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Corporate Information

Board of Directors	:	Mr Ravi Vishnu, Chairman & Managing Director Mr Bhopal Reddy, Whole-time Director Mr R. Radha Krishna Murthy, Director Mr T. Venkateswara Prasad, Director Mr T.Krishna Rao, Director Wg.Cdr. V.L.Nanda Kumar, Director
Company Secretary	:	Mr D. Srinivasa Rao
Registered Office	:	6-1-85/10, Opp Telephone Bhavan Saifabad, HYDERABAD - 500 004 Tel : +91-40-23230305,23230306 Fax : +91-40-23230313
Auditors	:	M/s. Rambabu & Co., 6-3-1090/1/A, Pancom Chambers, Raj Bhavan Road, HYDERABAD - 500 082, India.
Bankers	:	State Bank of India, Balanagar Branch, HYDERABAD - 500 037, India
Registrar & Share Transfer Agent	:	M/s. XL Softech Systems Limited, 3, Sagar Soceity, Road No.2 Banjara Hills, Hyderabad - 500 034, India. Tel : +91-40-23545913 / 23545914 Fax : +91-40-23553214.

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of the Company will be held on Thursday the 29th day of September 2011 at 10.00 am at, Jubilee Hills International Centre, Jubilee Hills, Hyderabad 500 033 to transact the following items of Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date along with report of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. R. Radha Krishna Murthy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Wg. Cdr. V.L. Nanda Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary resolution.

"RESOLVED THAT M/s. Rambabu & Co., Chartered Accountants be and are hereby re-appointed as the 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 and to authorize the Board of Directors to fix their remuneration"

SPECIAL BUSINESS :

5. To consider and pass the following resolution with or without modification as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 and read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, and pursuant to Articles of Association and recommendations of Remuneration Committee Mr.Ravi Vishnu be paid the increased remuneration as detailed herein below as Chairman & Managing Director of the Company for a period of two years with effect from 1st October, 2011.

Remuneration:

1. **Basic Salary** : Rs.1,60,000/-
2. **Perquisites and Allowance** :
 - a) **House Rent Allowance** : 50% of the Basic Salary (OR) Rent Free Furnished Accommodation subject to a maximum expenditure of 50% of the basic salary on hiring the accommodation.
 - b) **Leave Travel Concession** : for self and his family once in a year in accordance with the rules of the Company
 - c) **Medical Reimbursement** : Reimbursement of Medical expenses Actually incurred for self and his family.
 - d) **Club Membership** : Reimbursement of club expenditure For maximum of two clubs
3. **Others**
 - a) **Provision of One Car with Chauffeur on Company's business/ personal use and telephone(s) at residence will not be considered as perquisites. Personal long distance calls on telephones shall be billed by the Company to Mr.Ravi Vishnu as far as possible on actual basis tailing which on an estimated basis.**
 - b) **Apart from the above Mr.Ravi Vishnu is also entitled to contribution to Provident Fund, Superannuation Fund, Gratuity and Encashment of Leave as per the rules of the Company. These will not be considered as perquisites as per the provisions of the Income Tax Act and will not be considered for calculation of overall remuneration as per Schedule XIII of the Companies Act, 1956.**
4. **Terms and Conditions**
 - a) **The remuneration specified above be paid to Mr.Ravi Vishnu as a Minimum Remuneration notwithstanding the loss or inadequacy of profit of the Company during the tenure of his office.**
 - b) **Mr.Ravi Vishnu will exercise the management control over the affairs of the Company under the control, superintendence and direction of the Board of Directors.**

FURTHER THAT within the said limits, the Board be and is hereby authorized to revise the total remuneration of Mr. Ravi Vishnu from time to time, without obtaining any further approval of the Company in General Meeting. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Board of Directors on the recommendation of Remuneration Committee of Directors.

FURTHER THAT, within the overall remuneration, the individual components may be changed as may mutually be decided by the Remuneration Committee and Mr. Ravi Vishnu, anytime during his tenure.

FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

6. To consider and pass the following resolution with or without modification as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309, 310 and read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to Articles of Association and recommendations of Remuneration Committee Mr. ABhopal Reddy be paid the increased remuneration as detailed herein below as Whole-time Director of the Company for a period of two years with effect from 1st October, 2011.

Remuneration:

- | | | | |
|----|----------------------------------|---|---|
| 1. | Basic Salary | : | Rs.1,60,000/- |
| 2. | Perquisites and Allowance | : | |
| | a) House Rent Allowance | : | 50% of the Basic Salary (OR) Rent Free Furnished Accommodation subject to a maximum expenditure of 50% of the basic salary on hiring the accommodation. |
| | b) Leave Travel Concession | : | for self and his family once in a year in accordance with the rules of the Company |
| | c) Medical Reimbursement | : | Reimbursement of Medical expenses Actually incurred for self and his family. |
| | d) Club Membership | : | Reimbursement of club expenditure For maximum of two clubs |

3. Others

- a) Provision of One Car with Chauffeur on Company's business/ personal use and telephone(s) at residence will not be considered as perquisites. Personal long distance calls on telephones shall be billed by the Company to Mr.A Bhopal Reddy as far as possible on actual basis failing which on an estimated basis.
- b) Apart from the above Mr.A Bhopal Reddy is also entitled to contribution to Provident Fund, Superannuation Fund, Gratuity and Encashment of Leave as per the rules of the Company. These will not be considered as perquisites as per the provisions of the Income Tax Act and will not be considered for calculation of overall remuneration as per Schedule XIII of the Companies Act, 1956.

4. Terms and Conditions

- a) The remuneration specified above be paid to Mr.A Bhopal Reddy as a Minimum Remuneration notwithstanding the loss or inadequacy of profit of the Company during the tenure of his office.

FURTHER THAT within the said limits, the Board be and is hereby authorized to revise the total remuneration of Mr. A Bhopal Reddy from time to time, without obtaining any further approval of the Company in General Meeting. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Board of Directors on the recommendation of Remuneration Committee of Directors.

FURTHER THAT, within the overall remuneration, the individual components may be changed as may mutually be decided by the Remuneration Committee and Mr. A Bhopal Reddy , anytime during his tenure.

FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

By Order of the Board of Directors

Dated: 30.05.2011
Place: Hyderabad

-Sd-
Ravi Vishnu
Chairman & Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.5

The Company was incorporated on 25th April, 1994 and its shares are listed on Bangalore Stock Exchange Limited and permitted for trading under Indo-Next in the Bombay Stock Exchange Limited. As per the members' resolution dated 26th April, 2010. He is very instrumental in the success and smooth running of the Company even in recession times. The remuneration being paid and proposed to be paid to the Managing Director is well-below the remuneration, compared to the other IT sector companies.

Due to the recession in the IT sector and in other related activities the Company could not attain the contracts as envisaged, so the profits are not adequate as per the respective provisions of the Companies Act, 1956.

The Board of Directors of the Company have reappointed Mr.Ravi Vishnu as the Managing Director of the Company for a period of 5 years with effect from 16.01.2010, to look after the day-to-day affairs of the Company subject to the superintendence, direction and control of the Board of Directors. Mr.Ravi Vishnu is an Engineering Graduate and has an experience of more than two decades at a very senior level of management and is one of the core promoters of the Company. It is in the interest of the Company to have his services as Managing Director.

Pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII the Board has approved at its meeting held on 30th May, 2011 the proposal for increasing the remuneration of Managing Director taking into consideration the recommendations of the Remuneration Committee of the Company as set out in the above resolution. The Directors recommend the increase in remuneration for your approval as contained in the resolution.

Hence, the resolution is commended for your approval.

Mr.Ravi Vishnu and Mr.R.Radha Krishna Murthy are considered interested in the resolution as both are related.

Item No. 6

Mr.Bhopal Reddy is also very instrumental and one of the key management person in the success and smooth running of the Company from its inception. The remuneration being paid and proposed to be paid to the Whole-time Director is well-below the remuneration, compared to the other IT sector companies.

Due to the recession in the IT sector and in other related activities the Company could not attain the contracts as envisaged, so the profits are not adequate as per the respective provisions of the Companies Act, 1956.

The Board of Directors of the Company has reappointed Mr.A.Bhopat Reddy as Whole-Time Director of the Company for a period of five years with effect from 25.09.2009. Mr.A.Bhopat Reddy has vast experience at senior level of management. It is in the interest of the Company to have his services as Whole-time Director.

Pursuant to the provisions of Sections 198, 269, 309 and Schedule XIII the Board has approved at its meeting held on 30th May, 2011 the proposal for increasing the remuneration of Whole-time Director taking into consideration the recommendations of the Remuneration Committee of the Company as set out in the above resolution. The Directors recommend the increase in remuneration for your approval as contained in the resolution.

Hence, the resolution is commended for your approval

Except Mr.A.Bhopat Reddy, none of the other Directors of the Company are in anyway concerned or interested in the resolution.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
3. The Registers of Members and Share Transfer Books of the Company will remain closed from 24th September, 2011 to 29th September, 2011 (Both days inclusive).
4. The shareholders desiring any further information as regards the accounts are requested to write to the Company so as to reach it at least one week prior to the date of the meeting for consideration of the management to deal at the meeting.
5. The shares of the company are listed at The Bangalore Stock Exchange Limited and permitted to trade in the Indo-next segment of The Bombay Stock Exchange Limited. The Annual listing fee has been paid within the time.
6. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956 would be available for inspection at the venue of the Annual General Meeting. The Register of Directors' Shareholding is also available for inspection of the members at the Registered Office of the Company, fourteen days before and Three days after, the date of the Annual General Meeting of the Company.

7. The members are requested to bring their copies of Annual report with them at the time of attending Annual General Meeting.
8. Details of Directors seeking re-appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement

Name of the Director	Date of Birth	Date of Appointment	Qualification	Expertise	Other Directorships
Mr. R. Radha Krishna Murthy	12.12.1937	01.01.1998	B.E., F.I.E	50 years of experience in Power Generation, Power Distribution and Power Sector related Planning	RRK Enterprise Private Limited & Granada Engineers Limited
Wg.Cdr. V.L.Nanda Kumar	01.11.1941	27.07.2005	B.E.(Mech) M.E (Aero) FIE, C.Eng(I)	28 years of distinguished service in the Indian Air Force.	NIL

For and on behalf of the Board of Directors

Dated:30.05.2011
Place: Hyderabad

-Sd-
Ravi Vishnu
Chairman & Managing Director

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Accounts for the Financial Year ended 31st March, 2011.

Financial Results

Your Company has been able to generate total revenue of Rs.1442.06 Lakhs during the financial year under review as against a total income of Rs.1207.18 Lakhs during the previous financial year showing signs of recovery and growth from the recent economic meltdown.

Rs. in Lakhs

Particulars	31.03.2011	31.03.2010
Total Revenue	1442.06	1207.18
Less: Expenditure	1363.88	1205.89
Less: Prior Period	(4.68)	(7.74)
Profit before Tax	82.86	9.03
Less: Provision for Income Tax	40.54	27.54
Less: Provision for Deferred Tax (Current Year)	(16.54)	(31.04)
Less: Fringe Benefit Tax	-	-
Net Profit	58.86	12.53
Earning Per Share (Basic / Diluted)	1.00	0.22

Business Performance Review:

The Company has achieved a turnover of Rs. 1425.32 Lakhs as against Rs.1181.69 in the previous year. There was an increase in turnover of Rs. 243.63 Lakhs mainly due to the various initiatives of the Board of Directors in the verticals your Company caters to. Your Board of Directors have taken proactive steps to overcome the competition by adopting various strategies that helped your company bag some very good orders. This will pave way for better visibility and higher revenues and profitability for the Company in the coming financial years. Further, your Company is also taking measures to keep the operating costs low wherever possible.

Future Outlook:

In view of the orders bagged by your Company in the e-Governance space and in the power sector the Company's growth is likely to be manifold. In order to maintain the manifold growth your Company is working on various growth strategies and is very confident of achieving success in this regard.

Capital Expenditure

The Company has made Capital Expenditure of Rs. 1,01,79,891/- during the year.

Reserves

During the year the Company has not transferred any amount to the General Reserve Account.

Fixed Deposits

The Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet for the year ended on 31st March 2011.

Insurance

The properties and assets of your Company are adequately insured.

ISO 9001-2008 Certification

Your Company continues to hold ISO 9001-2008 Certification by complying with all the requirements of Certification from time to time.

Directors

During the period Mr.D.Vikram Reddy has resigned w.e.f.1st March, 2011 as a Director of the Company due to his pre-occupation. Hence, Mr.K.Ramalinga Reddy who has been appointed as an Alternate Director to Mr.D.Vikram Reddy has automatically ceased to be the director of the Company.

Further Mr.R.Radha Krishna Murthy and Wg.Cdr.V.L.Nanda Kumar will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Audit Committee

The Audit Committee of your company comprises of three Independent Directors with a Chartered Accountant heading the Committee. The Audit Committee meets at least four times in a year and places its recommendations for the approval of the Board of Directors. A separate section on the composition of Audit Committee and its function is mentioned separately.

Reply to the Auditors' Report

The Auditor's have observed that the Company is not regular in depositing statutory dues. The delay in statutory dues are attributable to the delayed receivables. However, due to increased business and revenues and better cash flows, the Company is confident to pay the arrears and also pay in future all statutory dues in time.

Auditors

M/s. Rambabu & Co, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their appointment.

Human Resources

Your Company believes that Competent Human Resources are the driving force for any Organization that enables a company to grow in leaps and bounds. The Company has been able to create a favorable work environment that encourages continuous learning and thereby leading to innovation. With vibrant work atmosphere, your Company provides an opportunity to employees to work with New Technologies. Your Company has put in place a Scalable Recruitment and Human Resources Plan, devised to attract and retain high caliber personnel.

CSS Technergy Limited has been fortunate in having a set of committed employees at all levels and looks forward to nurture them and retain their loyalty. The Company recognized the value of the committed workers and efforts are being made to enhance the bonding between the Company and the committed employees.

Dividend

Due to inadequacy of profits and in order to conserve resources, Your Directors have not recommended any dividend for the year under review.

Demat of Shares

Your company has achieved 88.58 % of dematerialization of shares as on 31st March 2011.

Directors Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i). In the preparation of the annual accounts for the financial year ended on 31st March 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii). The Directors 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 end of the financial year and of the profit or loss of the Company for the year under review;
- (iii). The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv). The Directors have prepared the accounts for the financial year ended 31st March 2011 on a 'going concern' basis.

Management Discussion and Analysis Report

Management Discussion and Analysis Report is provided as Annexure to Directors' Report.

Corporate Governance

Pursuant to the Clause 49 of the Listing Agreement entered with the stock exchanges, the Company has complied with all the provisions of Corporate Governance and a detailed note in this regard is provided as Annexure along with a Certificate of Compliance from Auditors of the Company.

Statutory Disclosures

The particulars as prescribed under sub-section [1] [e] of Section 217 of the Companies Act, 1956 read with the Companies [Disclosure of particulars in report of Board of Directors] Rules, 1988, are set out hereunder:

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo

Information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo forming part of Directors' Report in terms of section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is as follows:

Conservation of Energy

The Operations of your company are not Energy intensive. The company makes every effort to conserve energy as far as possible in its facilities. The Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

Technology absorption

Your company did not invest in any R&D activity during the year under consideration. However, the up gradation of the Technology in vogue is being given highest priority to give better service to the clientele.

Foreign Exchange Earnings and Outgo Particulars

	2010 - 11 (Rs.)	2009 - 10 (Rs.)
Foreign Exchange Earnings	NIL	86 39 152
Foreign Exchange Outgo	NIL	4 35 510

Particulars of Employees

There is no employee drawing remuneration in excess of the limits prescribed under Section 217 [2A] of the Companies Act, 1956 read with Companies [Particulars of Employee] Rules, 1975 as amended, during the year under review.

Acknowledgment

Your directors extend their gratitude to the valuable customers, investors, Bankers, Central and State Government officers, agencies and the confidence, which they have reposed in the Management.

We place on record our appreciation of the contribution made by employees at all levels. Their hard work, solidarity, co-operation and support had helped the Company come out of impact of the prolonged recession with flying colours.

Place: Hyderabad
Dated: 30.05.2011

For and on behalf of the Board of Directors

-Sd-
Ravi Vishnu
Chairman & Managing Director

-Sd-
A. Bhopal Reddy
Whole Time Director

CORPORATE GOVERNANCE REPORT
(As required under Clause 49 of the listing agreement)

The Company's shares were listed on Bangalore Stock Exchange Limited and permitted for trading in Indo-Next segment of the Bombay Stock Exchange Limited. The Corporate Governance Report has been prepared in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges.

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company believes that the fundamental and sound principles of Corporate Governance are transparency in operations with greater accountability and fair dealing by way of providing all the required information to the stakeholders in order to protect their interest. The Company is committed in adhering to good corporate governance practices by providing detailed information on various issues concerning the company's business and financial performance to the Shareholders of the Company. The Board is committed towards welfare of shareholders with broad principles of Corporate Governance, which may drive the actions of the Company towards achieving company's objectives.

The Company has complied with the requirements of the Corporate Governance code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed herein below.

2. BOARD OF DIRECTORS

The Board of Directors along with its committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board presently comprises of Six (6) Directors, having rich and vast experience with specialized skills in their respective fields, out of which four (4) are Non-Executive Directors. The Board comprises 50% of Independent Directors out of the total directors, the Chairman being an executive director.

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other Directorships along with Committee positions held by them in other Companies.

During the year under review six Board Meetings were held on 29.05.2010, 30.07.2010, 23.08.2010, 30.10.2010, 31.01.2011, 30.03.2011. The maximum gap between two consecutive meetings did not exceed four months. The details of directors and the meetings held are as follows:

Sl. No	Name of the Director	No. of Board Meetings attended	Attendance at the last AGM	Membership as on 31 st March 2011	
				Other Boards#	Other Committees#
1.	Ravi Vishnu	6	Yes	1	Nil
2.	A. Bhopal Reddy	6	Yes	Nil	Nil
3.	D. Vikram Reddy @	Nil	Nil	Nil	Nil
4.	R. Radha Kushna Murthy	6	Yes	1	Nil
5.	T. Venkateswara Prasad	6	Yes	1	Nil
6.	T.Krishna Rao	3	No	Nil	Nil
7.	Wg.Cdr. V.L.Nanda Kumar	4	Yes	Nil	Nil
8.	K. Ramalinga Reddy@ (Alt. Director to D Vikram Reddy)	1	No	Nil	Nil

@ Ceased to be the director w.e.f. 1st March, 2011.

Excluding Directorship in Foreign and Private Limited Companies.

1. COMMITTEES OF DIRECTORS

A. Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors and one Non-executive Director in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange and Section 292A of the Companies Act, 1956.

The Committee is empowered with the powers as prescribed under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Committee also acts in terms of reference and directions of the Board from time to time.

The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

S.No	Name of the Director	Category	No. of meetings held during the tenure of member	No. of meetings attended
1	T. Venkateswara Prasad	Chairmen	4	4
2	T. Krishna Rao	Member	4	4
3	Wg.Cdr. V.L.Nande Kumar	Member	1	1
4	K. Ramalinga Reddy@	Member	4	NIL

@ Ceased to be the member w.e.f. 1st March, 2011.

The Chairmen of the Audit Committee also attended the last Annual General Meeting of the Company.

The Managing Director, Head of the Finance Department and Statutory Auditors are also invited to the meetings, as required, to brief the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee meetings were held during the year under review on the following date's 29.05.2010, 30.07.2010, 30.10.2010 and 31.01.2011. The gap between two Audit Committee meetings was not more than four months.

The necessary quorum was present at all the meetings.

B. REMUNERATION COMMITTEE

The Remuneration Committee comprises of Three (3) Non-Executive Independent Directors. The composition of the Remuneration Committee is as follows:

S.No	Name of the Director	Category
1	T. Venkateswara Prasad	Chairman
2	T. Krishna Rao	Member
3	Wg.Cdr. V.L.Nande Kumar	Member
4	K. Ramalinga Reddy@	Member

@ Ceased to be the member w.e.f. 1st March, 2011.

The Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Other Senior Executives in the top level management of the Company and other elements of their appointment and gives its recommendations to the Board and acts in terms of reference of the Board from time to time.

The details of remuneration and commission paid during the year to the Managing Director and Whole-time Director are as follows:

(Amount in Rs.)

Description of Amount	Mr.Ravi Vishnu Managing Director	A.Bhopal Reddy Whole-time Director
Basic Salary	7,20,000	7,20,000
House Rent Allowances	3,60,000	3,60,000
Medical Expenses	39,809	11,885
Other Allowances	2500	2500
Perquisites	10,620	10,620
Total	11,32,929	11,05,005

Apart from the above, they are also eligible for the Leave encashment, Leave Travel Concession, Gratuity and other benefits in terms of their appointment and rules of the Company.

Compensation paid to Non-Executive Directors and their shareholding is as follows:

Name of the Director	Sitting fees paid Rs.	No. of shares held on 31-03-2011
Mr. T. Venkateswara Prasad	6000	Nil
Mr. T. Krishna Rao	3000	Nil
Wg Cdr V.L.Nanda Kumar	4000	Nil

Other than the sitting fees to Non-Executive Directors, there was no material pecuniary relationship or transaction with the Company. The Company has not issued any stock options to its Directors/Employees.

C. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The present composition of the Shareholders' / Investors' Grievances Committee is as under:

Name of the Director	Nature of Directorship	Membership
R. Radha Krishna Murthy	Non-Executive	Chairman
Ravi Vishnu	Executive	Member

This Committee of the Board is empowered to oversee the redressal of investor's complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate, transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorized the Compliance Officer to approve the share transfers/transmissions and comply with other formalities in relation thereto. All investor's complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

There were no pending share transfers and un-resolved shareholders' grievances pertaining to the Financial Year ended 31st March, 2011.

D. GENERAL BODY MEETINGS

i) The Details of the last three Annual General Meetings are given below:

Financial year ended	Date	Venue	Time	Special Resolution passed
March 31 st , 2010	30th September, 2010	Film Nagar Cultural Center Dr.D.Ramanaidu Building, Road No.6 Film Nagar, Jubilee Hills Hyderabad.	10:00 AM	Consent for the implementation of ESOP Scheme – 2010 upto 125,000 equity shares
March 31 st , 2009	25th September, 2009	B-5, Electronic Complex (EC) Kushaiguda, ECIL, Hyderabad.	10.00 AM	Re-Appointment of Mr.A.Bhopal Reddy, as A Whole Time Director of the Company And Fixation of his remuneration.
March 31 st , 2008	22nd September, 2008	Film Nagar Cultural Center Dr.D.Ramaneidu Building, Road No.6 Film Nagar, Jubilee Hills Hyderabad.	10:00 AM	No Special Resolution

ii) During the last three years the following Extra-Ordinary General Meetings were held at the registered office.

Year	Date	Time	Special Resolutions Passed
2010-2011	26.04.2010	10:00A.M.	Reappointment of Mr. Ravi Vishnu as Managing Director of the Company for a period of 5 years w.e.f.16 th January, 2010.
2009-2010	15.12.2009	10:30 A.M	1) Consent under section 81 (1A) of the Act, to issue share warrants on preferential basis.
2008-2009	No Extra- ordinary general meeting has been held during the year.		

4. DISCLOSURES

A. Disclosures on Materially Significant Related Party Transactions

There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.

B. Details of Non-Compliance and Penalties

There was no non-compliance during the last three years by the Company on any matter related to capital Market. There were no penalties imposed nor strictures passed on the Company by the Stock exchanges, SEBI and any statutory Authority relating to Capital markets.

C. As per the Internal Code of Conduct the employees have been given access to the Audit Committee.

D. CEO/CFO Certification

The Managing Director and Manager - Finance (who is heading the finance functions) have certified to the Board in accordance with Clause 49 (v) of the Listing Agreement pertaining to CEO certification for the financial year ended 31st March, 2011.

E. Compliance Certificate

Compliance certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this report.

F. Code of Conduct

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the financial year ended 31st March, 2011. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

G. Details of Compliances with Mandatory Requirements and Adoption of the non-Mandatory Requirements

The Company has complied with the mandatory requirements of Clause 49 and is in the process of implementation of Non-Mandatory requirements.

H. Relationship inter-se among directors

In accordance with the provisions of Section 6 read with Schedule IA of the Companies Act, 1956, Managing Director, Mr. Ravi Vishnu and Mr. R.Radha Krishna Murthy belongs to promoter group and are related to each other.

5. MEANS OF COMMUNICATION

- A. Quarterly and half-yearly results are published in two Newspapers- One in English and one in Telugu.
- B. The financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website www.csstechnergy.com. The Secretarial Department serves to inform the investors by providing key and timely information like details of Directors, Financial results, Shareholding pattern, etc.
- C. The Company is also displaying official news announcements on its website www.csstechnergy.com
- D. Management Discussion and Analysis forms part of this Annual Report.

6. GENERAL SHAREHOLDER'S INFORMATION

A. Annual General Meeting

Date and Time	Thursday, 29th September, 2011-10.00AM
Venue	Jubilee Hills International Centre, Jubilee Hills, Hyderabad
Last Date of Proxy forms submission	10.00 AM on 27.09.2011

B. Financial Year : April 1st to March 31st

C. Book Closure : 24th Sep., 2011 to 29th Sep., 2011
(Both days inclusive)

D. Listing on Stock Exchanges :

1. Bangalore Stock Exchange Limited
No.51, "Stock Exchange Towers",
1st Cross, J.C.Road,
Bangalore - 560 027.
2. Permitted for trading in the Indo-Next segment of the Bombay Stock Exchange Limited, Mumbai.

E. Stock Code

Name of the Stock Exchange	Stock Code	Scrip Code
Bombay Stock Exchange Limited	590050	CSSTECH
Demat ISIN No. for NSDL & CDSL	INE029B01019	

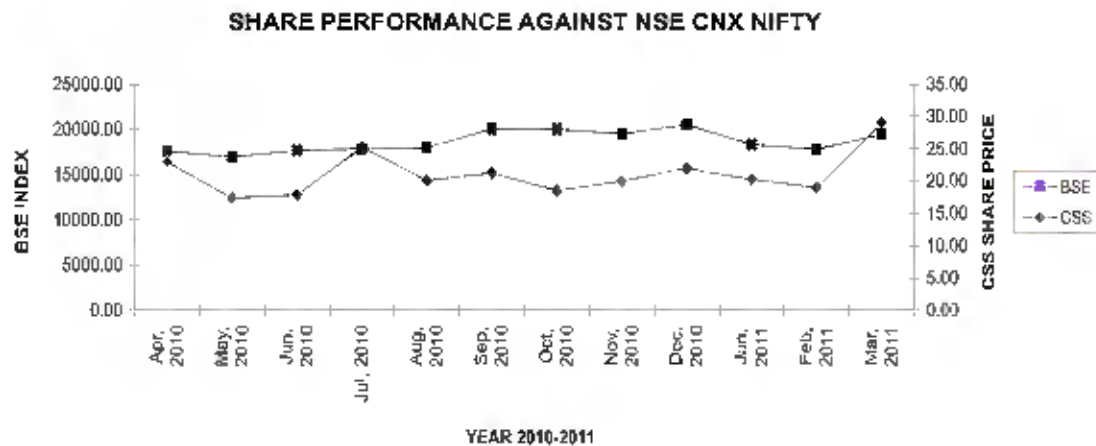
The Company's shares are listed on the Bangalore Stock Exchange Limited and permitted for trading in Bombay Stock Exchange in Indo-Next segment. The listing fees for the year 2010-2011 have been paid to both the above said Stock Exchanges.

F. Market Price Data & Share Performance of the Company

The monthly High, Low prices and trading volumes of the Companies Equity Shares during the last financial year 2010-2011 at The Bombay Stock Exchange Limited are given below:

Month	BSE		
	High (Rs)	Low (Rs)	No. of Shares traded
Apr 10	25.80	21.00	74,267
May 10	24.10	16.60	51,195
Jun 10	20.35	15.30	36,344
Jul 10	26.45	17.00	208,880
Aug 10	26.60	19.00	72,901
Sep 10	26.85	20.30	92,362
Oct 10	24.00	18.25	48,761
Nov 10	25.10	17.05	131,839
Dec 10	22.40	18.45	46,827
Jan 11	23.50	17.55	45,647
Feb 11	21.00	16.55	51,463
Mar 11	29.10	18.35	154,861

G. Share Performance of the Company in Comparison with BSE Sensex



All Services relating to share transfer/transmissions and information may be addressed to:

H. Registrar and Share Transfer Agent
 XL Softech Systems Limited
 3, Seger Society, Road No.2, Banjara Hills
 Hyderabad - 500 034, AP, INDIA
 Tel: +91-40 - 23545913, 23545914
 Fax: +91-40 - 23553214
 E-mail : xlsoft@hd1.vsnl.net.in
 Website: www.xlsofttech.com

The Company periodically audits the operations of share transfer agent.

I. Share Transfer System

Share Transfers in physical form shall be lodged with the Registrar at the said address. The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been given by a Practicing Company Secretary due compliance of shares transfer formalities.

J. Shareholding Pattern as on 31st March, 2011

Category	No. of Shares held	% of Capital
Indian Promoters	2944007	49.80
Banks, Financial institutions, Insurance Companies (Central/State Govt Institutions/ Non - Govt. institution)	0	0.00
Indian Public	2555664	43.23
Private Corporate Bodies	211103	3.57
NRI's/OCB's/FCB's, others	184386	3.12
Mutual Funds	0	0.00
HUF's	0	0.00
Clearing Members	16380	0.28
Total	5911540	100

K. Dematerialization of shares and liquidity

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) limited (CDSL) for dematerialization facility. As on 31st March, 2011, 88.58% of the Company's Equity shares are in dematerialized form. The ISIN NO. / Code for the Company's Equity Shares is INE029B01019. Shareholders can open an account with any of the depository participants registered with any of these depositories.

L. Address for Correspondence

CSS TECHNERGY LIMITED
6-1-85/10, Opp. Telephone Bhavan,
Saifabad, Hyderabad,
Tel: +91-40- 23230305, 23230306
Fax: +91-40- 23230313.

For and on behalf of the Board

Place: Hyderabad
Dated: 30.05.2011

-Sd-
Ravi Vishnu
Chairman & Managing Director

Managing Director and Finance Manager's Certification

We have reviewed the financial statements, read with the cash flow statement of CSS Technergy Limited for the year ended March 31st, 2011 and that to the best of our knowledge and belief, we state that;

- a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.
- (ii) These statements present true and fair view of the company's affairs and are in compliance with current Accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the auditors and audit committee deficiencies in the design or operation of internal control, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the auditors and audit committee:
 - (i) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
 - (ii) There are no instances of fraud involving the management or an employee.

-Sd-
K. Raghupathi Rao
Manager (Finance)

-Sd-
Ravi Vishnu
Chairman & Managing Director

Place: Hyderabad
Dated : 30.05.2011

Declaration by the Managing Director

I, Ravi Vishnu, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2010-2011.

Place: Hyderabad
Dated: 30.05.2011

-Sd-
Ravi Vishnu
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
CSS TECHNERGY LIMITED
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by CSS TECHNERGY LIMITED for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the company as per the records maintained by the shareholders / investor's grievance committee.

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

Place : Hyderabad
Date : 30.05.2011

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

-Sd-
C. SATYA PRAKASH
Partner
M.No : 027183

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Our Services - A Snapshot:

Utilities (Power, Gas and Water):

Domain Consultancy, GIS Applications, Consumer Indexing, Database Migration, Metering, Billing, Collection Services, Meter Data Acquisition, Energy Audit, Facility Management, Manpower Augmentation and Training, Area Franchisee

E-Governance:

Large Scale project management, Biometric data capture, Project Planning, Manpower Requirement and Training, IT Infrastructure, Application Design and Development, Database migration, RSD (Remote Service Delivery), Online Systems, Citizen Portals, Data Mining, MIS Reports, IT Facilities Management, Field Data Capture

BFSI:

Financial Inclusion, Banking Correspondent, Digitization, Document Archival, SMS Banking, IT Infrastructure, Data Migration Financial Inclusion, Data De-Duplication, Data Backup

Retail:

REO (Retail Enrollment Outsourcing), Loyalty Programs

Document Management Services:

Data Form Design, ICR/OCR Applications Card Personalization, Digitization, Document management/Archival, MIS Reports, Web services, Data Hosting/Backup, Market Research, Business Intelligence

About CSS Technergy Limited (CS):

YOUR COMPANY, CSS Technergy Limited (CS), has successfully enrolled over 30 Lakh residents in India across 4 states under the Aadhaar program in a short duration of 6 months. It is well on its way to achieve the targeted number of over 1 Crore residents by the end of this fiscal year. This was made possible due to the extensive in-house expertise of implementing large scale countrywide e-governance projects in the past. YOUR COMPANY was among the few shortlisted Enrollment Agencies for carrying out the Aadhaar program under State Bank of India as the registrar. Based on this experience, YOUR COMPANY has also been appointed as the Enrollment Agency for State Bank of Patiala in 8 states/UT.

YOUR COMPANY has also won an additional billing contract for a further 9 Lakh power consumers in Punjab. This is in addition to the 6 Lakh consumers which it is currently billing in other districts in Punjab. Its utility services profile spans the entire gamut of utility operations encompassing Metering-Billing-Collection, Total Revenue Management, Energy Management, Customer Management, GIS, AMR, and Information Portals. We enable the management of critical processes that impact the metering, billing, revenue collections, and customer service

through field-proven meter to cash business scenarios. It also manages non-core yet critical back-office functions on clients' behalf, allowing them to achieve optimal business performance. It brings a geographically diverse experience gained in implementation of MBC (Metering, Billing, Collection services) projects executed in the states of Andhra Pradesh, Karnataka, Uttar Pradesh, Gujarat, Maharashtra, Punjab and Madhya Pradesh. YOUR COMPANY has been part of the evolutionary changes in some of the electricity boards and is executing MBC projects of diverse kinds. YOUR COMPANY deploys in-house web-based "EBAS" application to provide seamless integration of the power consumer data, 24/7 reporting and data security.

In the retail sector, YOUR COMPANY has been serving some of the leading retailers in India as the REO (Retail Enrollment Outsourcing) partner and our continued value proposition has brought about increased customer-identification and business profitability through the years for them. It has been able to retain customers through the years through value servicing.

YOUR COMPANY has also been the pioneer for devising and implementing new processes for Document management system and data management. The 'Document and Data Management' vertical also serves the other industry verticals present in CS.

CS Progress highlights:

Your Company is one of the largest e-governance service providers in India offering its services to various registrars under the multi-crore valued UIDAI-Aadhaar program. It seeks to enroll the residents of India over a scheduled time-frame, issue a unique number and store the resident data in a fashion which cannot be duplicated or impersonated. The Unique Identification Authority of India (UIDAI) was constituted as an attached office under the Planning Commission, to develop and implement the necessary legal, technical and institutional infrastructure to issue unique identity to residents of India.

Its valued relationship with various power Discoms has also borne fruit with multiple contract extensions and additions. It has been serving more than 10 top utilities in the country with comprehensive solution sets built upon industry experience and technology. With end-to-end services, including business and IT consulting, systems integration, full management of IT and business functions, your company stores, manages and maintains large customer data on the servers in a secure manner. CS is an empanelled member of Power Finance Corporation of India (PFC) for both MDASP (Meter Data Acquisition Solution Provider) and GSP (GIS solution Provider) for R-APDRP programs of Govt. Of India. YOUR COMPANY is currently actively evaluating profitable partnership options which are being thrown open from MNCs like TCS, Infosys and HCL which have been the primary beneficiaries of RAPDRP-Part A as System Integrators (SI). YOUR COMPANY is in an enviable position of being the leading contender for implementation contracts for the SI's in India. This is due to YOUR COMPANY's pan-India presence and wide-experience of the ground realities and planning for success.

YOUR COMPANY has won a major contract from PSPCL (Punjab State Power Corporation Limited) for metering, billing and revenue management services for over 9 lakh consumers. It is currently in the early phases of setting up the systems and procedural guidelines in the respective districts to help implement a smooth operation of the project. The revenue from this project is expected to accrue in 2-3 months.

YOUR COMPANY had shared that after being empanelled by UIDAI under the highest capability bracket of T2, F4 for enrolling residents for the 'Aadhaar' program across India, this will form a major revenue source for the company. It is heartening to know that based on our active role in enrolling over 30 lakh residents in 4 states in India, UIDAI has renewed our empanelment for an additional year. YOUR COMPANY will qualify for the T3, F4 capability bracket of Enrolment Agencies by Sep 2011 end as soon as it generates 10 Lakh UIDs for residents. The contract with State Bank of India (SBI) seeks to cover over 6 Crore residents across 31 districts in 4 states. It has also been awarded the contract for enrolling over 4 Crore residents under the Aadhaar program in 8 States/UTs by State Bank of Patiala (SBP). This has contributed a lion's share to the current revenue and will lead the revenue projections for the current fiscal and subsequent years as the 'Aadhaar' program is envisaged by the central government over a multi-year time frame. The contract with SBP is valued at around 170 Crores INR over 18-20 months.

YOUR COMPANY has also been recently appointed as the national banking correspondent by the State Bank of India, Mumbai. This offers tremendous opportunities to YOUR COMPANY to exploit the demand-supply gap for financial services and access to financial products including loans, insurance and mortgage as an extension of the bank in financially excluded areas of the country as well in the urban areas. RBI has estimated that over 64% of the population in India does not have access to banking services. YOUR COMPANY seeks to grab market share and establish its service points while riding on the reach made possible due to its enrolling services under the Aadhaar program.

National Empanelment Highlights:

1. Empanelled with PFC as MDAS and GIS service providers for RAPDRP
2. Empanelled with UID as Nation-Wide Enrollment Agency (T2, F4)
3. National Business Correspondent for State Bank of India

YOUR COMPANY is also actively watching and will engage with the right opportunities thrown open by the increasing spends in Power, Finance and E-governance in the economy.

With the expected opening of the Retail sector to increased FDI, Retail sector will see a surge in the requirements of the Retail establishments to learn and understand more about their customers. REO (Retail Enrollment Outsourcing) will be the need of the hour to improve margins and be more relevant to the customer.

Industry Analysis: Utilities: Domestic and Overseas

The Utilities industry forms the backbone of modern day societies and economies. Increasing supply constraints and environmental awareness can be found at the root of almost all these problems thus forcing the companies to reinvent the way the business should be run. The industry has been experiencing deregulation and privatization globally and there is a renewed interest in operational efficiency through asset and resource optimization. With the current state of regulatory environment and the unbundling in progress, the innovation involving business processes is going to decide the frontrunners in the industry.

'Customer bill delivery' is a critical component in a utility company's customer care strategy and a significant customer touch point in the collection of revenue as part of the "meter to cash" processing cycle. This gap needs to be closed for better realization of revenues. Emphasis on better metering standards and understanding the points of revenue pilferage is vital. YOUR COMPANY is strategically placed to understand and operate under current and upcoming scenarios in this field.

Utility needs and supporting technologies are finally converging. The accelerating pace of technological development will impact virtually every operational area of the utility. From web-based customer care to automated metering infrastructure (AMI), technology is a key to a utility's ability to thrive, not just survive. YOUR COMPANY offers utility decision support solutions by developing energy management systems for customers in transmission and distribution, generation, and meter data management. YOUR COMPANY's flagship Utility software suite - EBAS empowers service capability and provides a comprehensive IT solution for most business processes of any Utility. EBAS can be customized to provide an in-house capability within the utilities to effectively address their requirements.

The government has realized the need for restructuring the Transmission and Distribution (T&D) sector within the power segment. In the last one year, it has attempted to initiate programs/aids to restructure State Electricity Boards (SEBs) into viable, commercial entities and set up power sector regulators. The regulators, in turn, will undertake compulsory metering to prune T&D losses and renovate and modernize aging power generation plants.

YOUR COMPANY is closely monitoring the renewable energy scenario both in India and abroad which is likely to usher in complex tariffs in the power distribution sector that may include time of the day metering & billing. It may choose to enter this domain at the right time to exploit the opportunities that will be thrown open. It expects the private power franchisee scenario to mature in the current fiscal, which will be a ready market for YOUR COMPANY to cater to.

Industry Analysis and Outlook: BFSI: Domestic

Universal financial inclusion, talked of for decades by policymakers, finally may be coming to fruition. All the requisite pieces have been coming together, some rather rapidly in the past few years, and some of the most dramatic changes to sweep the economy have happened in the payment and settlement system. The several regulatory roadblocks here have recently been eased at a sizzling pace - the push on business correspondents, the first step away from the branch model of expansion, has increased with progressive relaxation in guidelines, and last September corporates were allowed to act as BCs for banks, a big breakthrough in providing a comprehensive eco-system for financial. YOUR COMPANY has been appointed as the National Banking Correspondent for State Bank of India under which it can undertake financial inclusion services for the financially excluded residents of India. It can offer Account opening, remittances, loan processing, inter-bank transfers and other financial services as an extension of the bank branch.

UIDAI is taking the lead in providing the stable platform on which financial inclusion services can be driven and sustained. Its ambitious Aadhaar program will form the basis for a low-cost inclusion and servicing module which will be accessible by the financial institutions. Aadhaar provides a fool-proof way of identifying a person and can be used to deliver citizen-specific programs initiated by the government or the private financial institutions. Banks have been given challenging targets by the RBI and the State-Level banking committee to take financially excluded villages under their banking fold. This immediately opens up a plethora of options for a national banking correspondent like YOUR COMPANY. YOUR COMPANY is currently evaluating the various technology platforms available from SBI and has formed a core committee to draw the technical, operational and financial roadmap for the next 3 years. It has taken into account the current trends and innovations into account to improve profit margins and deliver efficient services.

Meanwhile, the world over, such countries as the Philippines and Indonesia are allowing non-banks into the fray, experimenting with new models for financial inclusion. Unlike a bank-based model, where customers have a direct contractual relationship with a bank (even though a customer may deal only with BCs), in a non-bank-based model, there is no direct contractual relationship with a bank, and the customer exchanges cash for electronic value recorded in a virtual account on the non-bank's server. Yet, in both cases, banks and non-banks have roles to play.

RBI has also officially recognized the Aadhaar number as the sufficient proof for KYC for opening of no-frill, tiny accounts for all banks. This gives millions of Indians access to a bank account which they were deprived of earlier due to the absence of any KYC documents. While so far the RBI has focused on a bank-led approach, it has also maintained that a regulated non-bank model can kick in, if banks fail to deliver on the financial inclusion front. This could well

happen within a few months to come; after all, despite all the resistance, for-profit companies like YOUR COMPANY have been let into what is today the most happening space in finance and banking.

Financial inclusion formed an important plank of the inclusive growth theme of the Eleventh Five Year Plan. The challenge of financial inclusion is formidable, as there are around six lakh villages and only 85,393 branches of commercial banks.

Industry Analysis and Outlook: E-Governance: Domestic

e-Governance in India is all set for a paradigm shift due to the impeccable implementation of the Aadhaar program in many states in India. Aadhaar is all set to revolutionize Public Distribution System, Access to education, Public Health, Employment schemes, and Financial Inclusion.

By providing a clear proof of identity, the UID will also facilitate entry for poor and underprivileged residents into the formal banking system, and the opportunity to avail services provided by the government and the private sector. The UID number will also give migrants mobility of identity. Post enrolment services, UIDAI will provide identity authentication which can viably replace a process that costs agencies and service providers hundreds of crores every year. UIDAI will evolve suitable policies on the issue of charging a fee for its authentication services, which will offset its long-term costs. Registrars and service providers will also be able to charge for the cards they issue residents with the UID number. Such pricing will be within UIDAI guidelines.

The UID number is a lifetime number, but the biometric information contained in the central database will have to be regularly updated. Children may have to update their biometric information every five years, while adults update their information every ten years. Aadhaar provides a long standing opportunity for revenue generation through authentication services built over the Aadhaar framework and by providing data updation services for the masses. Once the critical mass in UIDAI is achieved, it will generate a network effect that drives demand and accelerates adoption among service providers and residents. And as more service providers across the country require the UID to dispense their services and benefits, adoption will ramp up rapidly. In four years, the UIDAI estimates that it will issue 600 million UID numbers.

A clear adoption process can overcome this gap by helping introduce the UID method of authentication at every point of service delivery. To ensure this, the UIDAI will not only work with Registrars who do enrolment, but also with non-enrolling, service delivery agencies. Such agencies involved in the delivery of services and benefits will be encouraged to partner with the UIDAI for authentication. Once they authenticate a resident's identity against the UID database every time they carry out a service transaction, they will be able to deliver services far more effectively. In order to accommodate this authentication, agencies and departments may need to re-engineer their business processes to be UID-enabled. This provides another opportunity of offering its expertise for YOUR COMPANY.

Industry Analysis and Outlook: Retail: Domestic

Few market trends:

1. India, Asia's third largest retail market after China and Japan, high inflation in 2010 is expected to keep retail sales growth under 2%, but annual growth will increase at an average rate of over 4% in 2010-2014 as incomes rise, urbanization increases and a variety of new stores including international brands open shop.
2. It is a matter of time before the FDI entry is liberalized by the Government.
3. All retailers are aggressively expanding their store foot print, investing over 6 USD Billion in multiple states of India

The major challenges in the retail industry remain stepped-up competition, market complexity and polarization. Consumers are being allocated to micro-segments as a result of pronounced shifts in demographics, attitudes and behaviours. Mass marketing has given way to one-to-one or one-to-some marketing. Furthermore, customers are "trading down" to low-cost commodity providers on one end and "trading up" to high-value, premium brands on the other. Greater market complexity is the natural outcome.

Customers want retailers to meet their individual needs, so those retailers who develop unique, proprietary insights about their customers and create more tailored and relevant shopping experiences will win their business. Retailers are turning to outsourcing to implement the analytics that will better support this personalization.

YOUR COMPANY is well placed to cater to all requirements of Retail process outsourcing at the Tier-3 and Tier-2 services level for retail companies. This includes document management and filing, Form design, data capture, digital scanning, OCR, ICR and Data mining. With an elaborate understanding of the processes involved in shortening the 'time-to-understand' the retail customer, YOUR COMPANY helps major retailers to ramp-up at a rapid pace.

Future Business outlook for YOUR COMPANY:

2. Despite the unprecedented economic downturn the domains in which YOUR COMPANY is present will witness sustainable growth especially in the Power and e-Governance domains which are fairly resilient to economic parameters.
2. Greater focus on cost and operational efficiencies in the recessionary environment is expected to enhance global sourcing
2. India Inc would remain focused on tactical measures to achieve cost savings and greater productivity
2. The industry will continue to diversify in terms of geographies, verticals and service lines.
2. Service providers are expected to enhance focus to domestic market to de-risk business and tap into the local growth opportunities.

AUDITORS' REPORT

To
The Members
CSS TECHNERGY LIMITED
HYDERABAD.

We have audited the attached Balance Sheet of CSS TECHNERGY LIMITED, HYDERABAD, as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except accounting standard (AS)15 relating to Employee Benefits.

- v) In our opinion and based on written representation received from directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2011
- b) In so far as it relates to Profit and Loss Account, of the Profit of the Company for the year ended on that date.

And

- c) In so far as it relates to Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Place : Hyderabad
Date : 30.05.2011

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

-Sd-
C. SATYA PRAKASH
Partner
M.No : 027183

ANNEXURE TO THE AUDITOR'S REPORT :

Referred to as in paragraph 1 of our report of even date.

1. In respect of its Fixed assets:
 - (a) The company has maintained proper records showing full particulars including details and situation of fixed assets. The company has not updated fixed assets register during the year.
 - (b) As explained to us, the fixed assets have not been physically verified by the management during the year in a phased periodical manner
 - (c) During the year, the company has not disposed off substantial part of the Assets during the year. According to the information and explanations given to us, we are of the opinion that no transactions are affected involving disposal of assets so as to affect going concern status of the company.

2. In respect of its Inventories:
 - (a) As explained to us, inventories have been physically verified during the year 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 verification between the physical stocks and the book records were not material, have been properly dealt with in the books of account.

3. In respect of loans secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies act, 1956 :
 - (a) During the year the company has not taken loans from parties covered in the register maintained under section 301 of the Companies act, 1956. The company has not granted any loans to the parties covered in the register maintained under section 301 of the Companies act, 1956.
 - (b) As the company has not granted / taken loans to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, comments under paragraph 4(III)(b), 4(III) (c), and 4(III) (d) of CARO 2003, does not arise.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, based on our audit procedures applied, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In respect of transactions covered under 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 with parties covered above during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any Deposits from public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 framed there under apply.
7. In our opinion, the company does not have independent internal audit system commensurate with the size and nature of its business.
8. We are informed and according to the information and explanations given to us, that the Central government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the activities of the Company.
9. In respect of statutory dues:
 - (a) According to the records of the company and as per the information and explanations given to us, the company is not regular in depositing with appropriate authorities undisputed Statutory dues including Provident fund, Investor education & protection fund, Employee's state insurance, Wealth tax, Custom duty, Income tax, Excise duty, Cess and other material statutory dues applicable to it
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Wealth tax, Income tax, Customs duty, Excise duty and cess that were outstanding, as at 31st March, 2011 for a period of more than six months from the date they became payable, except the following:

Name of the statute	Period to which the amount relates	Amount Rs.
Employees Provident Fund And Miscellaneous Provisions Act, 1952	2010 -11	8,58,652
Employees State Insurance Act, 1948	2009 -10	8,52,131
Employees State Insurance Act, 1948	2010 -11	8,82,739
Finance Act, 1994	2009 -10	19,33,533
Finance Act, 1994	2010 -11	23,84,833
Total		69,11,888

(c) According to the information and explanations given to us, there are no dues of Sale Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess, which have not been deposited on account of any dispute.

10. In our opinion, the company neither has accumulated losses at the end of the year exceeding fifty percent of its net worth, nor incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. According to the information and explanations given to us, the company has not given any loans and advances 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. Accordingly the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion, according to the information and explanations given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions.

16. In our opinion, during the year the company has not taken any fresh term loans.
17. In our opinion, according to the information and explanations given to us and on an overall examination of statements and records of the company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
18. During the year the Company has converted 2,75,000 share warrants into equal no. of equity shares of Rs. 10/- each to the parties covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion the terms of conversion are not prima facie prejudicial to the interest of the Company.
19. In our opinion, the Company is not required to create/register/modify any security (Charge) as the company is not holding/issued any debentures.
20. In our opinion, the company has not raised money by way of public issue for any specific purpose during the year.
21. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

Place : Hyderabad
Date : 30.05.2011

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

-Sd-
C. SATYA PRAKASH
Partner
M.No : 027183

BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	Schedule	As at 31.03.2011 Rs	As at 31.03.2010 Rs
I SOURCES OF FUNDS :			
A. Shareholders' Funds			
(a) Share Capital	1	5 91 15 400	5 63 65 400
(b) Share Warrants Money		30 40 000	39 90 000
(c) Reserves & Surplus	2	15 20 52 884	14 36 91 300
B. Loan Funds			
(a) Secured Loans	3	2 57 68 744	3 34 12 866
C. Deferred Tax Liability		43 74 174	60 28 014
TOTAL (A+B+C)		24 43 51 203	24 34 87 580
II APPLICATION OF FUNDS :			
A. Fixed Assets	4		
(a) Gross Block		16 48 86 152	15 47 80 437
(b) Less : Depreciation		12 85 47 751	10 66 34 271
(c) Net Block		3 63 38 401	4 81 46 166
B. Current Assets, Leans & Advances			
(a) Inventories	5	1 15 09 360	1 02 94 645
(b) Loans & Advances	6	3 95 40 429	3 36 04 160
(c) Cash and Bank Balances	7	84 15 355	56 49 877
(d) Sundry Debtors	8	27 66 43 005	26 06 40 818
		33 61 08 149	31 01 89 500
C. Less: Current Liabilities & Provisions			
(a) Current Liabilities	9	10 74 55 095	9 81 77 363
(b) Provisions	10	2 10 55 591	1 75 01 406
		12 85 10 686	11 56 78 769
D. Net Current Assets (B-C)		20 75 97 463	19 45 10 731
E. Miscellaneous Expenditure (to the Extent not written of adjusted)	11	4 15 339	8 30 683
Notes on Accounts	17		
TOTAL (A+D+E)		24 43 51 203	24 34 87 580
Schedules referred above form an integral part of the Financial Statements.			

As per our report of even date

For **RAMBABU & Co.**,
Chartered Accountants
Firm No: 002976S-Sd-
C. SATYA PRAKASHPartner
M.No: 027183
Place : Hyderabad
Date : 30.05.2011

For and on behalf of the Board of Directors

-Sd-
Ravi Vishnu
Chairman &
Managing Director-Sd-
A. Bhopal Reddy
Whole Time Director-Sd-
D. Srinivasa Rao
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	Schedule	Year Ending 31.03.2011 Rs	Year Ending 31.03.2010 Rs
REVENUE			
Income from operation			
- Domestic		13 33 90 761	11 26 47 048
- Exports		91 41 467	55 22 361
Other Income	12	4 59 187	5 37 289
Project-in-Progress Increase / (Decrease)		12 14 715	20 12 148
TOTAL		14 42 06 130	12 07 18 846
EXPENDITURE			
Personnel Cost	13	4 31 52 875	4 56 41 570
Operating Expenses	14	4 41 08 179	1 99 73 962
Administrative Expenses	15	2 16 23 847	2 88 02 726
Finance Cost	16	51 34 747	65 22 676
Depreciation	4	2 19 52 546	1 92 33 619
Misc. Expenses written off		4 15 344	4 15 344
TOTAL		13 63 87 538	12 05 89 897
Profit before Tax & Prior Period Adjustments		78 18 592	1 28 949
Add / Less: Prior Period Expenses / Income		4 68 337	7 74 586
Profit before Tax		82 86 929	9 03 535
Less: Provision for Income Tax		(40 54 185)	(27 54 782)
Add :Deferred Tax Asset		16 53 840	31 04 461
Profit after Tax		58 86 584	12 53 214
Profit & Loss Account Balance b/f		8 76 32 000	8 63 78 786
Profit & Loss a/c carried to Balance Sheet		9 35 18 584	8 76 32 000
Earnings per Share: Basic		1.00	0.22
Weighted Average No. of Shares: Basic		59 11 540	56 36 540
Notes on Accounts	17		
Schedules referred above form an integral part of the Financial Statements.			

As per our report of even date

For RAMBABU & Co.,

Chartered Accountants

Firm No: 002976S

-Sd-

C. SATYA PRAKASH

Partner

M.No: 027183

Place : Hyderabad

Date : 30.05.2011

For and on behalf of the Board of Directors

-Sd-

Ravi Vishnu
Chairman &
Managing Director

-Sd-

A. Bhopal Reddy
Whole Time Director

-Sd-

D. Srinivasa Rao
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in Rs.)

PARTICULARS	Year Ending 31.03.2011 Rs	Year Ending 31.03.2010 Rs
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax & adjustments	82 86 929	9 03 535
Adjustments for :		
Depreciation	2 19 52 546	1 92 33 619
Provisions for Tax	(40 54 185)	(27 54 782)
Interest & Other Income received	(4 59 187)	(5 37 289)
Miscellaneous exp. W/o	4 15 344	4 15 344
Loss on Sale of Vehicle	21 110	1 32 405
Operating profit before working capital changes	2 61 62 557	1 73 92 832
Adjustments for :		
Inventories	(12 14 715)	(20 12 148)
Sundry debtors	(160 02 187)	(4 71 977)
Loans and advances	(59 36 289)	(40 47 838)
Current liabilities	1 28 31 917	31 29 005
Cash generated from operations	1 58 41 303	1 39 89 874
Interest Expenses	51 34 747	65 22 676
Net cash flow from Operating activities	2 09 76 050	2 05 12 550
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(101 79 891)	(180 82 570)
Sale Proceeds from fixed Assets	14 000	1 24 440
Interest & Other Income received	4 59 187	5 37 289
Net cash used in Investing activities	(97 06 704)	(174 20 841)
CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loans	(76 44 122)	(18 44 018)
Unsecured Loans	-	-
Share Capital	27 50 000	-
Share Warrants Money	(9 50 000)	39 90 000
Share Premium	24 75 000	-
Warrants Forfeiture	-	-
Interest paid	(51 34 747)	(65 22 676)
Net cash used in Financing activities	(85 03 868)	(43 76 694)
Net increase in cash and cash equivalents	27 65 478	(12 84 984)
Cash and cash equivalents at the beginning of the year	56 49 877	69 34 861
Cash and cash equivalents at the end of the year	84 15 355	56 49 877

As per our report of even date

For RAMBABU & Co.,

Chartered Accountants

Firm No: 002976S

-Sd-

C. SATYA PRAKASH

Partner

M.No: 027183

Place : Hyderabad

Date : 30.05.2011

For and on behalf of the Board of Directors

-Sd-

Ravi Vishnu
Chairman &
Managing Director

-Sd-

A. Bhopal Reddy
Whole Time Director

-Sd-

D. Srinivasa Rao
Company Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 Rs	As at 31.03.2010 Rs
<u>SCHEDULE - 1</u>		
SHARE CAPITAL		
Authorized :		
100,00,000 Equity Shares of Rs. 10/- each	10 00 00 000	10 00 00 000
Issued, Subscribed & Paid up :		
59,11,540 Equity Shares of Rs. 10/- each fully paid up (Previous year 56,36,540 Equity Shares of Rs. 10/- each)	5 91 15 400	5 63 65 400
	5 91 15 400	5 63 65 400
<u>SCHEDULE - 2</u>		
RESERVES AND SURPLUS		
Share Premium	5 66 09 300	5 41 34 300
Warrants Forfeiture	19 25 000	19 25 000
Profit & Loss Account	9 35 18 584	8 76 32 000
	15 20 52 884	14 36 91 300
<u>SCHEDULE - 3</u>		
SECURED LOANS		
Term Loan - SBI	-	12 71 631
Cash Credit - SBI	2 49 80 385	2 83 34 823
Equipment / Vehicle Hire Purchase Loans	7 88 360	38 06 412
	2 57 68 744	3 34 12 866
<u>SCHEDULE - 5</u>		
INVENTORIES		
(as valued and certified by management)		
Consumables	1 89 360	1 94 645
Project-in-Progress	1 13 20 000	1 01 00 000
	1 15 09 360	1 02 94 645

SCHEDULES FORMING PART OF THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

SCHEDULE - 4
FIXED ASSETS
(Amount in Rs.)

Sl. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Op. Bal, 01.04.2010	Additions during the year	Deletions during the year	Cost as at 31.03.2011	As at 01.04.2010	For the period	Deletion During the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	LAND	1,331,295	0	0	1,331,295	0	0	0	0	1,331,295	1,331,295
2	BUILDINGS	440,250	0	0	440,250	22,040	7,323	0	29,372	410,878	427,201
3	COMPUTERS & SOFTWARE	114,344,057	0,817,850	0	124,101,910	88,353,303	19,475,008	0	107,828,311	10,333,605	25,990,754
4	FURNITURE & FIXTURES	13,270,205	280,382	0	13,550,587	7,214,496	845,001	0	8,059,499	5,491,086	6,055,707
5	VEHICLES	3,080,820	0	74,176	3,000,644	987,230	292,678	39,066	1,240,842	1,765,802	2,093,590
6	OFFICE EQUIPMENTS	7,457,855	74,250	0	7,532,115	4,783,557	526,254	0	5,309,811	2,222,304	2,674,308
7	ELECTRICALS	13,961,044	7,400	0	13,968,444	4,691,962	745,063	0	5,437,045	8,551,399	9,289,062
8	LIBRARY BOOKS	865,901	0	0	865,901	581,852	61,219	0	642,871	223,030	284,249
	Total	154,780,437	10,170,801	74,176	104,880,152	106,034,271	21,052,546	39,006	128,547,751	30,388,401	48,140,160
	Previous Year	137,319,252	18,082,570	021,385	154,780,437	87,705,192	19,233,010	364,541	100,634,270	48,140,160	

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2011 Rs	As at 31.03.2010 Rs
<u>SCHEDULE - 6</u>		
LOANS AND ADVANCES		
(Unsecured, considered good, recoverable in cash or in kind for value to be received)		
Advances	73 86 720	78 61 335
Deposits - Others	76 43 404	52 73 074
Prepaid Expenditure	2 51 682	2 29 297
Advances to Staff	11 13 609	9 77 980
Pre paid Taxes	2 13 65 637	1 83 05 423
Other Advances	17 99 378	9 57 052
	3 95 40 429	3 36 04 160
<u>SCHEDULE - 7</u>		
CASH AND BANK BALANCES		
Cash on Hand	41 861	42 885
Balances with Scheduled Banks		
In Current accounts	40 95 996	13 10 323
In Margin Money accounts	42 77 499	42 96 669
	84 15 355	56 49 877
<u>SCHEDULE - 8</u>		
SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Outstanding More than Six Months	21 61 20 452	22 41 97 191
- Others	6 05 22 553	3 64 43 627
	27 66 43 005	26 06 40 818
<u>SCHEDULE - 9</u>		
CURRENT LIABILITIES		
Sundry Creditors		
- Creditors for Raw Materials	28 56 351	19 34 583
- Creditors for Services	3 96 72 771	4 74 20 545
- Creditors for Capital Goods	25 66 321	27 33 033
- Creditors for Expenses	3 15 60 398	1 15 62 745
Other Liabilities	3 07 99 255	3 45 26 457
	10 74 55 095	9 81 77 363
<u>SCHEDULE - 10</u>		
PROVISIONS		
Income Tax	2 06 41 034	1 70 86 849
Fringe benefit tax	4 14 557	4 14 557
	2 10 55 591	1 75 01 406
<u>SCHEDULE - 11</u>		
MISCELLANEOUS EXPENDITURE:		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure	8 30 684	
Less: Written off during the year	4 15 344	8 30 684
	4 15 340	8 30 684

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	As at 31.03.2011 Rs	As at 31.03.2010 Rs
<u>SCHEDULE - 12</u>		
OTHER INCOME		
Interest from Bank	1 67 434	96 812
Foreign Fluctuation	25 353	22 912
Miscellaneous Income	2 46 400	4 17 565
	4 59 187	5 37 289
<u>SCHEDULE - 13</u>		
PERSONNEL COST		
Salaries, Wages, Gratuity & Other benefits	4 26 73 877	4 50 94 285
Staff Welfare Expenses	4 78 998	5 47 285
	4 31 52 875	4 56 41 570
<u>SCHEDULE - 14</u>		
OPERATING EXPENSES		
Outsourcing Expenses	1 37 19 579	1 19 42 332
Consumables	2 74 03 980	54 28 754
Power & Fuel	7 06 293	6 58 161
Travelling Expenses	17 26 383	13 64 894
Freight Expenses	5 51 944	5 79 801
	4 41 08 179	1 99 73 962
<u>SCHEDULE - 15</u>		
ADMINISTRATIVE EXPENSES		
Directors Remuneration / Perks	22 37 935	15 78 182
Sales tax	10 63 850	24 91 932
Service tax	86 88 602	69 30 621
Bad debts written off	8 05 302	82 67 471
Consultancy & Legal	17 35 336	11 95 099
Conveyance Charges	2 68 390	2 69 422
Rent	25 33 741	30 52 095
Repairs & Maintenance - Computers	12 81 005	6 87 364
- Vehicles	3 24 470	3 50 230
- Others	5 60 831	13 99 646
Communication Expenses	8 40 816	9 39 045
Marketing Expenses	3 01 865	1 68 581
Insurance	1 93 736	3 88 635
Rates & Taxes	40 280	2 33 224
General Expenses	2 91 076	2 94 078
Loss on Sale of Vehicle	21 110	1 32 405
Interest to others	21 126	15 364
Foreign Exchange Fluctuation	4 934	48 229
Subscriptions	1 20 637	63 123
Auditors Remuneration	3 00 000	3 00 000
	2 18 23 847	2 88 02 728
<u>SCHEDULE - 18</u>		
FINANCE COST		
Interest on CC	42 07 762	35 22 241
Interest on Term Loan	1 97 637	4 16 381
Interest on Equipment Loan	2 58 104	8 35 813
Bank Charges	4 71 244	17 48 241
	51 34 747	65 22 676

NOTES TO ACCOUNTS - SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:

I. SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Convention

These financial statements have been prepared under the historical cost Conventions in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and Provisions of the Companies Act, 1956 as adopted consistently by the company. The company follows mercantile system of accounting to recognize all material revenue and expenses, including provisions/adjustments for committed obligations and amounts, determined as payable or receivable during the period under review.

2. Fixed Assets

Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation. All costs including financial costs up to the date of commissioning and attributable to the fixed assets are capitalized apart from taxes, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets.

3. Depreciation

Depreciation on Fixed Assets has been provided on straight-line method, as per the rates specified under schedules XIV of the Companies Act, 1956. No depreciation has been provided on land. Depreciation provided on assets acquired during the year has been provided on prorated basis.

4. Valuation of Inventories

- a) Stocks of consumables are valued at cost.
- b) Project work in progress is valued with reference to the actual cost incurred for the work performed up to the reporting date bear estimated total project cost of each project.

5. Revenue recognition

Revenue is recognized on the basis of stage wise completion of the Project.

6. Expenditure

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities.

7. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is accounted, by computing the tax effect on timing differences; being tax difference between taxable income and accounting income that originate in one period and are reversible in one or more subsequent periods.

8. Foreign Exchange Transactions

- a) Assets and Liabilities denominated in foreign currencies are translated at the rates prevailing on the date of the Balance Sheet. Exchange gains/losses on the same are dealt with in the Profit and Loss Account.
- b) Expenditure and Income denominated in foreign currencies are accounted for at the rates prevailing on the date of transaction. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

9. Retirement and other Benefits

- a) Contributions to Provident Fund and Family Pension Fund are charged to the Profit and Loss account as incurred.
- b) Post retirement benefit such as gratuity is provided for based on Valuations, as at the balance sheet date made by independent actuaries.
- c) The company does not have a policy for encashment of unavailed leaves during the tenure of services of employees and such leaves are encashed only at the time employee leaves the organization and accordingly leave encashment is accounted in the year of payment.

II. NOTES ON ACCOUNTS:

Notes to the accounts forming part of Balance Sheet as on 31st March 2011 and Profit & Loss account for the year ended on that date.

1. Contingent Liabilities not provided for

	2010-11 Rs	2009-10 Rs
a) Bank Guarantees	1,23,36,768	1,81,46,419

2. Secured Loans

- a) State Bank of India is continuing to support the working capital requirements of the company by way of cash credit facility, which they have sanctioned in October 2009, and term loan to the company. The said loans are secured by hypothecation of all current assets and pledge of fixed assets of the company. The said loans are further secured by equitable mortgage of 500 Sq.yds of land belonging to the Company and equitable mortgage of 500 Sq.yds of land belonging to Granada Engineers Limited.

The said loans are further secured by the corporate guarantee of Granada Engineers Limited and Personal guarantee of Ravi Vishnu and A. Bhopal Reddy.

- b) ICICI Bank, Kotak Mahindra and HDFC Bank have sanctioned equipment / vehicle loan and the said loan is secured by the hypothecation of the assets so purchased and personal guarantee of Ravi Vishnu and A. Bhopal Reddy.

3. Dues to Micro, Small and Medium Enterprises:

The company has put in place a suitable system for identifying the vendors coming under the preview of the Micro, Small and Medium Enterprises Development Act, 2006. Since the company has not received any information, in this regard, from the vendors, disclosure relating to amounts unpaid as at the last year end together with interest paid / payable under this Act could not be ascertained.

4. Managerial Remuneration

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Salaries	14,40,000	10,06,000
Allowances & Perquisites	7,97,935	5,70,182
TOTAL	22,37,935	15,76,182

5. Auditor's Remuneration

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Statutory Audit fee	2,00,000	2,00,000
Taxation and other statutory matters	1,00,000	1,00,000
TOTAL	3,00,000	3,00,000

6. Related Party Disclosures

(As identified and certified by the Management)

- a) Associate Company : Granada Engineers Limited
- b) Key Managerial Personnel :
- i) Ravi Vishnu Chairman & Managing Director
- ii) A.Bhopal Reddy Whole Time Director
- c) Value of transactions with related parties and Key Management

(Amount in Rs.)

Nature of Transaction	Associate Companies		Key Management Personnel	
	2010-2011	2009-2010	2010-2011	2009-2010
Value of Transactions	---	---	---	---
Balance outstanding Receivable / Payable (-) as on Balance Sheet date.	---	---	---	---
Remuneration	---	---	22,37,935	15,78,182

7. Segment Reporting:

The company engaged in providing Information Technology Enabled Services, which in the context of Accounting Standard-17 issued by ICAI are considered to constitute one single segment.

8. The sundry debtors outstanding for more than Six months include an amount of Rs.20,96,44,569 outstanding for more than 2 years, the recovery of which may be doubtful. However, the management is confident of recovering the same and opined that no provision is required and most of them are Government & reputed organizations.

9. In accordance with AS 22 'Accounting for Taxes on Income', the deferred tax liability as at 31st March, 2011 comprises the following:

(Amount in Rs.)

	2010-2011	2009-2010
Deferred Tax Liability		
Opening Balance	60,28,014	91,32,475
Current Year on account of Depreciation	(16,53,840)	(31,04,461)
Total Deferred tax Asset / liability	43,74,174	60,28,014

CSS TECHNERGY LIMITED

10. Earnings Per Share	2010-2011	2009-2010
Profit available for equity share holders (Rs)	58,86,584	12,53,214
Weighted average number of equity shares used in the calculation of Basic / Diluted earnings per share	59,11,540	56,36,540
Earnings Per Share (Basic) (Rs.)	1.00	0.22
Face Value per Share	Rs.10	Rs.10
11. Account balances of sundry debtors / creditors, Loans and Advances are subject to confirmation.		
12. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are not applicable to the Company.		
13. Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's classification. Figures have been rounded off to the nearest rupee.		

As per our report of even date

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

-Sd-
C. SATYA PRAKASH
Partner
M.No: 027183

Place : Hyderabad
Date : 30.05.2011

For and on behalf of the Board of Directors

-Sd-
Ravi Vishnu
Chairman &
Managing Director

-Sd-
A. Bhopal Reddy
Whole Time Director

-Sd-
D. Srinivasa Rao
Company Secretary

BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

CIN No.	L72200AP1994PLCO17415
Balance Sheet Date	31st March,2011

II Capital raised during the year (Rs.000's)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Preferential allotment	2750

III Position of mobilization and

Deployment of funds (Rs.000's)

Total Liabilities	244351
Total Assets	244351

Source of Funds

Paid-up capital	59115
Reserves and Surplus	152053
Secured Loans	25769
Unsecured Loans	NIL
Deferred Tax Liability	4374

Application of Funds

Net Fixed Assets	36338
Investments	NIL
Net Current Assets	207597
Miscellaneous Exp	NIL
Accumulated Losses	NIL

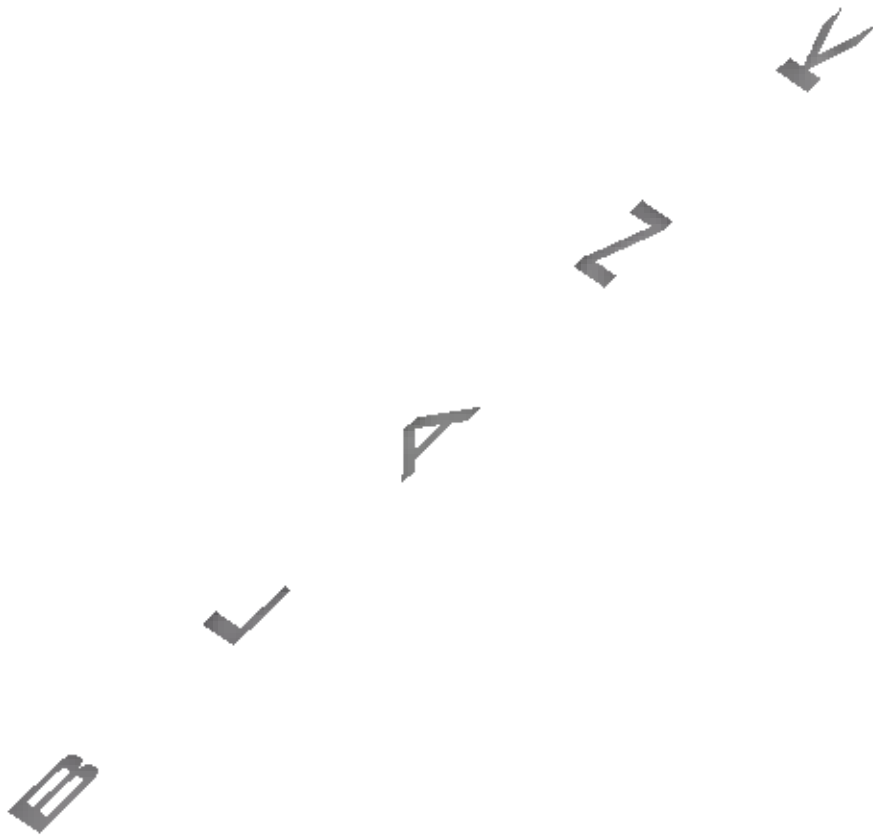
IV Performance of the Company (Rs.000's)

Turnover	144206
Total Expenditure	136388
Profit Before Tax	8287
Profit After Tax	5887
Earnings Per Share	1.00
Dividend	NIL

V Generic names of three principal products / services of the Company

(as per monetary terms)

I) Item Code No. (ITC Code)	85238020
Product Description	Information Technology Software



CSS TECHNERGY LIMITED

Regd. off: #6-1-85/10, Opp Telephone Bhavan, Saitabad, Hyderabad – 500 004.

PROXY FORM

Reg. Folio No./Client ID.....No. of shares held.....

I / Webeing a member/members of the above named Company do hereby appointof addressas my/our Proxy to attend and vote for me / us on my/our behalf at the 17th Annual General Meeting of the Company to be held on Thursday, the 29th Day of September 2011 at 10.00 A M at Jubilee Hills International Centre, Road No.14, Jubilee Hills, Hyderabad - 500 033 and at any adjournment thereof.

Signed on.....2011.



Note: The form of Proxy, duly signed across Re. 1/- Revenue Stamp should reach the Company not less than 48 hours before the time fixed for the Meeting.

CSS TECHNERGY LIMITED

Regd. off: #6-1-85/10, Opp Telephone Bhavan, Saifabad, Hyderabad – 500 004.

(Please present this at the entrance of the meeting venue)

ATTENDANCE SLIP

Reg. Folio No./Client ID.....No. of shares held.....

Name of shareholder.....

I hereby record my/our presence at the 17th Annual General Meeting of the Company to be held on Thursday, the 29th Day of September 2011 at 10.00 A M at Jubilee Hills International Centre, Road No. 14, Jubilee Hills, Hyderabad - 500 033.

Signature of the member

Note : Shareholders attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the Meeting hall.