth, Magnet, Neutral Missing, Cover Open, HSD (upto 35KV),

6. Smart Energy Meter with prepaid facility (Card Read, PLCC, Keyboard)
7. Pole top panel mountable Energy Meters (Phase 1)
8. Smart Trivector Meter LT with configurable Display Parameter, CT ratio, TOD, MD IP, Load Survey.
9. Smart Trivector Meter HT with configurable Display Parameter, CT/PT ratio, TOD, MD IP, Load Survey.
10. Equipment for billing:
 - ◆ Spot -billing machine
 - ◆ Common meter-reading instrument
 - ◆ Ticket-issuing ,machine

AMR:

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

SCADA:

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

Smart Energy Meter manufacturing facility:

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

Changes in capital structure

There is no change in the capital structure of the company during the accounting period. Company has obtained the shareholders approval at the Annual General Meeting held on 28th December 2012 for issue of 1,53,84,615 Equity Shares of Rs.2 each with a premium of Rs.14.25 per share to the promoters of the company by converting the unsecured loan of Rs.25 crores brought in by the promoter. However the shares could not be issued to the promoters on account of delay in completion of certain formalities.

FCCBs

Out of USD 46 million FCCBs issued by the Company, USD 25 million FCCBs were converted into equity upon exercise of conversion rights by bond holders in the earlier

years and an amount of USD 21 million FCCBs were outstanding and due for redemption as at the previous accounting year. During the period, the company had various discussions with the FCCB holders and got the approval from Reserve Bank of India for rollover of the FCCB and the same may be wrapped up during the year 2013-14.

Subsidiary

The financials of Singapore based subsidiary - "ICSA International PTE LTD" are not included in this Annual Report, on account of not having any transactions in this subsidiary company during the accounting period. Further, the director's of the company is of opinion to close the company at appropriate time.

The Company has floated a new India based subsidiary during the year 2011-12, named ICSA Infra Limited. Since it is into inception stage, there was no transaction in the company during the accounting period.

Dividend

In view of the losses, your Directors decided not to recommend any dividend for the financial year under review.

Fixed deposits

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

Insurance

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

Directors' responsibility statement

As required under Section 217 (2AA) of the Companies Act, 1956, Directors of your company hereby state and confirm:

1. That in the preparation of the annual accounts for the 15 months accounting period ended June 30, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures
2. That We have 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 15 months accounting period ended June 30, 2013 and of the Loss of the Company for the year under review
3. That We have taken proper and sufficient care for maintain of 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 We have prepared the accounts for the 15 months accounting period ended June 30th, 2013 on a going concern basis

Directors and Company Secretary

Mr. Mandra Sarveswar Reddy will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. V Shyam Sunder Reddy has resigned as director of the Company with effect from 15th April 2013 due to personal reasons and other pre-occupations. The Directors place on record their appreciation for the contribution made by Mr. V. Shyam Sunder Reddy during his tenure on the Board.

Dr. T. Srinivasa Rao has been appointed as Additional Director with effect from 29th April, 2013. It is proposed to appoint him as Director of the Company, liable to retire by rotation, at the ensuing Annual General Meeting.

Company made an application to the Central Government for seeking the approval of appointment of Dr. Venkata Satya Prasad Tholada as Executive Director. But the approval has declined by the Central Government for want of further data. Having declined the approval, it is proposed to seek ratification / approval of Central Government in ensuing Annual General Meeting.

Ms. Shabnam Siddiqui has tendered her resignation from position of Company Secretary & Compliance Officer through letter dated 01.12.2012 and Board has accepted same with effect from 31st December, 2012.

Auditors

The Auditors M/s. Rambabu & Co, Chartered Accountants, Hyderabad the retiring at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Response to Auditors Observations

With reference to the observations made by the Statutory Auditors in the Audit Report, the management response there to as follows:-

'Non-provision of interest on corporate dividend tax for an amount of Rs.34.26 lacs on provision for corporate dividend tax which was provided for the financial year 2010-11:- Company is planning to seek exemption from the Income Tax department, since already company is having huge burden on payment of taxes.'

Reference to Board for Industrial and Financial Reconstruction (BIFR)

The accumulated losses of the company as at the accounting period ended 30th June 2013 is more than 100% peak networth in previous three accounting years and the company has become the sick company u/s.3(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. The board of directors at their meeting held on 29th August 2013 approved to make a reference to the Board for Industrial and Financial Reconstruction (BIFR) u/s.15 Sick Industrial Companies (Special Provisions) Act, 1985. Company has made a reference to the BIFR on 10th September 2013 and reference has been registered on 15th October 2013 as case no.70/2013.

Consolidated Accounts with the accounts of Subsidiary i.e. ICSA International Pte Ltd

The directors noted that the ICSA International Pte Ltd the subsidiary of the company, have not been doing any business for the past five years and the decision taken for closure of the subsidiary company. Accordingly the consolidated accounts for the accounting period ended 30th June 2013 have not been prepared.

Employees

During the year under review, none of the employees were in receipt of remuneration in excess of the limits prescribed under the Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Listing of Securities

The Company's equity shares are listed with the Bombay Stock Exchange Ltd. and the National Stock Exchange. The annual listing fee for the years 2012-13 and 2013-14 have been paid to these exchanges.

Corporate Governance and Shareholders' Information

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. Certificate from Practicing Company Secretary confirming the compliance with conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is attached 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.



Management Discussion & Analysis:

Pursuant to the provisions of Clause 49 of the Listing Agreement with the stock exchange, a report on Management Discussion & Analysis is attached to this report.

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 optimize power consumption
- Identifying and replacing low-efficient machinery (AC) in a phased manner
- Identifying and replacing outdated and low-efficient UPS systems in a phased manner

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

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

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

Research and Development

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

Technology absorption, adoption and innovation

Efforts made in technology absorption: Enclosed - Form 'B

Acknowledgements

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

By the order of the Board of Directors

for ICSA (INDIA) Limited

Sd/-

G. Bala Reddy

Chairman-cum-Managing Director

Place: Hyderabad

Date:12.11.2013

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

Technology absorption, adaptation and innovation

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

Adaptation and innovation

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

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

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

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

4. Foreign exchange earnings and outgo :

1)	<p>Activities relating to exports, initiatives taken to increase exports, developments of new export markets for products and services and export plans</p>	:	<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 : NIL

Annexure – C to the Directors Report

Details of ESOPs:

Sl no	Description	ESOP Scheme – 2006	ESOP Scheme - 2007	ESOP Scheme - 2008	ESOP Scheme - 2009
1	Options granted	2,50,000 options of Rs. 2 each	5,00,000 options of Rs. 2 each	5,00,000 options of Rs. 2 each	5,00,000 options of Rs. 2 each
2	Pricing formula	The 'Exercise price' for conversion of each stock option into one equity share shall be the price, at a discount of 60% to 70% (at the discretion of compensation committee) of closing market price on the date of the grant, on the stock exchange which recorded the highest trading volume			
3	Options vested	2,50,000	5,00,000	5,00,000	1,50,000
	Options Exercised	2,50,000	5,00,000	3,25,000	1,50,000
4	Total number of shares arising as a result of exercise of options	2,50,000	5,00,000	3,25,000	1,50,000
5	Options lapsed	NIL	NIL	NIL	NIL
6	Variation of terms of options	NIL	NIL	NIL	NIL
7	Money realised by exercise of options	Rs. 1,75,00,000/-	Rs. 1,25,00,000/-	Rs. 84,50,000/-	Rs. 37,50,000/-
8	Total number of options in force as on 30.06.2013	0	0	1,75,000	3,50,000
9	Employee-wise details of options granted to I. Senior managerial personnel II. Any other employee who received a grant in any year of options amounting to 5 per cent or more of options granted during the year II. Identified employees who were granted options, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Enclosure – 1 Nil Nil	Enclosure – 1 NIL NIL	Enclosure – 1 NIL NIL	Enclosure – 1 NIL NIL

Enclosure – 1

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

(Number of options of Rs. 2 each)

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

Annexure 'A' to the Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

In nutshell, the business environment of your company was not very good during the year 2012-13. Company has seen steep fall in the business due to competition and inordinate delay in payment by the State Electricity Boards played major role in negative growth in business. The downfall of the business of the company

A. INDUSTRY OVERVIEW

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

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

Power Generation

Demand - Supply position

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

The Indian power sector has an installed capacity of 220.27 Gigawatt (GW) as of March 2013, which is 5th largest in the world. Captive power plants generate an additional 31.5 GW. Of these generation capacities, thermal power plants constitute 66% of the installed capacity, hydroelectric about 19% and rest being a combination of wind, small hydro, biomass, waste-to-electricity and nuclear. During the financial year 2011-12, India generated 877 BU (877 000 MU) i.e. 877 TWh of electricity an increase of 8.11% over 2010-11 but the estimate of demand was 937,199 MU while the energy availability is 857,886 MU while peak demand is 130,006 MW of which 116,191 MW met, which resulted in a peak deficit of 9.4%. (MoP)

In terms of fuel, coal-fired plants account for 56% of India's installed electricity capacity, compared to South Africa's 92%; China's 77%; and Australia's 76%. After coal, renewal hydropower accounts for 19%, renewable energy for 12% and natural gas for about 9%. (CEA)

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

Challenges in Generation

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

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

Power Transmission Scenario

Demand Supply position

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

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

In India, the T&D system is a three-tier structure comprising distribution networks, state grids and regional grids. The distribution networks and state grids are primarily owned and operated by the respective SEBs or state governments (through state electricity departments). Most inter-state transmission links are owned and operated by PGCIL, with some jointly owned by the SEBs concerned. In addition, PGCIL owns and operates a number of inter-regional transmission lines (part of the national grid) to facilitate the transfer of power from a surplus region to one with deficit.

The transmission system in India operates at several voltage levels:

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

The transmission line expanded from 52,034 ckm during the sixth plan to 266,323 ckm during the eleventh plan up to Dec 2012, while the transmission substation size increased from 46,621 MVA to 303,637 MVA from the Sixth 5-year Plan to as on the current 5-year plan. The formation of national grid to facilitate an effective evacuation would have a total inter-regional transmission capacity of 37,150 MW.

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

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

Challenges in Transmission

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

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

Work on India's first 800kV HVDC transmission line between Biswanath Chariyali-Agra has already begun and it is understood that testing of 1,200kV transformer has also been undertaken. Besides such technology upgradation in the sector developments pertaining to the

system operation automation, monitoring and control etc. have also begun. The challenge in future is how fast is India able to acquire the technologies and source the necessary skills for operating and maintaining it

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

Power Distribution Sector

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

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

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

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

distribution sector. Inadequate investments in the sector over the years for system improvement have resulted in unplanned extension of the distribution lines, overloading the distribution system elements.

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

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

The ministry of power launched the Rajiv Gandhi Grameen Vidhyutikaran Yojana (RGGVY) program in Apr 2005, which aims at providing electricity to all villages and habitations in four years and to also provide access to electricity to all rural households. Rural electrification achieved during the 6th and the 7th plan periods was over 100,000. However, rural electrification achieved during 8th and 9th plan periods was not significant as a result RGGVY was launched in 2005 to remedy that. As of FY11 593,163 villages were electrified while 106,385 villages were left unelectrified.

Challenges in Distribution Sector

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

The utility companies are facing a severe financial crunch that adds further pressure to implementing projects on time. The tariff's and the freebee's that adjoin the distribution gamut add their toll to the problems already being faced by the sector. Base line data was a challenge that hampered further development and introduction of R-APDRP is aimed at collecting reliable data for further planning.

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

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

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

B. PERFORMANCE

Company has achieved a turnover of Rs.420.05 crores during the 15 month accounting period as compared to the turnover of previous year Rs.914.76 crores and company has incurred a net loss of Rs.823.48 crores as against the net loss of Rs.178.07 crores. The reduction in turnover on account of non-availability of funds leads to cancellation of order by some of the SEBs and not getting new orders due to non-performance in the Infra Division. The increase in loss due to lower turnover resulted in reduction in the EBIDTA and making provision for doubtful debts, write off previous years expenses and write off of inventories lost over the period.

The trend of the decrease in turnover has continued in the accounting period due to bad cashflows of the company and the turnover of the company during the year 2013-14 will come down further as compared to the year 2012-13. Company is making efforts to improve the performance after getting the proposed revised CDR Package, the effect of which will start from the last quarter ending December 2013.

CORPORATE GOVERNANCE

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

1. Company's philosophy on code of governance

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

2. Board of Directors

Composition

As on June 30, 2013, The Company has an Executive Chairman. The Board comprises of Four Directors, Two of whom are Executive and remaining two are non-executive independent directors, which is in conformity with clause 49 of the listing agreement.

Name of the Director	Category of Director	Designation
Mr. G. Bala Reddy	Promoter, Executive	Chairman & Managing Director
Dr. Venkata Satya Prasad Tholada	Executive	Whole Time Director
Mr. Mandra Sarveswar Reddy	Independent and Non-Executive	Director
Mr. V. Shyam Sunder Reddy*	Independent and Non-Executive	Director
Dr. T Srinivasa Rao*	Independent and Non-Executive	Director

*Mr. V Shyam Sunder Reddy has resigned from position of Director of Board with effect from 15th April 2013 and Dr. T Srinivasa Rao, was appointed as Director of the Company with effect from 29th April 2013.

Mr. Mandra Sarveswar Reddy retires by rotation and being eligible, offers himself for reappointment.

Meetings and attendance

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

Name of Director	Number of meetings held	Number of meetings attended	Attend-ance at last AGM	Number of other companies		
				Director-ships	Committee memberships #	Committee Chairmanships #
Mr. G. Bala Reddy	8	8	Yes	5	1	Nil
Dr. Venkata Satya Prasad Tholada	8	8	Yes	2	Nil	Nil
Mr. Mandra Sarveswar Reddy	8	7	Yes	Nil	Nil	Nil
Mr. V. Shyam Sunder Reddy	8	6	No	2	Nil	Nil
Dr. T Srinivasa Rao	8	1	NA	Nil	Nil	Nil

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

The above details of directors ships in other companies, excludes Directorships in associations, Private, Foreign and Section 25 companies.

Composition of Committees of Board in which a director is a member or Chairperson as on June 30, 2013:

Name of Director	Committees			
	Audit	Remuneration	Shareholders	Compensation
Dr. T Srinivasa Rao	Chairman	Member	Member	Member
Dr. Venkata Satya Prasad Tholada	Member	Member	Member	Member
Mr. Mandra Sarveswar Reddy	Member	Chairman	Chairman	Chairman

Number of Board of Directors meetings and dates on which held

S.No.	Date	S.No.	Date
1	May 15, 2012	5	November 28, 2012
2	June 28, 2012	6	February 12, 2013
3	August 14, 2012	7	April 29, 2013
4	November 14, 2012	8	May 15, 2013

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 30.06.2013:

Sl No.	Name of the Director	Number of shares held	% to total equity
1	Mr. G. Bala Reddy	24,74,779	5.14%
2	Dr. Venkata Satya Prasad Tholada	7,500	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 un-audited/audited quarterly, half-yearly and yearly financial results with the management before submitting them to the Board for its consideration and approval. The Chairman of the Audit Committee is present at the Annual General Meeting.

ii. Composition and qualifications

The Audit Committee comprises of the following three independent Directors till 29th April 2013:

Mr. V Shyam Sunder Reddy	Chairman
Dr. Venkata Satya Prasad Tholada	Member
Mr. M Sarveswara Reddy	Member

Mr. V Shyam Sunder Reddy resigned on April 15, 2013 and in his place Dr. T Srinivas Rao was inducted on the Board in the meeting of the Board of Directors held on April 29, 2013. The composition of present Audit Committee is as follows:

Dr. T Srinivasa Rao	Chairman
Dr. Venkata Satya Prasad Tholada	Member
Mr. M Sarveswara Reddy	Member

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

iii. Meetings and Attendance during the year

The Audit Committee met Six times during the financial year 2012-13 (15 month period) as mentioned below:

Serial number	Date	Committee strength	Number of members present
1	May 15, 2012	3	3
2	August 14, 2012	3	3
3	November 14, 2012	3	3
4	November 28, 2012	3	3
5	February 12, 2013	3	3
6	May 15, 2013	3	2

Attendance at Audit Committee meetings during the financial year:

Name of Director	Number of meetings attended
Mr. V. Shyam Sunder Reddy	5
Dr. Venkata Satya Prasad Tholada	6
Mr. M Sarveswara Reddy	5
Dr. T Srinivasa Rao	1

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 till 29th April 2013:

Mr. M Sarveswara Reddy	Chairman
Dr. Venkata Satya Prasad Tholada	Member
Mr. V Shyam Sunder Reddy	Member

Mr. V Shyam Sunder Reddy resigned on April 15, 2013 and in his place Dr. T Srinivas Rao was inducted on the Board in the meeting of the Board of Directors held on April 29, 2013. The composition of present Audit Committee is as follows:

Mr. M Sarveswara Reddy	Chairman
Dr. Venkata Satya Prasad Tholada	Member
Dr. T Srinivasa Rao	Member

iii. Meetings and attendance during the year

During the year the committee met on May 15, 2012 where all the members were present.

iv. Brief description of terms of reference of Compensation Committee

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

v. Composition

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

Mr. M Sarveswara Reddy	Chairman
Dr. Venkata Satya Prasad Tholada	Member
Mr. V Shyam Sunder Reddy	Member

Mr. V Shyam Sunder Reddy resigned on April 15, 2013 and in his place Dr. T Srinivas Rao was inducted on the Board in the meeting of the Board of Directors held on April 29, 2013. The composition of present Audit Committee is as follows:

Mr. M Sarveswara Reddy	Chairman
Dr. Venkata Satya Prasad Tholada	Member
Dr. T Srinivasa Rao	Member

vi. Meetings and attendance during the year

There were no meeting held by the Compensation Committee during the accounting period.

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

Executive Directors
Executive Directors are paid remuneration within the limits envisaged under Schedule XIII of the Companies Act, 1956. The remuneration payable is recommended by the Remuneration Committee to the Board and is approved by the Board. The remuneration payable to Chairman and Managing Directors is within the limits prescribed. An application was made to the Government of India for approval of remuneration to the Executive Director, which was declined and company is proposing to approach the Government of India, with the approval of the shareholders of the Company.

Non-Executive Director

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

viii. Details of remuneration to all Directors

The details of remuneration paid/payable for the financial year 2012-13 to the Directors of the Company are as follows:

Name of the Director	Relationship with other Directors (Yes/No)	Remuneration	Commission	Sitting fees
Mr. G. Bala Reddy	No	Rs.47,01,000	NIL	NIL
Dr. Venkata Satya Prasad Tholada	No	NIL*	NIL	NIL
Mr. M Sarveswara Reddy	No	NIL	NIL	NIL
Dr. T Srinivasa Rao	No	NIL	NIL	NIL
Mr. V. Shyam Sunder Reddy	No	NIL	NIL	NIL

*The amount paid to Dr. Venkata Satya Prasad Tholada has been considered under advance, since the approval from the Government of India is declined.

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

C. Shareholders’ & Investors’ Grievance Committee

Brief description of the terms of reference

The Shareholders & Investors Grievance Committee administers mainly the following:

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

The composition of Directors managing the Committee and other details are described as hereunder till 29th April 2013:

Mr. M Sarveswara Reddy	Chairman
Dr. Venkata Satya Prasad Tholada	Member
Mr. V Shyam Sunder Reddy	Member

Mr. V Shyam Sunder Reddy resigned on April 15, 2013 and in his place Dr. T Srinivas Rao was inducted on the Board in the meeting of the Board of Directors held on April 29, 2013. The composition of present shareholders & investor’s grievance Committee is as follows :

Mr. M Sarveswara Reddy	Chairman
Dr. Venkata Satya Prasad Tholada	Member
Dr. T Srinivasa Rao	Member

No meeting of the Shareholders’ / Investors’ Grievances Committee held during the period.

Name and designation of compliance officer as on June 30, 2013: Mr.K Amaranadha Reddy – Asst. Manager (Secretarial)

Details of Investor Grievances for the period 01.04.2012 to 30.06.2013

Sl. No.	Description	Received	Resolved	Pending
1	Non-receipt of dividend	Nil	Nil	Nil
2	Non-receipt of shares certificates sent for transfer etc.	Nil	Nil	Nil
3	Non-receipt of annual reports, right forms, bonus shares / interest on delayed receipt of refund order.	Nil	Nil	Nil

4. Management discussion and analysis report

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

5. CEO/CMDs’ declaration

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

6. CEO/ CMD certification

As required under Clause 49 of the Listing Agreement with the stock exchanges, the Managing Director and Executive Director certified to the Board the financial statements for 15 months accounting period ended June 30, 2013 and is set out as an Annexure to this report.

7. GENERAL BODY MEETINGS

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

- i) Location and time where last three Annual General Meetings (AGMs) were held are given below:

Financial year	Date and Time of AGM	Location of the meeting
2009-10	July 30, 2010 At 12.00 Noon	Kohinoor, Taj Deccan, Banjara Hills, Hyderabad – 500 034.
2010-11	June 30, 2011 At 12.00 noon	Kohinoor, Taj Deccan, Banjara Hills, Hyderabad – 500 034
2011-12	December 28, 2012 At 12.00 noon	Hotel Daspalla, Madhapur, Hyderabad – 500 081

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

Date of the AGM	Number of special resolutions passed	Resolutions requiring postal ballot	Postal ballot procedure
July 30, 2010 12.00 noon	4	NIL	N.A
June 30, 2011 At 12.00 noon	6	NIL	N.A
December 28, 2012 At 12.00 noon	2	NIL	N.A

8. Disclosures

- i. Related party transactions

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

- ii. Compliances by the Company

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

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

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

9. ICSA Insider Trading Policy:

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

10. ICSA Code of Conduct:

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

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

11. Means of communication

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

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

12. General shareholder information

The requirement of general shareholders information is described as hereunder:

i. Annual General Meeting

Day, Date and Time	23 rd December 2013 at 12.00 noon
Venue	At the Daspalla Hotel, Madhapur, Hyderabad – 500 081.

ii. Profile of Directors seeking re-appointment/appointment

Name of the Director	Date of Birth	Date of appointment/reappointment	Experience in specific areas	Qualifications	Shareholding in the Company	Directorships in other companies
Mr. M Sarveswar Reddy	01/07/1967	May 15, 2012	He has 23 years experience in business development specially in power sector i.e. power generation, solar & wind mills, transmission and distribution of power and Embedded Systems	B.Sc	Nil	Nil
Dr. TVS Prasad	15/07/1967	May 15, 2012	He has 22 years experience in settling goals, operational strategies, gearing up production to the market requirements, quality assurance and general management, administration and finance. profitable Company.	Post Graduate in Economics, Public Admn & Political Science	7,500 shares of Rs.2 each	PR Cements Limited
Dr.T Srinivasa Rao	01/06/1968	April 29, 2013	He is having 20 years of experience in the research and corporate companies in Infrastructure industry	MA, M.Phil, Phd.	Nil	Nil

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

iii. Financial calendar

The Company has extended the accounting year for 2012-13 by 3 months and closed the accounts for 15 month ended 30th June 2013 and company will follow July-June as its financial year. The results for every quarter beginning from July are declared within the time period of 45 days from the closure date of the relevant quarter.

iv. Date of book closure: From 19.12.2013 (Thursday) to 23.12.2013 (Monday), (inclusive of both days)

v. Listing on stock exchanges and stock code

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

vi. Listing fee: The Company paid the listing fee for the year 2013-2014 to BSE and NSE.

vii. Annual Custodial Charges to Depositories: The Company paid annual custodial charges for the year 2013-14 to National Securities Depository Limited and Central Depository Services (India) Limited.

viii. High/Low during each month of the financial accounting period of 15 months:

Month	BSE price		Number of shares traded
	High (Rs.)	Low (Rs.)	
Apr-12	22.50	18.00	18,17,573
May-12	19.15	14.30	21,43,426
Jun-12	16.75	14.20	14,78,273
Jul-12	20.30	13.90	44,96,184
Aug-12	16.65	12.52	22,85,047
Sep-12	17.70	12.80	29,64,958
Oct-12	21.25	15.40	68,99,536
Nov-12	17.60	14.90	15,27,459
Dec-12	17.65	14.85	30,68,150
Jan-13	15.75	10.30	15,75,109
Feb-13	11.20	7.15	16,58,231
Mar-13	8.95	6.00	9,50,608
Apr-13	9.00	6.65	5,45,934
May-13	7.85	5.10	3,85,026
Jun-13	5.70	3.90	5,72,332

ix. Transfer system

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

x. Distribution of shareholding as on June 30, 2013:

Range of Shares	Shareholders		Shares	
	Number	% to total	Number	% to total
(1)	(2)	(3)	(4)	(5)
1-500	36094	80.19	4892144	10.16
501-1000	4150	9.22	3456538	7.18
1001-2000	2246	4.99	3455211	7.18
2001-3000	852	1.89	2189394	4.55
3001-4000	414	0.92	1492805	3.10
4001-5000	315	0.70	1493614	3.10
5001-10000	527	1.17	3815818	7.93
10001- and above	414	0.92	27342976	56.80
Total	45012	100.00	48138500	100.00

xi Shareholding pattern as on 30.06.2013:

Category Code	Category of Shareholder	Number of Share Holders	Total Number of Shares	Number of Shares held in Dematerialized Form	Total Shareholding as a percentage of total Number of Shares	
					As a Percentage of (A+B)	As a Percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
A	Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	3	3755919	3755919	7.80	7.80
(b)	Central Government /State Government (s)	0	0	0	-	-
(c)	Bodies Corporate	1	646000	646000	1.34	1.34
(d)	Financial Institutions / Banks	0	0	0	-	-
(e)	Any other(PAC)	0	0	0	-	-
(f)	Others	0	0	0	0.00%	0
	Sub-Total (A)(1)	4	4401919	4401919	9.14	9.14
(2)	Foreign					
(a)	Individuals (Non Resident Individuals/ Foreign Individuals)	0	0	0	-	-
(b)	Bodies Corporate	0	0	0	-	-
(c)	Institutions	0	0	0	-	-
(d)	Qualified Foreign Investor	0	0	0	-	-
(e)	Any Other	0	0	0	-	-
	Sub-Total (A)(2)	0	0	0	-	-
	Total Shareholding of Promoter and Promoter Group A=(A)(1) + (A)(2)	4	4401919	4401919	9.14	9.14
B	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds/UTI	0	0	0	-	-
(b)	Financial Institutions/Banks	0	0	0	-	-
(c)	Central Government/State Government(s)	0	0	0	-	-
(d)	Venture Capital Funds	0	0	0	-	-
(e)	Insurance Companies	4	2107364	2107364	4.38	4.38
(f)	Foreign Institutional Investors	5	1977594	1977594	4.11	4.11
(g)	Foreign Venture Capital Investors	0	0	0	-	-
(h)	Qualified Foreign Investor	0	0	0	-	-
(i)	Any Other	0	0	0	-	-
	Sub-Total (B)(1)	9	4084958	4084958	8.49	8.49
(2)	Non-institutions					
(a)	Bodies Corporate	709	8985589	8969539	18.67	18.67
(b)	Individuals					
i	Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	43478	23615583	22961301	49.06	49.06
ii	Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	28	3220520	3220520	6.69	6.69
(c)	Qualified Foreign Investor-Corporate	0	0	0	-	-
(d)	CLEARING MEMBER	170	1176998	1176998	2.45	2.45
(e)	TRUST	4	2800	2800	0.01	0.01
(f)	Non Resident Individuals	609	1175852	1175852	2.44	2.44
(g)	Foreign Bodies Corp	1	1474281	1474281	3.06	3.06
(h)	Foreign Nation	0	0	0	-	-
	Sub-Total (B)(2)	44999	39651623	38981291	82.37	82.37
	Total Public Shareholding					
	B=(B)(1)+(B)(2)	45008	43736581	43066249	90.86	90.86
	Total (A)+(B)	45012	48138500	47468168	100.00	100.00

xii Dematerialisation of shares and liquidity

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. As on 30th June 2013, 98.60% of the Company's equity share capital stood dematerialised.

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

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

The Company did not issue any GDRs/ADRs.

xiv. Contact 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, Fax: 040-23868024

For any queries regarding shares/dividend/compliance:

Mr. K Amarnadha Reddy
Compliance Officer
ICSA (India) Limited
Ground Floor, Software Units Layout,
Cyberabad, Hyderabad – 500081, Andhra Pradesh
Email id: secretarial@icsa-india.com
Tel: 040-23115619, 23114923, 23114928, Fax: 040-23114921

For any queries relating to financial statements and investor correspondence:

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

By the order of the Board of Directors

for **ICSA (INDIA) LIMITED**

Sd/-

G. BALA REDDY
CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad
Date: 12.11.2013

Annexure to Corporate Governance report

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

I, G. Bala Reddy, Chairman & Managing Director of the Company, hereby declares that the Board of Directors has laid down a Code of Conduct for its Board members and senior management personnel of the Company and the Board members and senior management personnel have affirmed compliance with the said Code of Conduct during the 15 months Financial Accounting Period For 2012-13.

By the order of the Board of Directors

for **ICSA (INDIA) LIMITED**

Sd/-

G. BALA REDDY
CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad

Date: 12.11.2013

Certification by CMD and Executive Director of the Company

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

We, G. Bala Reddy, Chairman & Managing Director (CMD) and Venkata Satya Prasad Tholada, Executive Director of the Company do hereby jointly and severally certify that:

- a) We have reviewed the Balance Sheet and Profit and Loss account (standalone only), and all the schedules and notes on accounts, as well as the cash flow statements, and the Directors' report for the 15 month accounting period ended June 30, 2013, 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, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - ii) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting.
 - iii) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
 - iv) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
- d) We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing the equivalent functions):

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

By the order of the Board of Directors

for **I C S A (INDIA) LIMITED**

Sd/-

VENAKATA SATYA PRASAD THOLADA
EXECUTIVE DIRECTOR

Sd/-

G. BALA REDDY
CHAIRMAN & MANAGING DIRECTOR

Place: Hyderabad
Date: 12.11.2013

CERTIFICATE

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

We have examined the compliance of the conditions of Corporate Governance by I.C.S.A. (India) Limited (the Company) for the fifteen months period ended on June 30,2013, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreements(s).

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

For Puttaparthi Jagannatham & Co.
Company Secretary

Sd/-
P. Prakash Reddy
CP No: 11777
Partner

Place : Hyderabad.
Date : 29.08.2013

Independent Auditor's Report

To the Members of ICSA (INDIA) LIMITED.

Report on Financial Statements

We have audited the accompanying financial statements of M/s. ICSA (INDIA) LIMITED ("the Company"), which comprise the Balance Sheet as at June 30th 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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.

- i. *Attention is invited to Note No.10 to Notes on Accounts regarding non-provision of interest on corporate dividend tax for an amount of Rs.34.26*

lacs on provision for corporate dividend tax which was provided for the financial year 2010-11.

Opinion

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at June 30th 2013;
 - b) In the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, we report that:
 - a) 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;
 - b) 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.
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, *except Accounting Standard – 15 relating to "Employee Benefits" issued by the Institute of Chartered Accountants of India.*
 - e) On the basis of written representations received from the directors as on June 30th 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30th 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For RAMBABU & Co.
Chartered Accountants
Firm Reg No: 002976S

Ravi Rambabu
Partner
M No. : 018541

Place: Hyderabad
Date: 29-08-2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of ICSA (INDIA) LIMITED on the accounts of the company for the period ended 30th June, 2013.

1. In respect of Fixed Assets:
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
 - c) In our opinion, the company has not disposed off a substantial part of its fixed assets during the period and the going concern status of the company is not affected.
2. In respect of its inventories
 - a) As explained to us, inventories have been physically verified during the period by the management at regular intervals. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company has maintained proper records of inventories. In our opinion and according to the information and explanations given to us, the discrepancies noticed on physical verification as compared to the book records.
3. In respect of the loans, secured or unsecured granted or taken by the company to/or from companies, or other parties covered in the register maintained under section 301 of the Companies Act,1956:
 - a) Company has taken loans aggregating to Rs. 927.66 lacs from parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - b) According to the information and explanations given to us, we are of the opinion, the terms and conditions on which loan taken by the company from such parties listed in the register maintained under section 301 of the companies act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - c) There is no overdue amount in-respect of loan taken from parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the steps taken for payment of the Principal, and overdue amount of more than one lakh does not arise.
 - e) Company has given loan aggregating to Rs. 4295.07 lacs to parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - f) According to the information and explanations given to us, we are of the opinion, the terms and conditions on which loan given by the company to such parties listed in the register maintained under section 301 of the companies act, 1956 are not, prima facie, prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. In respect of contracts or arrangements preferred to in Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5,00,000/- in respect of each party covered above during the period have been made at prices which appear reasonable as per information available with the Company.

6. According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(d)(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 30th June, 2013 for a period of more than six months from the date they became payable except corporate dividend distribution tax Rs.142.76 lacs and TDS Payable Rs.1230.38 lacs.
 - (b) According to the information and explanations given to us, there is no amounts payable in respect of Provident Fund, Employee's State Insurance. Wealth tax, customs duty and excise duty which have not been deposited on account of any disputes. The dues of Income Tax, Sales Tax and Service Tax as disclosed below have not been deposited by the company on account of disputes.

Name of the Statute	Nature of the dues	Period to which the amount relates	Forum where dispute is pending	Amount. (Rs. In Lakhs)	Deposit Amount (Rs.in Lakhs)	Unpaid Deposit Amount (Rs.in Lakhs)
Income Tax Act,1961	Income Tax	2009-10	The Commissioner of Income Tax(Appeals)	2188.06	-	2188.06
Income Tax Act,1961	Interest on TDS	2010-11 and 2011-12	Commissioner of Income Tax	430.59	-	430.59
A.P VAT Act, 2005	Sales Tax	2010-11, 2011-12 and 2012-13	Commercial Tax Officer	428.23	-	428.23
Finance Act, 1994	Service Tax	2010-11, 2011-12 and 2012-13	Superintendent	363.80	-	363.80
			Total	3410.68	-	3410.68

10. The Company has accumulated losses at the end of the financial period and has incurred cash losses during the financial period covered by the audit and in the immediately preceding financial period.
11. Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that, the Company has defaulted in repayment of dues to financial institutions, bank and debenture holders.

S. No	Name of the Bank	Principal	Interest
1	Andhra Bank	-	210.24
2	Oriental Bank of Commerce	-	928.62
3	Bank of India	104.49	55.07
4	Punjab National Bank	275.97	94.16
5	State Bank of India	-	58.86
6	Union Bank of India	105.00	65.02
7	IDBI Bank Limited	140.69	29.77
8	Andhra Bank	305.46	255.13
9	Oriental Bank of Commerce	244.76	132.12
10	Bank of India	-	159.57
11	Punjab National Bank	-	155.99
12	State Bank of India	-	192.47
13	Union Bank of India	-	161.82
14	Andhra Bank	-	87.80

12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in Shares, securities, debentures, mutual funds & other Investments. Accordingly, the provisions of clause 4(xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on the information given by the management, we report that the company has not raised any term loans during the period.
17. In our opinion, according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 30th June, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the period.
19. According to the information and explanations given to us, the Company has not issued debentures during the period covered by our report. Hence, the Company is not required to create or register or modify any security or charge.
20. The Company has not raised any money by public issue during the period.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the period, nor have we been informed of such case by the management.

For RAMBABU & Co.
Chartered Accountants
Firm Reg No:002976S

Place: Hyderabad
Date: 29-08-2013

Sd/-
Ravi Rambabu
Partner
M.No. : 018541

Balance Sheet as at June 30, 2013

Rupees in Lakhs

Particulars	Notes	As at June 30, 2013	As at March 31, 2012
A EQUITY AND LIABILITIES:			
1] Shareholders' Funds:			
a) Share Capital	3	962.77	962.77
b) Reserves and Surplus	4	(15,780.00)	66,567.91
c) Money received against Share Warrants		-	-
Sub-total-Shareholders' Funds		(14,817.23)	67,530.68
2] Share Application Money pending for allotment		10.50	10.50
3] Non-Current Liabilities			
a) Long - Term Borrowings	5	51,425.92	50,348.56
b) Deferred Tax Liability(Net)		-	-
c) Long - Term Provisions	6	45.59	47.91
Sub-total-Non-Current Liabilities		51,471.51	50,396.47
4] Current Liabilities			
a) Short - Term Borrowings	7	59,584.24	52,948.40
b) Trade Payables	8	39,836.47	25,967.31
c) Other Current Liabilities	9	31,183.77	14,768.39
d) Short- Term Provisions	10	142.76	142.76
Sub-total-Current Liabilities		130,747.23	93,826.86
Total		167,412.02	211,764.51
B ASSETS			
1] Non-Current Assets			
a) Fixed Assets	11		
(1) Tangible Assets		12,187.85	13,607.89
(2) In tangible Assets		791.44	1,945.96
b) Non-Current Investments	12	200.36	201.75
c) Deferred tax Asset		477.92	477.92
d) Long Term Loans & Advances	13	26,514.28	41,719.11
e) Other Non-Current Assets	14	2,396.36	3,317.31
Sub-total-Non Current Assets		42,568.21	61,269.94
2] Current Assets			
a) Inventories	15	21,757.87	48,150.28
b) Trade Receivables	16	95,222.65	79,027.59
c) Cash and Bank Balances	17	223.25	609.48
d) Short Term Loans & Advances	18	7,568.47	22,585.75
e) Other Current Assets	19	71.57	121.48
Sub total Current Assets		124,843.81	150,494.57
Total		167,412.02	211,764.51
Significant Accounting Policies	1 to 27		
Notes on Financial statements			

As per our report of even date

For RAMBABU & CO.,
Chartered Accountants
Firm Registration No.002976S

for and on behalf of the Board

Ravi Rambabu

Partner

M.No.018541

Place: Hyderabad

Date:29/08/2013

G. Bala Reddy

Chairman and Managing Director

Venkata Satya Prasad Tholada

Executive Director

Statement of Profit and Loss for the Period ended June 30, 2013

(Rupees in Lakhs)

	Notes	15 month period ended June 30, 2013	Year ended March 31, 2012
I REVENUE :-			
(a) Net Sales/Revenue from Operations	20	42,049.09	91,497.53
(b) Less: Excise Duty		43.67	21.33
Net Sales		42,005.42	91,476.20
Other Income		31.59	2,660.45
Total		42,037.01	94,136.65
II EXPENSES :-			
(a) Cost of Material consumed (refer note.27f)	21	24,670.19	43,063.03
(b) Change in Inventories of Finished Goods & Work in progress (refer note.27f)	22	10,016.99	462.63
(c) Employee benefits Expenses	23	983.44	2,315.30
(d) Finance Cost	24	14,074.10	11,895.25
(e) Depreciation and Amortisation Expenses	25	3,523.57	2,816.83
(f) Other Expenses	26	53,155.70	51,430.87
Total		106,424.00	111,983.91
Profit/(Loss) Before Exceptional and Extraordinary Items		(64,386.98)	(17,847.26)
Prior Period Expenses (refer note 27i)		17,674.36	-
Profit/(Loss) Before Extraordinary Items		(82,061.35)	(17,847.26)
Current tax relating to Previous years		286.56	478.03
Current Tax relating to Current year		-	-
Deferred tax/Liability (Asset)		-	(518.60)
Profit/(Loss) for the period		(82,347.91)	(17,806.69)
Balance brought forward from previous year		31,005.93	48,812.62
Balance available for Appropriation		(51,341.98)	31,005.93
Appropriations:			
Proposed Dividend		-	-
Corporate Dividend Tax		-	-
Transfer to General Reserve		-	-
Balance carried to Balance sheet		(51,341.98)	31,005.93
Earning per Share in Rs. (Face Value of Rs. 2/- each)			-
Basic (No. of Shares used in calculation - 48138500)		(171.06)	-
Diluted (No. of Shares used in calculation - 48138500)		(171.06)	-
Basic (No. of Shares used in calculation - 48050006)		-	(37.06)
Diluted (No. of Shares used in calculation - 48050006)		-	(36.23)
Significant Accounting Policies	1 to 27		
Notes on Financial statements			

As per our report of even date

For RAMBABU & CO.,
Chartered Accountants
Firm Registration No.002976S

for and on behalf of the Board

Ravi Rambabu

Partner
M.No.018541

G. Bala Reddy

Chairman and Managing Director

Venkata Satya Prasad Tholada

Executive Director

Place: Hyderabad
Date:29/08/2013

Cash Flow Statement for the period ended June 30, 2013

(Rupees in lakhs)

Particulars	For the 15 Months period ended 30 June, 2013	For the year ended 31 March, 2012
A. Cash flow from operating activities		
Net Profit / (Loss) before tax	(82,061.35)	(17,847.26)
Adjustments for:		
Depreciation and amortisation expenses	3,523.57	2,816.83
Previous year Income tax Excess provision reversed	-	(2,325.22)
Loss on sale of fixed assets	-	0.21
Finance cost	14,074.10	11,895.25
Interest income	(31.59)	(335.13)
Operating profit / (loss) before working capital changes	(64,495.27)	(5,795.32)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	26,392.41	587.77
Trade receivables	(16,195.06)	(4,946.74)
Short-term loans and advances	15,017.28	1,186.96
Long-term loans and advances	15,204.83	(4,376.20)
Other current assets	389.07	5,763.64
Other non-current assets	(25.55)	14.54
	40,782.99	(1,770.02)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	13,869.16	(910.43)
Other current liabilities	16,415.38	3,977.56
Long-term provisions	(2.32)	5.05
	30,282.22	3,072.19
Cash generated from operations	6,569.94	(4,493.16)
Income tax paid	286.56	(5,166.15)
Net cash flow from operating activities (A)	6,283.38	(9,659.31)
B. Cash flow from investing activities		
Purchase of fixed assets	(4.62)	(161.52)
Proceeds from sale of fixed assets	2.10	1.15
Long term Investments	1.39	-
Interest income	31.59	335.13
Net cash flow from investing activities (B)	30.47	174.75
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	1,734.76
Share application money received	-	2.25
Proceeds from long-term borrowings	1,077.36	32,865.97
Repayment of long-term borrowings	-	-
Net increase in working capital borrowings	6,635.84	(10,214.24)
Repayment of other short-term borrowings	-	(2,500.00)
Finance cost	(14,074.10)	(11,895.25)
Dividend paid	-	(859.52)
Net cash flow from financing activities (C)	(6,360.90)	9,133.97
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(47.06)	(350.59)
Cash and cash equivalents at the beginning of the year	169.32	519.91
Cash and cash equivalents at the end of the year	122.26	169.32

As per our report of even date

For RAMBABU & CO.,
Chartered Accountants
Firm Registration No.002976S

for and on behalf of the Board

Ravi Rambabu

Partner
M.No.018541

G. Bala Reddy

Chairman and Managing Director

Venkata Satya Prasad Tholada

Executive Director

Place: Hyderabad
Date:29/08/2013

Notes on Financial Statements For the period ended 30th June, 2013

Note 3 Share capital

(i) (Rupees in Lakhs)

Particulars	As at 30 June, 2013		As at 31 March, 2012	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised Equity shares of Rupees 2/- each	75,000,000	1,500.00	75,000,000	1,500.00
	75,000,000	1,500.00	75,000,000	1,500.00
(b) Issued Equity shares of Rupees 2/- each	48,138,500	962.77	48,138,500	962.77
(c) Subscribed and fully paid up Equity shares of Rupees 2/- each	48,138,500	962.77	48,138,500	962.77
Total	48,138,500	962.77	48,138,500	962.77

Note 3 Share capital (contd.)

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

Class of shares / Name of shareholder	As at 30 June, 2013	As at 31 March, 2012
Equity shares		
G.Bala Reddy	2,474,779	3,340,227
	5.14%	6.94%

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

Particulars	As at 30 June, 2013 No of Shares	As at 31 March, 2012 No of Shares
Equity shares at beginning of the year	48,138,500	47,750,985
Add: Shares issued on exercise of Employees Stock Options	-	387,515
Less: Buy back of shares	-	-
Equity shares at end of the year	48,138,500	48,138,500

Note 4 Reserves and surplus

(Rupees in Lakhs)

Particulars	As at 30 June, 2013	As at 31 March, 2012
Capital Reserve		
Opening balance	1,337.20	249.70
Add: During the year	-	1,087.50
Closing balance	1,337.20	1,337.20
(a) Securities premium account		
Opening balance	27,740.84	27,123.43
Add : Premium on shares issued during the year	-	617.41
Closing balance	27,740.84	27,740.84
(b) General reserve		
Opening balance	5,870.23	5,870.23
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing balance	5,870.23	5,870.23
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	31,005.93	48,812.62
Add: Profit / (Loss) for the year	(82,347.91)	(17,806.69)
	(51,341.98)	31,005.93
(d) Reserve for Employee Stock Option Scheme		
Opening balance	613.73	591.62
Add: Addition during the year	-	520.50
Less: Deletion during the year	-	498.40
Closing balance	613.73	613.73
Total	(15,780.00)	66,567.92

Note 5 Long-term borrowings

(Rupees in Lakhs)

Particulars	As at 30 June, 2013	As at 31 March, 2012
1. Secured Loans		
(a) Term loans		
Andhra Bank	3,199.72	3,616.00
Oriental Bank of commerce	8,839.00	9,986.91
(b) Funded Interest Term Loan		
Bank of India	529.13	559.24
Punjab National Bank	761.16	824.87
State Bank of India	1,785.51	1,498.51
Union Bank of India	802.66	598.07
IDBI Bank Limited	467.12	558.97
Andhra Bank	1,547.72	1,479.34
Oriental Bank of Commerce	977.86	942.95
(c) Working Capital Term Loan		
Bank of India	1,671.30	1,292.38
Punjab National Bank	1,632.84	1,827.82
State Bank of India	3,134.64	2,410.21
Union Bank of India	1,904.74	1,924.78
IDBI Bank Limited	111.17	126.49
Andhra Bank	1,079.64	1,220.46
(d) Long-term maturities of finance lease obligations		
Vehicle Loans	-	14.57
2. Un secured loans		
FCCB	12,500.46	10,698.43
Canara Bank	4,981.27	5,000.00
G Bala Reddy	2,500.00	2,768.58
Aditya Birla Finance Limited	3,000.00	3,000.00
Total	51,425.92	50,348.56

Terms & Conditions

- a. Interest rate for term loans, funded interest term loans, working capital term loans at 1% above the SBI Base rate of 10% p.a. i.e. 11% p.a. as on 31.03.2012 and will alter based on the increase /decrease in the base rate of the banks.
- b. Term loans are repayable in 26 quarterly ballooning installments starting from 1st October 2013.
- c. Funded interest term loans are repayable in 16 quarterly installments starting from 1st October 2013.
- d. Working capital term loans are repayable in 26 quarterly ballooning installments starting from 1st October 2013.
- e. Term loan of Andhra Bank is secured with exclusive charge on the wind mills at Tamil Nadu & Karnataka.
- f. Term loan of Oriental Bank of Commerce, Funded interest term loans (Andhara Bank, Bank of India, IDBI Bank Limited, Oriental Bank of Commerce, Punjab National Bank, State Bank of India and Union Bank of India) and Working capital term loans (Andhara Bank, Bank of India, IDBI Bank Ltd, Punjab National Bank, State Bank of India and Union Bank of India) are secured with 1st pari passu charge on Fixed Assets (excluding wind mills) of the company and secured with 2nd pari passu charge on Current Assets of the company.
- g. The loans of Satate Bank of India is also secured with exclusive charge on the Flat at Vasantkunj, New Delhi.
- h. The term loans, Funded interest term loans and Working capital term loans are further secured with personal guarantee of Mr. G Bala Reddy, the promoter of the company.
- i. The lenders shall have the right of recompense on reliefs / sacrifices / waivers extended under CDR package.
- j. Vehicle loans are secured by hypothecation of Vehicles.
- k. The FCCB have matured on March 2012 & April 2012 and the premium for redemption Rs.3902.25 Lakhs have not been accounted in the books of accounts, as the company has approached the FCCB holders for restructure of the same to be repaid in March 2015. Since the FCCB amount is overdue over an year, the Trustee for FCCB holders has filed suit u/s.433 & u/s.434 of the Companies Act, 1956 for winding up of the company, which is pending for disposal.
- l. Canara Bank loan has been secured with personal guarantee of Mr. G Bala Reddy. The amount is over due for more than a year and the Canara Bank has filed suit in the Debt Recovery Tribunal and suit u/s. 138 of Negotiable Instruments Act.
- m. The loan from Mr. G Bala Reddy was disbursed in October 2011 to the company by Shriram City Union Finance Limited and in April 2012, the same was converted into the personal loan of Mr. G Bala Reddy. This amount is contribution of the promoter under CDR package, which is to be converted into equity share capital at appropriate time.
- n. The loan from Aditya Birla Finance Limited is secured with personal guarantee of Mr. G Bala Reddy. The loan was restructured under CDR package, to repay in 12 unequal quarterly installments starting from December 2012.

(i) The Company has defaulted in repayment of loans and interest in respect of the following: (Rupees in Lakhs)

Particulars	As at 30 June, 2013		As at 31 March, 2012	
	Period of default	Amount	Period of default	Amount
i) Term Loans				
Andhra Bank	April 2012 to June 2013			
Principal		-	-	-
Interest		210.24	-	-
Oriental Bank of Commerce	April 2012 to June 2013			
Principal		-	-	-
Interest		928.62	-	-
ii) Funded Interest Term Loan				
Bank of India	April 2012 to June 2013			
Principal		104.49	-	-
Interest		55.07	-	-
Punjab National Bank	April 2012 to June 2013			
Principal		275.97	-	-
Interest		94.16	-	-
State Bank of India	April 2012 to June 2013			
Principal		-	-	-
Interest		58.86	-	-
Union Bank of India	April 2012 to June 2013			
Principal		105.00	-	-
Interest		65.02	-	-
IDBI Bank Limited	April 2012 to June 2013			
Principal		140.69	-	-
Interest		29.77	-	-
Andhra Bank	April 2012 to June 2013			
Principal		305.46	-	-
Interest		255.13	-	-
Oriental Bank of Commerce	April 2012 to June 2013			
Principal		244.76	-	-
Interest		132.12	-	-
iii) Working Capital Term Loan				
Bank of India	April 2012 to June 2013			
Principal		-	-	-
Interest		159.57	-	-
Punjab National Bank	April 2012 to June 2013			
Principal		-	-	-
Interest		155.99	-	-
State Bank of India	April 2012 to June 2013			
Principal		-	-	-
Interest		192.47	-	-
Union Bank of India	April 2012 to June 2013			
Principal		-	-	-
Interest		161.82	-	-
Andhra Bank	April 2012 to June 2013			
Principal		-	-	-
Interest		87.80	-	-

Note 6 Long-Term provisions

(Rupees in Lakhs)

Particulars	As at 30 June, 2013	As at 31 March, 2012
(a) Provision for employee benefits		
(i) Provision for gratuity	45.59	47.91
Total	45.59	47.91

Provision for gratuity provided based on the actual workings for liability.

Note 7 Short-term borrowings

Particulars	As at 30 June, 2013	As at 31 March, 2012
(a) Loans repayable on demand	-	-
(b) Working Capital loans		
Bank of India	7,105.61	6,560.59
Punjab National Bank	10,365.80	9,876.86
State Bank of India	16,582.89	14,370.48
Union Bank of India	4,638.69	3,685.52
IDBI Bank Limited	7,529.24	7,377.93
Andhra Bank	13,362.01	11,077.03
Total	59,584.24	52,948.40

- a. The working capital loans is carrying interest rate at 1% above the SBI Base Rate of 10% p.a. i.e 11% p.a. as on 31.03.2012 with change in rate alongwith increase / decrease in the base rate of the banks.
- b. The working capital loans are secured with 1st pari passu charge on the Current Assets of the company and 2nd paripassu charge on the fixed assets of the company.
- c. The working capital loans are further secured with personal guarantee of Mr. G Bala Reddy, promoter of the company.

Note 8 Trade payables

Particulars	As at 30 June, 2013	As at 31 March, 2012
Trade payables:		
Micro , Small and medium size enterprises #	-	-
Others	39,836.47	25,967.31
Total	39,836.47	25,967.31

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

Note 9 Other current liabilities

(Rupees in Lakhs)

Particulars	As at 30 June, 2013	As at 31 March, 2012
(a) Current maturities of long-term debt - secured		
Bank of India	444.59	-
Punjab National Bank	664.60	-
State Bank of India	820.91	-
Union Bank of India	492.52	-
IDBI Bank Limited	262.98	-
Andhra Bank	1,220.80	-
Oriental Bank of Commerce	1,623.33	-
Sub-total	5,529.73	-
(b) Current maturities of finance lease obligations	1.88	10.43
(c) Other current liabilities	1,085.02	909.13
(d) Payables for expenses	1,049.84	1,136.88
(e) Advance from customers	12,307.15	10,087.11
(f) Un-claimed Dividend	55.07	42.97
(g) TDS Payable	1,284.85	1,741.12
(h) Interest accrued but due for payment	9,870.23	840.74
Total	31,183.77	14,768.39

Note 10 Short-term provisions

Particulars	As at 30 June, 2013	As at 31 March, 2012
(i) Provision for corporate dividend tax	142.76	142.76
Total	142.76	142.76

The above dividend tax pertain to the dividend paid for the accounting year 2010-11 and the interest on the dividend tax Rs.34.26 lakhs has not been provided in the books of accounts.

Notes - 11												
FIXED ASSETS												
Assets	Gross Block						Depreciation				Net block	
	As at 01.04.2012	Additions	Deletions	As at 30.06.2013	As at 01.04.2012	For the period	Deletions	Depreciation up to 30-06-2013	As at 30-06-2013	As at 31.03.2012		
TANGIBLE ASSETS												
Land	405.97	-	-	405.97	-	-	-	-	-	406	406	
Office Buildings	206.68	-	-	206.68	14.60	4.21	-	18.81	188	192		
Factory Buildings	3,302.21	-	-	3,302.21	254.98	137.87	-	392.85	2,909	3,047		
Furniture & Fixtures	135.68	-	-	135.68	46.90	10.74	-	57.63	78	89		
Office Equipment	119.89	0.33	-	120.22	23.37	7.13	-	30.50	90	97		
Vehicles	262.89	-	-	262.89	93.27	31.22	-	124.49	138	170		
Electrical Installations	14.79	-	-	14.79	7.21	1.17	-	8.38	6	8		
Computers	2,988.86	4.28	2.10	2,991.05	2,271.09	606.03	-	2,877.12	114	718		
Plant & Machinery (Projects)	10,512.93	-	-	10,512.93	1,630.59	624.21	-	2,254.80	8,258	8,882		
TOTAL (A)	17,949.90	4.62	2.10	17,952.42	4,342.01	1,422.56	-	5,764.58	12,187.85	13,607.89		
INTANGIBLE ASSETS												
Development Software	3,885.64	-	-	3,885.64	2,565.22	787.33	-	3,352.54	533	1,320		
Testing Tools	1,812.13	-	-	1,812.13	1,186.60	367.18	-	1,553.78	258	626		
TOTAL(B)	5,697.77	-	-	5,697.77	3,751.81	1,154.51	-	4,906.32	791.44	1,945.96		
Total (A+B)	23,647.67	4.62	2.10	23,650.19	8,093.83	2,577.08	-	10,670.90	12,979.29	15,553.85		
Previous year figures	23,487.85	161.52	1.69	23,647.67	6,034.74	2,059.63	0.55	8,093.83	15,553.85	17,453.11		

Note 12 Non-current investments

(Rupees in Lakhs)

Particulars	As at 30 June, 2013	As at 31 March, 2012
In Equity shares		
a. Quoted fully paid up	1.89	1.89
Less: Provision for diminution in value of investments	1.39	-
Net value	0.49	1.89
b. Un-quoted fully paid up		
Investment in Subsidiary	199.86	199.86
Total	200.36	201.75

The quoted investments consists of 2700 shares acquired at Rs.7.687 per share of ECO Boards India Ltd. with a market value of Rs.5.49 per shares and 2000 shares of Cura Technologies Limited acquired at Rs.83.997 per shares with a market value of Rs.17.30 per share as on 30.06.2013. The diminution in the value of investment of Rs.1.39 Lakhs has been provided during the accounting period.

Note 13 Long-term loans and advances

Unsecured, considered good

(a) Advance to subcontractors	17,211.84	18,450.93
(b) Advance others	3,529.86	7,242.33
(c) Advance to Suppliers	5,772.58	16,025.85
Total	26,514.28	41,719.11

Note 14 Other non-current assets

Earnest Money Deposits	173.97	141.24
Deposits with others	804.71	794.76
	978.68	936.00

Misc expenses to the extent not written off

FCCB Issue Expenses	516.70	516.70
Less: Written off during the year	-	-
	516.70	516.70

Deffered Employee Compensation

Add: Addition during the year	-	520.50
Less: Written off during the year	-	498.40
	613.73	613.73

Deffered Revenue / Development Expenditure

Product Development Expenses	1,045.34	1,802.54
Less: Written off during the year	946.50	757.20
	98.84	1,045.34
BG Commission	188.40	205.54
Total	2,396.36	3,317.31

Note 15 Inventories

(a) Materials, Stores & Spares at sites	7,325.40	23,700.82
(b) Work-in-progress	14,432.47	24,449.46
Total	21,757.87	48,150.28

Note 16 Trade Receivables

(Rupees in Lakhs)

Particulars	As at 30 June, 2013	As at 31 March, 2012
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	84,959.50	55,978.51
Other Trade receivables		
Unsecured, considered good	10,263.14	23,049.08
Total	95,222.65	79,027.59

Note 17 Cash and Bank Balances

i. Cash and Cash Equivalents		
(a) Cash on hand	0.47	9.83
(b) Balances with banks	121.79	159.49
Sub-total	122.26	169.32
(ii) Other Bank Balances		
Balances held as margin money or security against borrowings, guarantees and other commitments	100.99	440.16
Total	223.25	609.48

Note 18 Short-term loans and advances

(a) Loans and advances		
Unsecured, considered good		
Advance for Raw materials	4,344.98	7,834.95
Advance for subcontractors	2,053.09	13,633.79
Loans to Subsidiary	8.62	8.62
Advance Tax & TDS	1,161.78	1,108.39
Total	7,568.47	22,585.75

Note 19 Other current assets

Prepaid Expenses	71.57	121.48
Total	71.57	121.48

Note 20 Revenue from operations

(Rupees in Lakhs)

Particulars	For 15 Months period ended 30 June, 2013	For the year ended 31st March, 2012
Contracts & Services	37,178.43	69,415.88
Embedded sales	4,870.66	21,364.18
Power Generation	-	717.47
	42,049.09	91,497.53
Less:		
Excise duty	43.67	21.33
Total	42,005.42	91,476.20
Other income		
Interest on fixed deposit	31.59	335.13
Income tax excess provision reversed for fy.2010-2011	-	2,325.22
Other receipts	-	0.11
Total - Other operating & Non operating income	31.59	2,660.45
Note 21 Cost of materials consumed		
Opening stock	23,700.82	23,821.60
Add: Purchases	8,294.78	42,942.24
	31,995.59	66,763.84
Less: Closing stock	7,325.40	23,700.82
Cost of material consumed	24,670.19	43,063.03
Note 22 Changes in inventories of finished goods and work-in-progress		
<i>Inventories at the end of the year:</i>		
Finished goods	-	-
Work-in-progress	14,432.47	24,449.46
	14,432.47	24,449.46
<i>Inventories at the beginning of the year:</i>		
Work-in-progress	24,449.46	24,869.77
Finished goods	-	46.69
Less: Excise Duty provision on Finished Goods reversal	-	4.36
	24,449.46	24,912.09
Net (increase) / decrease	10,016.99	462.63
Note 23 Employee benefits expenses		
Salaries, Allowances and Other Benefits	851.62	1,649.13
Contribution to PF and Other Funds	27.27	66.80
Staff Welfare and Incentives	43.78	38.31
Employee Compensation expenses under ESOP	-	498.40
Directors Remuneration	45.58	47.97
Managerial allowances	15.19	14.70
Total	983.44	2,315.30

Note 24 Finance cost

(Rupees in Lakhs)

Particulars	For 15 Months period ended 30 June, 2013	For the year ended 31st March, 2012
(i) Interest on Borrowings	13,792.59	11,560.94
(ii) Bank Charges & Commission	281.51	334.31
Total	14,074.10	11,895.25

Note 25 Depreciation and amortisation Expenses

Depreciation	2,577.08	2,059.63
Misc expenses written off	946.50	757.20
Total	3,523.57	2,816.83

Note 26 Other expenses

Direct expenses

Sub-contract Bills	27,495.50	38,962.60
Freight Charges	225.07	388.68
Service Tax	244.52	771.45

Selling and Administrative Expenses

	-	-
--	---	---

Auditors Remuneration

Audit fee	25.00	20.00
Tax Audit fee	2.50	2.50
Certification	-	2.50
Other Services	-	5.00
Books, Periodicals and Membership	0.28	50.56
Communication Expenses	23.91	66.08
Bad Debts Written off	20,781.00	6,842.58
Consultancy/Professional Charges	111.06	476.42
Conveyance and Travelling Expenses	166.23	348.08
Electricity Charges	42.15	63.31
Sales Tax	120.19	471.65
Insurance	29.43	91.42
Business Promotion Expenses	281.36	310.90
Annual Maintenance charges	-	178.83
Office Maintenance	82.41	142.03
Printing and Stationery	19.69	56.98
Rates, Taxes and Registration Fees	93.27	119.98
Rent	86.52	424.61
Exchange fluctuation	1,802.03	1,324.49
Other Expenses	1,523.58	310.22
Total	53,155.70	51,430.87

Additional Notes on Financial Statements For the Period ended 30th June, 2013

Note 27

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

i) Income Tax & TDS

(Rupees in Lakhs)

Particulars	As At 30 June, 2013	As at 31 March, 2012
a) Income Tax for Assessment Year 2009-10	-	848.12
b) Income Tax for Assessment Year 2010-11	2,188.06	-
c) Interest on TDS for Fin. Year 2010-11 & 2011-12	430.59	-
Total	2,618.65	848.12
The appeal preferred with CIT(Appeals) for AY 2010-11 and appeal preferred with CIT (Appeals) for interest on TDS. The company is expecting that the appeals will be disposed in favour of the company.		

ii) **Sales Tax and Service Tax:** The assessment of Sale Tax & Service Tax for the years 2010-11, 2011-12 & 2012-13 is under progress. The additional liability would be Rs.428.23 Lakhs towards sales tax and Rs. 363.80 Lakhs towards service tax. The company will prefer appeals to the appellant authorities and confident of getting order in favour of the company.

iii) Non Fund Based Banking facilities

(Rupees in lakhs)

Particulars	As At 30 June, 2013	As at 31 March, 2012
(a) Bank Guarantees	17,731.68	28,323.38
(b) Letter of credits	999.74	-

iv) The banks has reduced the interest rate to 11% p.a. from 15% p.a. in sanctioning CDR package. The differential interest at 4% p.a. is payable as Right of Recompense to banks after completion of 7 years from the cut off date of CDR package. The liability towards the differential interest as on 30th June 2013 would be Rs.6427.58 Lakhs.

b) Foreign Exchange out go :

(Rupees in lakhs)

Particulars	For the Period ended 30 th June, 2013	For the year ended 31 March, 2012
Value of imports during the year (C.I.F. Basis)		
Raw Material	-	91.45
Plant and machinery	-	146.56
Total	-	238.01

Expenditure in foreign currency :

(Rupees in lakhs)

Particulars	For the Period ended 30 th June, 2013	For the year ended 31 March, 2012
Interest and Bank charges (FCCB)	363.74	281.05
Travelling exps	-	6.65
Total	363.74	287.70

c) Earning Per share

Amount in Rupees

Particulars	For the Period ended 30th June,2013	For the year ended 31st March, 2012
Earnings per share		
Net Profit / (Loss) after tax as per Statement of Profit and Loss attributable to Equity share holders (In Rupees)	(8,234,791,085)	(1,780,669,263)
Adjusted Profit / (Loss) for diluted EPS	(8,234,791,085)	(1,753,000,725)
Weighted average number of equity shares- Basic	48,138,500	48,050,006
Weighted average number of equity shares- Diluted	48,138,500	48,379,418
EPS-Basic (in Rupees)	(171.06)	(37.06)
EPS-Diluted (in Rupees)	(171.06)	(36.23)

- d) Loans and advances, Sundry Debtors, Sundry Creditors and other Advances are subject to confirmation and reconciliation from the concerned parties. During the year many projects was cancelled by the customers and invoked the Bank Guarantees and the customers has adjusted the amount of Bank Guarantees, pending receivables and retention amounts towards the Risk & Cost as per the conditions of the contracts. The effect of this is Rs.20781 Lakhs, which has been written off during the year.
- e) 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.
- f) Inventory is valued at cost or net realisable value, whichever is less on FIFO basis. Inventories at some of the projects have been physically verified by an independent auditors and balance have been verified by the management. The difference in the value of book stock and physical stock of raw materials Rs. 9463.13 Lakhs is accounted as consumption of raw materials and difference in work-in-progress Rs. 14646.76 Lakhs included in the change in inventories finished goods & work-in-progress in the statement of profit & loss.
- g) The ESOP options in force as on 31.03.2012 under ESOP scheme 2008 & ESOP scheme 2009 of 1,75,000 options & 3,50,000 options respectively could not be exercised by the employees due to reduction in the market price of shares of the company. The time limit for exercise of the options is available for scheme 2008 & scheme 2009 till September 2014 & September 2015 respectively.
- h) The appointment of and payment of remuneration to Dr. Venkata Satya Prasad Tholada as Executive Director w.e.f. 15.05.2012 has been declined by the Government of India and the salary Rs.13.76 Lakhs paid has been considered under advance. The company once again approaching the Government of India for approval of salary for Executive Director.
- i) While reconciliation of the advances to suppliers for materials and sub-contracters, the bills relating to the earlier years for an amount of Rs.17674.36 Lakhs were received and accounted during the accounting period.

k) Consolidated Accounts with the accounts of Subsidiary i.e. ICSA International Pte Limited

The ICSA International Pte Limited is the subsidiary of the ICSA (India) Limited, which has not been doing any business for the past five years. The Board of Directors of ICSA (India) Limited has noted the same and decision taken for no requirement of the consolidated accounts from the 15 months accounting period ending 30th June 2013.

l) Segment Information:

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

company.

i) Primary Segment information

(Rupees in Lakhs)

Particulars	For the Period ended 30 th June,2013			
	Business Segments			
	Contracts and services	Embedded solutions and software services	Power Generation	Total
Revenue	37187.99	4817.43	-	42,005.42
	69415.88	21342.85	717.47	91,476.20
Total	37187.99	4817.43	-	42,005.42
	69415.88	21342.85	717.47	91,476.20
Segment result	(1,154.51)	(66,757.99)	(74.74)	(67,987.24)
	(7,579.86)	(1,267.16)	234.56	(8,612.46)
Operating income				(67,987.24)
				(8,612.46)
Other Un allocable income (net)				-
				2,660.45
Profit before interest and taxes				(67,987.24)
				(5,952.01)
Interest				14,074.10
				11,895.25
Tax expense				
Current tax pertaining to previous years				286.56
				478.03
Current tax for current year				-
Deferred tax liability/(Asset)				-
				(518.60)
Net profit / (Loss) for the year				(82,347.90)
				(17,806.69)

ii) Secondary Segment Information

Particulars	For the period ended 30 th June, 2013			
	Business segments			
	Contracts and services	Embedded solutions and software services	Power Generation	Total
Segment assets	140985.47	21403.74	5022.81	167,412.02
	184079.80	18085.24	5315.00	207480.04
Unallocable assets				-
				4284.47
Total assets				167,412.02
				211764.51
Segment liabilities	163621.08	14770.35	3827.32	182,218.75
	129636.81	2814.17	3616.00	136,066.98
Unallocable liabilities				-

				10928.35
Total liabilities				182,218.75
				146995.33
Other information				
Capital expenditure (allocable)	-	-	-	-
Capital expenditure (unallocable)	-	-	-	-
Depreciation and amortisation (allocable)	1049.08	1154.32	373.67	2577.07
	846.76	923.31	289.56	2059.63
Depreciation and amortisation (unallocable)				946.50
				1285.02
Other significant non-cash expenses (allocable)	-	-	-	-
Other significant non-cash expenses (unallocable)	-	-	-	-

Figures in Italic represents Previous Year amount

- m) Deferred Tax has not been provided, as there is no certainty of taxable profits in the near future.
- n) As per accounting standards 18 , the disclosure of transactions with the related parties are given below:
- i) List of related parties where control exists and related parties with whom transactions have taken place and relationships

S.No.	Name of the Related party	Relationship
1	ICSA International PTE Limited	100% subsidiary
2	BRG Energy Limited	Associate
3	Cura Technologies Limited	Associate
4	G.Bala Reddy	Key Management personnel
5	TVS.Prasad	

- ii) Transactions during the period with the related parties (Rupees in lakhs)

S.No.	Nature of Transactions	Associates	Key Management personnel
1	Sales	1.07	-
		-	-
2	Purchases/Subcontract works	0.97	-
		(317.52)	-
3	Rent & Amenities	55.73	-
		(383.79)	-
4	Managerial Remuneration	-	60.77
		-	(62.67)
5	Balances Receivable	4,281.31	13.76
		(4,279.44)	-
6	Balances payable	927.66	-
		(966.24)	-

Note: Figures shown in brackets pertaining to previous year.

o) CDR package

The loans of the company have been restructured under the Corporate Debt Restructuring (CDR) System. The CDR package was sanctioned by the CDR Empowered Group, at their meeting held on 16.03.2012 and approval letter has been given by the CDR Cell on 31.03.2012. The CDR package could not be implemented completely during the accounting period. The company has approached the bankers for the revised CDR package, which is yet to be considered by the consortium of banks.

p) Legar matters

- i) India Factoring and Finance Solutions Pvt Limited file suit for recover of dues of Rs.231.20 Lakhs and winding up petition u/s. 433 & u/s.434 of Companies Act, 1956.
- ii) The suppliers has filed the suits u/s. 138 for bouncing of cheques for Rs.2203.82 Lakhs, civil suits for recovery of the dues of Rs.602.28 Lakhs and winding up petitions u/s.433 & u/s.434 of Companies Act, 1956 with a dues of Rs. 989.17 Lakhs which are pending for disposal at various courts.

As per our report of even date

For RAMBABU & CO.,
Chartered Accountants
Firm Registration No.002976S

for and on behalf of the Board

Ravi Rambabu
Partner
M.No.018541

G. Bala Reddy
Chairman and Managing Director

Venkata Satya Prasad Tholada
Executive Director

Place: Hyderabad
Date:29/08/2013

Notes forming part of the financial statements

Note 1

1. Corporate information

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

2 Significant accounting policies

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

2.1 Use of estimates

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

2.2 Inventories

Inventories are valued at the lower of cost on FIFO basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing

the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

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

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

2.4 Cash flow statement

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

2.5 Depreciation and amortisation

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

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

2.6 Revenue recognition

Sale of goods

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

Income from services

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

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

2.7 Tangible fixed assets

Fixed assets are carried at cost less accumulated

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

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

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

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

Capital work-in-progress:

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

2.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable

that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.9 Foreign currency transactions and translations

Initial recognition

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

Measurement of foreign currency monetary items at the Balance Sheet date

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

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

Treatment of exchange differences

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

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items if such items do not relate to acquisition of depreciable fixed assets. The unamortised balance is carried in the Balance Sheet as "Foreign currency monetary item translation difference account" net of the tax effect thereon.

2.10 Government grants, subsidies and export incentives

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

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

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value. Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2.11 Investments

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

2.12 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value

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

2.13 Research and development expenses

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

2.14 Earnings per share

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

2.15 Employee benefits

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

Defined contribution plans

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

Defined benefit plans

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

Short-term employee benefits

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

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

Long-term employee benefits

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

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

2.16 Segment reporting

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

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

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

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

2.17 Borrowing costs

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

2.18 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in

accordance with the provisions of the Income Tax Act, 1961.

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

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

2.19 Premium on redemption of Bonds/Debentures

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



ICSA (INDIA) LIMITED

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

ATTENDANCE SLIP

19th Annual General Meeting December 23, 2013

DP.Id*	
Client Id*	

Reg. Folio No.

Name and Address of the Shareholder : _____

No. of Share(s) held : _____

I certify that I am a member/proxy for a member of the Company. I hereby record my presence at the 19th Annual General Meeting of the Company at Hotel Daspalla, Madhapur, Hyderabad – 500 081, (A.P), on Monday, the 23rd day of December, 2013 at 12.00 Noon,

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

** Member's/Proxy's Signature

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

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

* Applicable for Investors holding shares in electronic form.

** Strike out whichever is not applicable.



ICSA (INDIA) LIMITED

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

PROXY FORM

DP.Id*	
Client Id*	

Reg. Folio No.

I/We

of

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

or failing him

of

as my / our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held at Hotel Daspalla, Madhapur, Hyderabad – 500 081, (A.P), on Monday, the 23rd day of December, 2013 at 12.00 Noon, and at every adjournment thereof.

Signed this day of, 2013.

Affix Revenue Stamp

Note : 1. Proxy need not be a member.

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

*Applicable for Investors holding shares in electronic form.

BOOK-POST

PRINTED MATTER

If undelivered please return to :

ICSA (INDIA) LIMITED

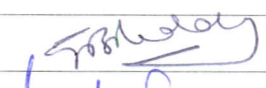
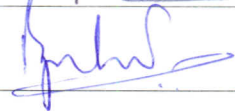
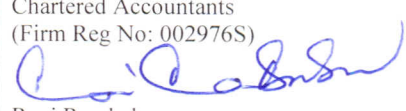
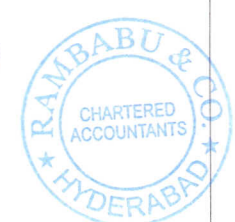
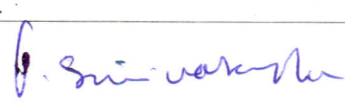
Registered Office : Ground Floor, Plot No. 12,
Software Units Layout, Madhapur, HYDERABAD - 81



FORM-B

(Clause 31(a) of Listing Agreement)

Covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	I.C.S.A. (India) Limited
2.	Annual Financial statements for the year ended	Accounting period ended 30 th June, 2013(15 Months)
3.	Type of Audit qualification	Qualified: a) Subject to "Non provisions of interest on Corporate Dividend tax for an amount of Rs 34.26 Lakhs b) Except Accounts Standard -15 liabilities to 'Employee benefits' c) Observation Liabilities to: i) Non Payment of Statutory dues ii) Default in repayment of dues to Financial Institutions, Banks and Debenture holders
4.	Frequency of qualification	Whether appeared first time.
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Observations:- Regarding Note No. 10 to Notes on Accounts, non-provision of interest on corporate dividend tax for an amount of Rs. 34.26 lacks on provisions for corporate dividend tax which was provided for the financial year 2010-11. Refer Note 10 of Annual Report (Page 40 of Annual Report and qualified by Auditor in page no 29 of Annual Report) Management Response :- Refer Page 8 of Director's Report 'Non-provision of interest on corporate dividend tax for an amount of Rs.34.26 lacks on provision for corporate dividend tax which was provided for the financial year 2010-11:- Company is planning to seek exemption from the Income Tax department, since already company is having huge burden on payment of taxes'.
	Additional comments from the board/audit committee chair:	Nil
5.	To be signed by	
	CEO/Managing Director	(G. Bala Reddy) 
	Executive Director	(Dr. T. V. S. Prasad) 
	Auditor of the Company	For RAMBABU & Co. Chartered Accountants (Firm Reg No: 002976S)  Ravi Rambabu Partner Membership No. : 018541 
	Audit Committee Chairman	(T. Srinivasa Rao) 

ICSA (INDIA) LIMITED
(An ISO 9001 : 2008 Company)



Regd. Office : Plot # 12, Software Units Layout, Cyberabad, Hyderabad - 500 081.
Phone : +91-40-2311 4923, Fax : +91-40-2311 4921
E-mail : info@icsa-india.com www.icsa-india.com