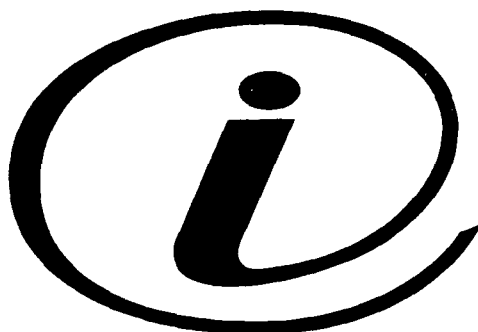


13th

ANNUAL REPORT

**For the period Ended
31st MARCH, 2010**



INDUS NETWORKS LIMITED



BOARD OF DIRECTORS

BOARD OF DIRECTOR : Shri K.Sudhir - Managing Director

DIRECTORS : Shri R.K.Mehta*

Shri P.M.Madan Mohan*

Shri J.Anjaneyulu*

Shri T. Srinivasa Rao**

*-Non-Executive and Independent Director

** -Promoter and Non-Excutive Director

AUDIT COMMITTEE : Shri R.K.Mehta

Shri P.M. Madan Mohan

Shri J. Anjaneyulu

REMUNERATION COMMITTEE : Shri R.K.Mehta

Shri P.M. Madan Mohan

Shri J.Anjaneyulu

SHAREHOLDERS GRIEVANCE COMMITTEE : Shri K.Sudhir

Shri R.K.Mehta

Shri J.Anjaneyulu

SHARE TRANSFER COMMITTEE : Shri K.Sudhir

Shri R.K.Mehta

Shri J.Anjaneyulu

AUDITORS : M/s. Kumar & Giri

Chartered Accountants

REGISTERED OFFICE : Plot No: 312, Road No:10C,
New MLA&MP's Colony,
Jubilee Hills, Hyderabad - 500 033
Ph. : 040 - 2354 0588, Fax : 040 - 2354 1022
E-Mail : info@indusnetworks.com

REGISTRARS & TRANSFER AGENTS : M/s. Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai - 400 072.
Ph No: 022 - 2847 0652, Fax: 022 - 2847 5207

SECURITIES LISTED AT : Bombay Stock Exchange Limited, Mumbai.



NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held on Thursday, 30th September, 2010 at 8-2-120/77/4B, Near L.V.Prasad Eye Institute, Road No.2, Banjara Hills, Hyderabad-500034 at 1.00 P.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in Place of Shri T.Srinivasa Rao, who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint M/s Kumar & Giri, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company on a later date. M/s Kumar & Giri, Chartered Accountants, Hyderabad, being eligible, offers themselves for reappointment.

BY ORDER OF THE BOARD

PLACE: HYDERABAD

DATE : 30.08.2010

K. SUDHIR

MANAGING DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY STAMPED AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/proxies are requested to bring alongwith them Annual Reports being sent to them.
3. The Share Transfer Books and Register of Members of the Company will remain closed on September 29, 2010.
4. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956, will 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.
5. The registration of share transfers and other related correspondence will be dealt with by the Company at its Registrar & Share Transfer Agents - Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400072. Members are requested to update this information and make all future correspondence, if any, at the above address.
6. The members are requested to:
 - (a) intimate to the Company, changes, if any, in their registered address at an early date;
 - (b) quote ledger folio number in all their correspondence;
 - (c) bring their copy of the Annual Report and the attendance slip duly filled in, at the Annual General Meeting.



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting you the Thirteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2010 comprising of 12 months from 01.04.2009 to 31.03.2010.

Company's Performance:

Your Directors hereby report that the Company has achieved a turnover of Rs 9099.75 akhs upto 31.03.2010 consisting of twelve (12) months, as against the turnover of Rs. 4032.48 lakhs during the previous financial year ended 31.03.2009 consisting of twelve (12) months.

The highlights of the financial results are as follows: -

(Rs. In lacs)

Particulars	2009 - 2010 From 01/04/2009 To 31/03/2010 (12 Months)	2008 - 2009 From 01/04/2008 To 31/03/2009 (12 Months)
Total Income	9099.75	4032.48
Total Expenditure other than Interest	9065.92	4212.42
Interest	11.86	23.47
Total Expenses	9077.78	4235.89
Profit / (loss) Before tax	21.96	-203.40
Provision for tax		
- Current Year Liability	3.75	17.75
- Deferred Tax Liability	16.69	-86.89
- Fringe Benefit Tax	—	1.61
Profit / (loss) After tax	1.51	135.88
Amount brought forward	27.00	405.95
Balance carried forward	271.59	270.07

Review of Operations:

Growth in Revenue and Profit During the year under review, your company recorded a total income of Rs. 9099.75 lakhs, compared to Rs. 4032.48 lakhs in the previous financial year, which represents a 3.84% growth. The Company incurred a net Profit Rs1.51akhs as compared to the net loss of Rs. 135.88 lakhs in the previous year.

Reserves and Surplus:

Particulars	2009-10 (Rs.in Lakhs)	2008-09 (Rs.in Lakhs)
Reserves and Surplus	911.47	909.96



Fixed Deposits:

The Company has not accepted any fixed deposits and the provisions of Section 58A of the Companies Act, 1956 are not applicable.

Personnel:

Information in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not applicable since none of the employees are receiving the remuneration as mentioned in the said section.

Directors:

Shri T.Srinivasa Rao retires by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment. Brief profile of the retiring Director, including areas of his expertise and other details, is explained in the Notice convening the ensuing Annual General Meeting.

Listing of Company's Securities:

Your Company's shares are currently listed on Bombay Stock Exchange Limited.

Dematerialization of Shares:

Your Company's shares have been made available for dematerialization through the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Directors' Responsibility Statement:

Your Directors' state:

- a. that in the preparation of the annual accounts for the year ended 31st March, 2010 applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- b. that they had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 that period.
- c. that they had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- d. that they had prepared the annual accounts for the year ended 31st March, 2010 on a going concern basis.

Auditors:

The Company's Auditors M/s Kumar & Giri, Chartered Accountants, Hyderabad, who retire at the ensuing Annual General Meeting of your Company, being eligible offers themselves for reappointment.

Your Board of Directors recommended the appointment of M/s Kumar & Giri, Chartered Accountants, Hyderabad, as Statutory Auditors of your Company. Your approval for such appointment is solicited.

Subsidiaries:

During the year under review, the Company has closed its wholly owned subsidiary named M/s INL Software Trading Private Limited under Section 560 of the Companies Act, 1956 , since the Company has not carried on any business activity during the period from the date of its Incorporation. As at the date of Balance Sheet, the Company has no subsidiaries..

**Corporate Governance:**

A report on Corporate Governance along with Auditors' certificate on compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement, is provided elsewhere in the Annual Report.

Management Discussion and Analysis Report:

Management Discussion and Analysis Report is provided elsewhere in the Annual Report.

Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo:

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is not furnished since the operations of the Company are not energy intensive. However, the Company has endeavoured to conserve energy consumption wherever feasible.

Technology absorption, Adaptation and Innovation

The Company's business demands continuous efforts and adaptation to changing technologies to stay competitive in the rapidly changing world. Significant efforts have been made by your Company towards constantly absorbing, adapting and deploying new technologies. These are expected to give substantial benefits in the future.

Foreign Exchange Earnings and Outgo:

Particulars	2009-2010	2008-2009
Travelling expenses	Nil	Nil
Foreign Exchange Earnings	—	Rs.66,81,236
Foreign Exchange Outgo	Rs. 280465081	Rs.19,77,93,593

Explanation to Auditors' Report:

The Company is regular in payment of statutory dues with the concerned authorities except filing of Income Tax Returns for the Assessment years beginning from 2001-02 to Assessment year 2010-11. Your Directors have taken note of the situation and efforts are being made to see that Income Tax returns for the above years will be filed at the earliest.

Acknowledgements:

The Board of Directors of the Company acknowledges its sincere appreciation to the Government, Bankers, Financial Institutions, and others for their kind support. On behalf of the Company, the Board of Directors thanks the Employees for their valuable efforts and the Shareholders for their continuing faith in the Company.

BY ORDER OF THE BOARD

PLACE: HYDERABAD

DATE : 30.08.2010

K. SUDHIR
MANAGING DIRECTOR

P.M. MADAN MOHAN
DIRECTOR



MANAGEMENT DISCUSSION AND ANALYSIS

1. Indian IT 2009-10 Industry Outlook

The year 2009-2010 was been very challenging for the entire Indian it services industry. With customer it spending staying mostly flat or showing a decline, the focus among client organizations was on driving efficiencies into their existing it systems, and pursue projects that higher levels of guaranteed return on investments and quicker payback.

According to NASSCOM, the IT industry growth rate for financial year 2009-10 has been estimated at 5.5 percent. However, for the next financial year, 2010-11, NASSCOM has given healthier projections for it services exports to grow between at 13 percent to 15 percent. They have forecasted the Indian market to grow between 15 percent to 17 percent.

Customers perception of outsourcing has undergone a distinct and perceptible change.. They are increasingly looking at outsourcing as a tool to meet their ever changing and dynamic business environment. It budgets are subject to high levels of scrutiny to ensure alignment to their overall business strategy. Customers are seeking partners with mature processes, financial stability and a demonstrated track record in not only delivering cost savings but also those who show sustained and continuous improvements in productivity.

2. Opportunities and Threats:

In every challenge lies an opportunity. Today's enterprises are looking for solutions that can help them reduce their operational cost and derive maximum value from their it spend. According to industry analysts like forrester, enterprises are looking for help making the move from a time & material model of engagement to a managed services model which not only help in driving down costs but also ensures that the projects are more outcome oriented. The industry has been talking about this changed business, engagement and pricing models for some time now. However, they are fast becoming a reality. Further, enterprises are prioritizing at projects that involve application consolidation / rationalization and those which are collaborative and high impact solutions that enhance productivity.

In the customer segment of software product companies who outsource their product development to offshore outsourcing companies, there has been a growing preference for engagement models that align their costs with activity levels (output). We have seen an increased level of activity among product companies that are relatively new to off shoring - driven by the need to compete in a challenging economy.

The financial upheaval that hit the developed markets last year threw up a risk which the industry was not really exposed to earlier i.e. 'customer sustainability'. Constantly changing business priorities, mergers, acquisitions and consolidations of companies require it service providers to be quick and deliver according changing situations.

Companies which are slow to react will get negatively impacted by risks on account of failed projects, unhappy customers and in extreme cases customer delinquencies. Further, with costs of delivery from near shore locations closing up with that offshore, emergence of these centers coupled with protectionist steps taken by developed economies faced with the recession could threaten the growth prospects of this sector.

**3. Business Outlook:**

The Company during the year 2009-2010 has achieved a turnover of Rs. 9099.75 lakhs. During the current year, the Company is expected to achieve better results with an increased growth rate in comparison to previous year.

4. Internal Controls and their adequacy:

The Company has suitable internal control systems and processes in place for the smooth conduct of its businesses. The Company maintains a system of internal controls designed to provide reasonable assurance regarding the Effectiveness and efficiency of operations and for safeguarding the assets of the Company and for ensuring appropriate recording and reporting of financial information for ensuring reliability of financial controls and for ensuring compliance of applicable laws and regulations.

5. Discussion on Financial Performance with respect to Operational Performance:**A. Financial Conditions:****Share capital**

The authorized share capital of the company as at 31st March 2010 is Rs. 2500 lakhs divided into 250 lakhs Equity shares of face value of Rs.10/- each. The Share Capital of the Company consists of only Equity Shares. As on March 31, 2010, the issued, subscribed and paid up capital of the Company stands at Rs. 650 lakhs consisting of 65,00,000 Equity Shares of Rs.10/- each fully paid-up.

Reserves & Surplus

The Reserves and Surplus of the Company as an 31st March 2010 stands at Rs. 911.47 lakhs.

Loan funds:**In Rs Lakhs**

Particulars	2009-10	2008-09
Secured Loan	Nil	28.98
Unsecured Loan	5464.37	3268.90
Total	5464.37	3297.88

Fixed assets

Gross Block of Fixed Assets stood at Rs. 1726.31 lakhs and the net block stood at Rs. 873.83 lakhs as at 31st March 2010 compared to Rs. 2646.547 lakhs and Rs. 659.321 lakhs as at 31st March 2009 respectively.

Investments:

Investments as at 31st March, 2010, amounted to Rs. 1145.00 lakhs as against Rs. 0.99 lakhs as at 31st March, 2009.

Current Assets

Sundry debtors Increased from Rs. 2760.57 lakhs as on March 31, 2009 to Rs. 7030.98 lakhs as on March 31, 2010.

Cash and Bank Balances Decreased from Rs. 30.34 lakhs to Rs2.42 lakhs.



Current liabilities and provisions

Current liabilities and provisions have increased from Rs. 10538.06 lakhs as on March 31, 2009 to Rs. 6185.23 lakhs as on March 31, 2010.

B. Results of operations

Income

Income from operations for the year was Rs. 9099.75 lakhs against Rs. 4032.48 lakhs recorded in the previous year which represents a growth rate in income of 3.84 %.

Expenditure

The manpower cost for the year was Rs. 39.54 lakhs as against Rs. 72.26 in the previous year.

Selling and administrative expenses for the year was Rs.263.54 lakhs, as compared to Rs 196.98 lakhs incurred in the previous year.

The finance expenses increased from Rs. 9.11 lakhs in the previous year to Rs. 23.46 lakhs for the year ended March 31, 2010.

The company provided Rs. 852.48 lakhs for depreciation compared to Rs. 1987.21 lakhs that was provided in the previous year.

The company has made a provision for current tax of Rs.3.75 lakhs and fringe benefit tax of Rs.Nil lakhs for the year ended March 31, 2010.

Other Income

Other income earned was Rs. 9.66 lakhs against Rs. 0.006 lakhs earned in the previous year.

Net Profit

During the year the Company incurred a Net Profit of Rs 1.51 lakhs as against net loss Rs. 135.88 lakhs recorded in the previous year.

Liquidity

The liquidity of the company was comfortable throughout the year

6. Segment wise performance and Geographical Information:

The Company provides IT Services globally across various industry and geographical segments. The industry wise, the geographical wise customers' risks will differ. Due to stiff competition prevailing in the market, there is marginal revenue growth in manufacturing and other industrial categories while the trend is not so in software and IT enabled services. In terms of geographical segments, revenue growth on export front has shown stable growth although the domestic revenues have considerably fallen compared to previous year. A detailed segment wise profitability statement is presented elsewhere in the report. In view of the emerging competitive trends, despite the spurt in demand for IT products and services, the margins are falling, requiring the company to cut down operating costs and adapt improvements in the range of services to sustain and thrive in the market.

7. Human Resources Development:

Your directors are happy to report that the industrial relations have been extremely cordial at all levels throughout the year and your Company continues to develop industry leading HR practices and has conducted a number of initiatives for recruiting, training and retention of high quality manpower resources.



REPORT ON CORPORATE GOVERNANCE

Corporate Governance is a continuous process of adopting and following 'Best in Class' Concepts, seeking to provide an enabling environment to harmonize the goals of maximizing stakeholder value while maintaining a customer centric focus. Corporate Governance is a wide framework of systems, rules, interfaces and principles that are ingrained into the fiduciary corporate culture and values, resulting in a simplified and transparent corporate structure driven solely by business needs.

The primary objective of Corporate Governance is to promote fairness, transparency, accountability and responsiveness directing the Company to not only work towards the enhancement of shareholders' value but also towards overall betterment of all stakeholders viz., shareholders, creditors, customers, employees and society at large.

Corporate Governance at Indus:

Corporate governance at Indus transcends to a level beyond mere compliance to legal requirements. It seeks to achieve a balance between economic and social goals of the organization and also integrate the individual and collective goals. This integration can be achieved only when the organization's deep-rooted values are imbibed within the organization. Indus's core values, which include Customer Sovereignty, Passion for Excellence, Continuous Innovation, Transparency and Integrity, People Orientation and Social Responsibility are the keystones on which the framework of Corporate Governance has been built to make Indus a vibrant and socially conscious organization, driven by people with passion for superior performance, with a continued customer focus in its drive to be a transformation partner to global corporations.

The importance of Corporate Governance has always been recognized by Indus and is manifested in the Company's vision. A report, in line with the requirements of the Stock Exchanges for the year ended March 31, 2010 is given below:

1. Board of Directors:

A. Composition of Board of Directors:

The Board of Directors of the Company shall have an optimum combination of executive and non-executive directors with not less than fifty (50%) percent of the Board of Directors comprising of non-executive directors and fifty (50%) percent of the Board of Directors comprising of Independent Directors.

Your existing Board consists of major number of Non-Executive and Independent Directors and a whole-time Director who bring a wide range of skills and experience to the Board. The details of the Directors on the Board of your Company for the year 2009-2010 are as given below.

Thus, your Company Board of Directors consists of Five (5) members, out of which one (1) is Managing Director and one (1) is a promoter and Non-Executive Director and all other are Independent and Non-Executive Directors.

None of the Directors of your Company are members in more than ten (10) committees or act as chairman of more than five (5) committees across all companies in which he is a director.

B. Details of Board Meetings held:

Six Board Meetings were held during the Financial Year on 30th April, 2009, 31st July, 2009, 28th August, 2009, 07th September, 2009, 30th October, 2009 and 30th January, 2010.