

INFRONICS SYSTEMS LIMITED

**15th
ANNUAL REPORT
2014-2015**

CORPORATE INFORMATION**Board of Directors:**

- | | | |
|--|----|----------------------|
| 1. Mr. M. Madhusudan Raju (DIN: 00471678) | -- | Managing Director |
| 2. Mr. K. Srinivasa Rao (DIN: 06465192) | -- | Independent Director |
| 3. Mr. M.V.S.Ramesh Varma (DIN: 06680580) | -- | Independent Director |
| 4. Mrs. Namburu Satyavathi (DIN: 06361271) | -- | Independent Director |

Chief Financial Officer:

Siddantapu Enmanuel Raju

Registered Office:

Plot No.16, Srila Realty Layout,
Near Landmark Towers,
Madinaguda, Miyapur, Serilingampally Mandal,
Hyderabad-500049, Andhra Pradesh.
Email: Info@infronics.com

Statutory Auditors:

M M REDDY & CO.,
Chartered Accountants,
Somajiguda, Hyderabad

Internal Auditors:

M/S. PENMETS&ASSOCIATES,
Chartered Accountants,
Visakhapatnam

Audit Committee:

- | | | |
|----------------------------|---|----------|
| 1) Mr. K. Srinivasa Rao | - | Chairman |
| 2) Mr. M.V.S. Ramesh Varma | - | Member |
| 3) Mrs. Namburu Satyavathi | - | Member |

Nomination & Remuneration Committee:

- | | | |
|----------------------------|---|----------|
| 1) Mr. K. Srinivasa Rao | - | Chairman |
| 2) Mr. M.V.S. Ramesh Varma | - | Member |
| 3) Mrs. Namburu Satyavathi | - | Member |

Stakeholders Relationship Committee:

- | | | |
|----------------------------|---|----------|
| 1) Mr. K. Srinivasa Rao | - | Chairman |
| 2) Mr. M.V.S. Ramesh Varma | - | Member |
| 3) Mrs. Namburu Satyavathi | - | Member |

Independent Directors Committee:

- | | | |
|----------------------------|---|----------|
| 1) Mr. M.V.S. Ramesh Varma | - | Chairman |
| 2) Mr. K. Srinivasa Rao | - | Member |
| 3) Mrs. Namburu Satyavathi | - | Member |

Risk Management Committee:

- | | | |
|----------------------------|---|----------|
| 1) Mrs. Namburu Satyavathi | - | Chairman |
| 2) Mr. M.V.S. Ramesh Varma | - | Member |
| 3) Mr. M. Madhusudan Raju | - | Member |

Bankers:

State Bank of India
Saifabad (SIB) branch,
HACA Bhavan, Opp. Assembly,
Hyderabad-500004

Listing:

- 1) BSE Limited
- 2) Ahmedabad Stock Exchange Limited

CIN:

L72200TG2000PLC033629

Registrar & Share Transfer Agents:

M/s. Aarthi Consultants Private Limited
1-2-285, Near Gaganmahal Nursing Home,
Street No 7, Domalguda , Hyderabad-500029.
Ph: 040-27638111/27634445, Fax: 040-27632184
Email: info@aarthiconsultants.com

ISIN:

INE463B01028

WEBSITE:

www.infronics.com

INVESTOR E-MAIL ID:

info@infronics.com

NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Shareholders of M/s Infronics Systems Limited will be held on Wednesday, the 30th day of September, 2015 at 10.00 A.M. at the registered office of the Company situated at Plot No. 16, 1st Floor, Srila Realty Layout, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad - 500049 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Report of Auditors and Directors thereon.
2. To appoint a director in place of Mr. K. Sambasiva Rao who retires by rotation and not opted for reappointment.
3. To appoint M/s. M M REDDY & CO., Chartered Accountants, Hyderabad as Statutory Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting at remuneration as may be fixed by the Board of Directors of the Company.

SPECIAL BUSINESS:

4. APPOINTMENT OF MRS. N. SATYAVATHI AS AN INDEPENDENT DIRECTOR OF THE COMPANY:

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

“RESOLVED THAT pursuant to the provision of Section 149 and 150 of the Companies Act, 2013 and the Rules made there under and the Articles of Association of the Company, Mrs. N. Satyavathi who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30.03.2015 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mrs. N. Satyavathi as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 29th September, 2020, not liable to retire by rotation.

5. APPOINTMENT OF MR. M. MADHUSUDAN RAJU AS A MANAGING DIRECTOR OF THE COMPANY:

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

“RESOLVED THAT pursuant to provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactments(s) thereof) read with Schedule V of the Companies Act, 2013, and pursuant to the Articles of Association of the Company, the consent of the Company be and is hereby accorded for the appointment of Mr. M. Madhusudan Raju (DIN: 00471678) as Managing Director of the company for a period of 3 years commencing from 05.05.2015 on the remuneration, as may be decided by the Board and with liberty to fix, alter or vary from time to time the terms and conditions of the said appointment including the remuneration in such manner as it may deem fit within the limits in that behalf contained in Schedule V of the said Act including any Statutory modification(s) in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto as may be agreed by the Board of Directors and Mr. M. Madhusudan Raju in this behalf.

“FURTHER RESOLVED THAT pursuant to Schedule V and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the minimum remuneration to Mr. M. Madhusudan Raju, for that financial year, in which there is inadequacy or absence of profits, during the period of three years from the effective date of his appointment.”

“FURTHER RESOLVED THAT, any one of the Directors of the Company be and are hereby authorized to do all necessary acts, deeds, and things in this regard including filing of necessary forms with Registrar of Companies, Hyderabad”.

6. AMENDMENT OF ARTICLES OF ASSOCIATION OF THE COMPANY:

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

“RESOLVED THAT pursuant to provisions of Section 5 read with Section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the

time being in force) and the new draft Articles as contained in the Articles of Association submitted be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) and any one of Directors of the Company, be and are hereby severally authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

7. TO CONSOLIDATE TWO EQUITY SHARES OF RS. 5/- EACH INTO ONE EQUITY SHARES OF RS. 10/-EACH.

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

“RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendment or re-enactment thereof for the time being in force), and subject to the adoption by the shareholders of the Company of the new Articles of Association which empowers the Company for consolidation of shares and subject to the approvals, consents, permissions and sanctions, if any, required from any authority and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”), consent of the Members be and is hereby accorded to consolidate two Equity Shares of the Company having Face value of Rs. 5/- (Rupees Five only) into 1 (One) Equity Share of Face value of Rs. 10/- (Rupees Ten only) each fully paid-up and consequently, the Authorized Share Capital of the Company comprising of 2,20,00,000 (Two Crore Twenty Lakhs) equity shares of Rs.5/- each shall be consolidated to 1,10,00,000 (One Crore Ten Lakhs) equity shares of Rs. 10/- each (Ten) amounting to Rs.11,00,00,000/- (Rupees Eleven Crores only) with effect from the “Record Date” to be determined by the Board for this purpose.

“FURTHER RESOLVED THAT pursuant to the Consolidation of the Equity Shares of the Company, Two Equity Shares of the Face value of Rs.5/- (Rupees five only) each as existing on the Record Date shall stand consolidated into 1 (One) Equity Share of the Face value of Rs. 10/- (Rupees Ten only) each fully paid-up, with effect from the Record Date.

“FURTHER RESOLVED THAT on consolidation, 1 (One) Equity Share of the Face value of Rs. 10/- (Rupees Ten only) each be issued in lieu of Two Equity Shares of Rs. 5/- (Rupees Five only) each, subject to the terms of

Memorandum and Articles of Association of the Company and shall rank pari passu in all respects and carry the same rights as the existing fully paid Equity Shares of Rs. 10/- (Rupees Ten only) each of the Company and shall be entitled to dividend(s), if any, after the consolidation of equity shares.

“FURTHER RESOLVED THAT upon consolidation of Equity Shares of the Company as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares of Face value of Rs. 5/- (Rupees five only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and that no letter of allotment shall be issued to the allottees of the new Equity Shares of Rs. 10/- (Rupee Ten only) each on consolidation and the Company may, without requiring the surrender of existing share certificate(s), directly issue and dispatch the new share certificate(s) of the Company, in lieu of such existing share certificate(s), within the period prescribed or that may be prescribed in this behalf, from time to time and in the case of shares held in dematerialized form, the number of consolidated Equity Shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares before consolidation.

“FURTHER RESOLVED THAT the Board be and is hereby authorized to fix a Record Date and to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, proper and expedient or incidental for the purpose of giving effect to this resolution.”

8. AMENDMENT TO CLAUSE V OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY

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

“RESOLVED THAT pursuant to the provisions contained in Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendment or re-enactment thereof for the time being in force), and subject to the approvals, consents, permissions and sanctions, if any, required from any authority, consent of the Members be and is hereby accorded to amend the existing Clause V of the Memorandum of

Association of the Company by deletion of the existing Clause V and by substitution thereof by the following clause:

‘V. The Authorized Share Capital of the Company is Rs. 11,00,00,000/- (Rupees Eleven crores only) divided into 1,10,00,000 (One crore Ten Lakhs) Equity Shares of Rs. 10/- (Rupee Ten only) each with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may for the time being permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf.’

“FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

For and on behalf of the Board
For Infronics Systems Limited

Sd/-
M. Madhu Sudan Raju
Managing Director
DIN: 00471678

Place: Hyderabad
Date: 14.08.2015

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.

Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty (50) members and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other person or shareholder. The appointment of proxy shall be in the Form No. MGT.11 annexed herewith.

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 26.09.2015 to 30.09.2015 (Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.
6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.

8. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents (M/s. Aarthi Consultants Private Limited).
9. As a measure of austerity, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the Meeting.
10. Members holding shares in the same name under different ledger folios are requested to apply for Consolidation of such folios and send the relevant share certificates to M/s. Aarthi Consultants Private Limited, Share Transfer Agents of the Company for their doing the needful.
11. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
12. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat / Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.
13. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
14. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014-2015 is being sent in the permitted mode.
15. Members may also note that the Notice of the 15th Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website **www.infronics.com** for their download. The

physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id **info@infronics.com**.

16. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 15th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

(A) In case of members receiving e-mail:

- (i) The voting period begins on 27.09.2015 at 9.00 A.M. and ends on 29.09.2015 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (25.09.2015) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on “SUBMIT” tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xi) Click on the EVSN for the relevant Infronics Systems Limited on which you choose to vote.
 - (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (II) In case of members receiving the Physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**
- (A) Please follow all steps from sl. no. (ii) to sl. no. (xvii) above, to cast vote.

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (B) The voting period begins on 27.09.2015 at 9.00 A.M. and ends on 29.09.2015 at 5.00.P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 25.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
17. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 25.09.2015.
18. Mr. Vivek Surana, Practicing Company Secretary, bearing C.P. Number 12901 has been appointed as the Scrutinizer to scrutinize the e-voting process.
19. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
20. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.infronics.com and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and Ahmedabad Stock Exchange.

For and on behalf of the Board
For Infronics Systems Limited

Sd/-
M. Madhu Sudan Raju
Managing Director
DIN: 00471678

Place: Hyderabad
Date: 14.08.2015

EXPLANATORY STATEMENT
[Pursuant to Section 102 of the Companies Act, 2013]

Item No. 4:

Mrs. N. Satyavathi was appointed as Additional Director on 30.03.2015, in terms of Section 161 (1) of the Companies Act, 2013, in the category of 'Non-Executive Independent' and is continuing as 'Independent Director'. In terms of the aforesaid section of the Companies Act, 2013, an Additional Director shall hold office upto the date of the next Annual General Meeting and be eligible for appointment to the office of a director at any General Meeting in terms of Section 160 of the Companies Act, 2013. The Company has received a notice from a member under section 160 of the Companies Act 2013, along with requisite deposit proposing the candidature of Mrs. N. Satyavathi for the office of director under the category of Independent Director.

In order to ensure compliance with the provisions of Sections 149 and 152 of the Companies Act, 2013 read with Rules made thereunder and Schedule IV of the Act, it is proposed that approval of the shareholders be accorded for the appointment of Mrs. N. Satyavathi as 'Independent Director' for a term upto 29th September, 2020, and pass the resolution set out at Item No. 4. The appointment of N. Satyavathi is required to be in compliance with the provisions of Section 160 of the Companies Act, 2013.

Mrs. N. Satyavathi has confirmed compliance with the criteria of Independence as provided under Section 149 (6) of the Act. The Board is of the opinion that her continued association with the Company would be of benefit to the Company. Further, in the opinion of the Board Mrs. N. Satyavathi fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder, and she is independent of the Management.

None of the Directors or Key Managerial Personnel of the Company, their relatives and Independent Director, Mrs. N. Satyavathi is concerned or interested, financially or otherwise, in this Resolution. The Board recommends the Ordinary Resolution as set out at item no. 4 for approval of the Members.

Item No. 5

The Board of Directors at their meeting held on 5th May, 2015 have, subject to the approval of the Shareholders, and upon the recommendation of Nomination and Remuneration Committee appointed Mr. M. Madhusudan Raju (DIN 00471678) as Managing Director of the Company with effect from 05.05.2015 for a period of 3 years on the remuneration, as may be decided by the Board and with liberty to the Board of directors to fix, alter or vary from time

to time the terms and conditions of the said appointment including the remuneration in such manner as it may deem fit within the limits in that behalf contained in Schedule V of the said Act including any Statutory modification(s) in force or that may hereinafter be made thereto by the Central Government in that behalf or any amendments thereto as may be agreed by the Board of Directors and Mr. M. Madhusudan Raju in this behalf.

The Board is of the opinion that his services should continue to be available to the Company to meet all the challenges are being faced by the company. The terms and conditions of the appointment of Mr. M. Madhusudan Raju (DIN 00471678), subject to approval of the shareholders.

Hence, the Board recommends the resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. M. Madhusudan Raju is concerned or interested, financially or otherwise, in this Resolution set out at item no. 5 for approval of the Members.

Item No. 6

The Articles of Association of the Company ("Articles") as currently in force was adopted pursuant to the provisions under the Companies Act, 1956. The Companies Act, 1956 has been superseded by the Companies Act, 2013. The references to specific sections of the Companies Act, 1956 in the existing Articles of Association is hence to be amended to align the extant Articles with the provisions of the Companies Act, 2013 and rules thereunder.

Salient aspects of the proposed amended Articles:

Under the proposed amended Articles, salient aspects of sections of Table-F of Schedule I to the Companies Act, 2013 which sets out the model articles of association for a Company limited by shares have been adopted. As mentioned in the previous para, changes that are required to be carried out pursuant to the Companies Act, 2013 and rules thereunder coming into force have been duly carried out. A copy of the amended proposed Articles is enclosed to this Notice for consideration / approval of the Members.

The resolution as set out in item no. 6 has been recommended by the Board of Directors for approval of the Members by special resolution.

The proposed new draft of Articles of Association is also available for inspection by the Members at the Registered Office of the Company on any working day excluding public holidays and Sunday from the date here up to September 30th, 2015.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way are concerned or interested, financially or otherwise, in the Special Resolution set out at item No. 6 of the Notice.

Item No. 7 & 8

The Board of Directors of the Company wish to consolidate the Equity Shares of the Company by which the face value of each share would be Rs. 10/-. As per Section 61(1)(b) of the Companies Act, 2013, shares of the company can be consolidated on passing of a resolution at the General Meeting of the Company. Therefore, the proposed resolution is recommended to the shareholders of the company for their consideration and approval.

Accordingly, two equity shares of nominal value of Rs. 5/- (Rupees Five only) each, of the Company existing on the Record Date shall stand consolidated into 1 (one) equity share of nominal value Rs. 10/- (Rupee Ten only) each.

The Record Date for the aforesaid consolidation of the equity shares will be fixed by the Board of Directors after the approval of the Members.

At present, the Authorized Share Capital of the Company is Rs. 11,00,00,000/- (Rupees Eleven Crores only) divided into 2,20,00,000 (Two Crores Twenty Lakhs only) Equity Shares of Rs. 5/- (Rupees Five only) each. The Issued, Subscribed and Paid-up Share Capital of the Company is Rs. 7,92,64,615/- (Rupees Seven Crores Ninety Two Lakhs Sixty Four Thousand Six Hundred Fifteen only) divided into 1,58,52,923 (Rupees One Crores Fifty Eight Lakhs Fifty Two Thousand Nine Hundred Twenty Three only) Equity Shares of Rs. 5/- (Rupees Five only) each.

The proposed consolidation of equity shares of the Company from Rs. 5/- (Rupees Five only) per equity share to Rs. 10/- (Rupee Ten only) per equity share, requires amendment to the Memorandum of Association of the Company. Accordingly, Clause V of the Memorandum of Association is proposed to be altered in the manner set out in the Resolution at Item No. 8, to reflect the alteration in the authorized share capital of the Company, i.e., from Rs. 11,00,00,000/- (Rupees Eleven Crores only) divided into 2,20,00,000 (Two Crores Twenty Lakhs only) Equity Shares of Rs. 5/- (Rupees Five only) each to 1,10,00,000 (One Crore Ten Lakhs) Equity Shares of Rs. 10/- (Rupee Ten only) each.

Fractions if any, arises in the process of consolidation, the same will not be considered and accordingly, the promoters will forego 1 Equity share from their paid up capital and the paid up capital stands at 79,26,461 Equity shares of Rs. 10/- each.

Accordingly, the Board seeks approval of the Members for Resolutions at Item Nos. 7 and 8 for the proposed consolidation of each Equity Share of nominal value of Rs. 5/- (Rupees Five only) of the Company into 1 (One) Equity Share of Rs. 10/- (Rupee Ten only) each and the consequent amendments to Clause V of the Memorandum of Association of the Company.

The Board is of the opinion that the aforesaid consolidation of the nominal value of equity shares is in the best interest of the members and hence commends passing of the Resolutions at Items Nos. 7 & 8.

A copy of the Memorandum of Association of the Company along with the proposed amendments is available for inspection by the members at the Registered Office of the Company during working hours on all days except Sundays and Public Holidays.

The Directors, the Key Managerial Personnel and their relatives are deemed to be concerned or interested in the resolutions at Item Nos. 7 & 8 only to the extent of shares held by them, if any, in the Company. The proposed Resolutions do not relate to or affect any other Company.

For and on behalf of the Board
For Infronics Systems Limited

Sd/-
M. Madhu Sudan Raju
Managing Director
DIN: 00471678

Place: Hyderabad
Date: 14.08.2015

DIRECTOR'S REPORT

To,
The Members of Infronics Systems Limited,

We have pleasure in presenting the Fifteenth Annual report together with Audited accounts for the year ended 31st March, 2015.

1. FINANCIAL SUMMARY/ HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRES:

(Rs. in lakhs)

Particulars	2014-15	2013-14
Gross Income	796.86	930.55
Profit Before Interest and Depreciation	(311.48)	327.96
Finance Charges	175.84	150.26
Gross Profit	(785.42)	(173.99)
Provision for Depreciation	298.10	351.69
Net Profit Before Tax	(1694.57)	(173.99)
Provision for Tax	(86.05)	(38.53)
Net Profit After Tax	(1608.52)	(135.46)
Balance of Profit brought forward	34.68	636.76
Balance available for appropriation	(1,573.84)	501.30
Proposed Dividend on Equity Shares	--	--
Tax on proposed Dividend	--	--
Transfer to General Reserve	--	--
Surplus carried to Balance Sheet	(1,573.84)	501.30

During the year under review, the Company has recorded an income of Rs.796.86 Lakhs and the loss of Rs. (1608.52) as against the income of Rs.930.55 Lakhs and reported loss of Rs. (135.46) Lakhs in the previous financial year ending 31.03.2014.

2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

The company obtained loan from SBI and due to several business related issues, the company could not make enough revenues and as a result defaulted in repayment of loan. SBI has declared the company as NPA and the company making sincere efforts to come out of the financial default.

3. CHANGE IN THE NATURE OF BUSINESS:

During the period under review and the date of Board's Report there was no change in the nature of Business.

4. DIVIDEND:

Your Directors have decided not to recommend dividend for the year as the company has incurred losses.

5. BOARD MEETINGS:

The Board of Directors met 6 times during the year on 28.05.2014, 03.07.2014, 14.08.2014, 14.11.2014, 14.02.2015 and 30.03.2015 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

- a) During the year, Mrs. N. Satyavathi was appointed as Additional Director. Now the Board proposes to appoint her as Independent Director.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint existing additional director in the independent category, as Independent Director on the Board of the Company for a term up to five consecutive years. A brief profile of proposed Independent Director, including nature of her expertise, is provided in this Annual Report.

Notice has been received from a Member proposing candidature of the Director namely Mrs. N. Satyavathi for the office of Independent Director of the Company. In the opinion of the Board, she fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Director of the Company.

- b) Mr. K Sambasiva Rao, Managing Director liable to retirement since his term of appointment as a Managing Director has expired and he has expressed his unwillingness for renewal of his term. The Board placed on record his sincere appreciation for the valuable services rendered by him during his tenure as Managing Director of the Company.

c) Mr. M. Madhusudan Raju was appointed as a Managing Director with effect from 05.05.2015 and the same is proposed for approval of the members.

Mr. Siddantapu Enmanuel Raju was appointed as a CFO of the Company

Details of re-appointment /appointment of the director:

Particulars	Mrs. N. Satyavathi	Mr. M. Madhusudan Raju
Date of Birth	15/06/1964	19/11/1974
Date of Appointment	30/03/2015	12/04/2000
Qualifications	Graduate	M.S. in Software Engineering
No. of Shares held in the Company	0	1463330
Directorships held in other companies (excluding private limited and foreign companies)	Indovation Renewables Limited	Mobiprise Systems Limited BioMoRF Systems Limited
Positions held in mandatory committees of other companies	Nil	Nil

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

2. Terms and References:

2.1 **“Director”** means a director appointed to the Board of a Company.

2.2 **“Nomination and Remuneration Committee** means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and clause 49 of the Equity Listing Agreement.

2.3 **“Independent Director”** means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.

3. Policy:

Qualifications and criteria

- 3.1.1 The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.
- 3.1.2 In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:
- General understanding of the company's business dynamics, global business and social perspective;
 - Educational and professional background
 - Standing in the profession;
 - Personal and professional ethics, integrity and values;
 - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- 3.1.3 The proposed appointee shall also fulfill the following requirements:
- shall possess a Director Identification Number;
 - shall not be disqualified under the companies Act, 2013;
 - shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
 - shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
 - shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
 - Such other requirements as any be prescribed, from time to time, under the companies Act, 2013, Equity listing Agreements and other relevant laws.
- 3.1.4 The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.
- 3.2 **criteria of independence**
- 3.2.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment

and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

- 3.2.2 The criteria of independence shall be in accordance with the guidelines as laid down in companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director-

- a. Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoters of the company or its holding, subsidiary or associate company;
(ii) Who is not related to promoters or directors of the company its holding, subsidiary or associate company
- c. Who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or director, during the two immediately preceding financial year or during the current financial year;
- d. None of whose relative has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial year or during the current finance year;
- e. Who, neither himself nor any of his relative-
 - (i) Holds or has held the position of a key managerial personnel or is or has been employee of the or associate company in any of the three finance years immediately preceding the finance year in which he is proposed to be appointed;
 - (ii) Is or has been an employee or proprietor or a partner, in any of the three finance year immediately preceding the finance year in which he is proposed to be appointed of-
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding subsidiary or associate company amounting to ten per cent or more of the gross turnover of more of the gross turnover of such firm;

- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipt from the company any of its promoters , directors or its holding subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- (v) is a material supplier, service provider or customer or a lesser or lessee of the company.
 - f. Shall possess appropriate skills experience and knowledge in one or more field of finance , law management, sales, marketing administration, research, corporate governance, technical operations, corporate social responsibility or this disciplines related to the company's business.
 - g. Shall possess such other qualifications as may be prescribed from time to time, under the companies Act, 2013.
 - h. Who is not less than 21 years of age

3.2.3 The independent Director shall abide by the “code for independent Directors “as specified in Schedule IV to the companies Act, 2013.

3.3 other directorships/ committee memberships

3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of, and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

3.3.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

3.3.3 A Director shall not serve an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

3.3.4 A Director shall not be a member in more than 10 committee or act as chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

Remuneration policy for Directors, key managerial personnel and other employees

1. Scope:

- 1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

2. Terms and Reference:

In this policy the following terms shall have the following meanings:

- 2.1 **“Director”** means a director appointed to the Board of the company.
 - 2.2 **“key managerial personnel”** means
 - (i) The Chief Executive Officer or the managing director or the manager;
 - (ii) The Company Secretary;
 - (iii) The Whole-time Director;
 - (iv) The Chief Finance Officer; and
 - (v) Such other office as may be prescribed under the companies Act, 2013
 - 2.3 **“Nomination and Remuneration committee”** means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act, 2013 and clause 49 of the Equity Listing Agreement.
- ### **3. Policy:**
- 3.1 Remuneration to Executive Director and key managerial personnel
 - 3.1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall approved by the shareholders.
 - 3.1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial

personnel of the company.

3.1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits
- (vi) Annual performance Bonus

3.1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

3.2 Remuneration to Non – Executive Directors

3.2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per the provisions of the Companies Act.

3.2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non-Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

3.3. Remuneration to other employees

3.3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

7. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received necessary declaration from Mr. K. Srinivas Rao, Mr. M. V. S. Ramesh Varma and Mrs. N. Satyavathi, Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that they as

Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).(Annexure II)

8. COMPOSITION OF AUDIT COMMITTEE:

Audit Committee:

- I) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013.
- II) The terms of reference of the Audit Committee include a review of the following:
 - Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
 - Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning financial statements and
 7. Any related party transactions
 - Reviewing the company's financial and risk management's policies.
 - Disclosure of contingent liabilities.

- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.

III) The previous Annual General Meeting of the Company was held on 30.09.2014 and Chairman of the Audit Committee, attended previous AGM.

IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2014-2015, (4) four meetings of the Audit Committee were held on the **28.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015.**

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. K. Srinivas Rao	Chairman	NED (I)	4	4
Mr. M.V.S. Ramesh Varma	Member	NED (I)	4	4
Mr. N. Satyavathi*	Member	NED (P)	4	Appt w.e.f. 30.03.2015
Mr. Madhusudan Raju @	Member	NED (I)	4	4

* Appointed w.e.f. 30.03.2015

@ Appointed as Managing Director w.e.f. 05.05.2015, resigned from the committee

NED (I): Non Executive Independent Director

NED (P): Non Executive Director Promoter

NOMINATION & REMUNERATION COMMITTEE:

The details of composition of the Committee are given below:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. K.Srinivas Rao	Chairman	NED (I)	1	1
Mr. M.V.S. Ramesh Varma	Member	NED (I)	1	1
Mrs. N. Satyavathi	Member	NED (I)	1	1

NED (I): Non Executive Independent Director

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

- To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

No remuneration has been paid to any of the Directors of the Company.

The details of remuneration paid to the Executive Directors/Non-Executive Director for the financial year 2014-15 are given below:

Name of the directors	Salary	Other Perquisites and allowances	Commission
K.S. Rao	9,68,359	Nil	Nil

**STAKEHOLDER RELATIONSHIP COMMITTEE
(SHAREHOLDERS/INVESTOR GRIEVANCE AND SHARE TRANSFER
COMMITTEE):****A. Composition:**

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. K. Srinivas Rao	Chairman	NED (I)
Mr. M.V.S. Ramesh Varma	Member	NED (I)
Mr. N. Satyavathi*	Member	NED (I)
Mr. Madhusudan Raju @	Member	NED (P)

* Appointed w.e.f. 30.03.2015

@ Appointed as Managing Director w.e.f. 05.05.2015, resigned from the committee

NED (I): Non Executive Independent Director

B. Powers:

The Committee has been delegated with the following powers:

- to redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of Annual Reports, non-receipt of declared dividend and other allied complaints.
- to approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

RISK MANAGEMENT COMMITTEE**A. Composition:**

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. K. Srinivas Rao	Chairman	NED (I)
Mr. M.V.S. Ramesh Varma	Member	NED (I)
Mr. M. Madhusudan Raju	Member	ED (P)

NED (I) : Non Executive Independent Director

ED(P) Executive Director (Promoter)

Role and Responsibilities of the Committee includes the following:

- Framing of Risk Management Plan and Policy
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of risk management
- Validating the procedure for Risk minimization.
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.

9. VIGIL MECHANISM:

Vigil Mechanism Policy has been established by the Company for directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013. The same has been placed on the website of the Company.

10. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Sec. 134(5) of the Companies Act, 2013 the Board of Directors hereby confirms that:

- a. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The Directors have selected such accounting policies and applied them consistently and made judgment 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 and loss of the Company for that period;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors have prepared the Annual accounts on a going concern basis.
- e. The Directors of the Company had laid down internal financial controls and such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. STATUTORY COMPLIANCE:

The Company has complied with the required provisions relating to statutory compliance with regard to the affairs of the Company in all respects.

12. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JOINT VENTURES:

The Particulars of subsidiary first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC- 1 as ANNEXURE – III.

13. EXTRACT OF ANNUAL RETURN:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report ANNEXURE-I.

14. AUDITORS:

M/s. M M REDDY & CO., Statutory Auditors of the company retire at the ensuing annual general meeting and are eligible for reappointment. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has received a written consent from the auditors to their re-appointment and a certificate to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the rules framed there under and that they have satisfied the criteria provided in Section 141 of the Companies Act, 2013.

The Board recommends the re-appointment of M/s. M M REDDY & CO., as the statutory auditors of the Company from the conclusion of this Annual General meeting till the conclusion of the next Annual General Meeting.

15. INTERNAL AUDIT:

M/s. Penmetsa & Associates, Chartered Accountants, Vishakhapatnam are the Internal Auditors of the Company.

16. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 134(3)(f) & Section 204 of the Companies Act, 2013, Secretarial audit report as provided by M/s. S. Sarveswar Reddy, Practicing Company Secretary is annexed to this Report as annexure.

17. AUDIT REPORTS:

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2015 and given explanations in Notes to Accounts annexed to Balance Sheet.

However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges associated with the business.

The Board has duly reviewed the Secretarial Audit Report on the Compliances according to the provisions of section 204 of the Companies Act 2013, and noted is at the same that there is no company secretary appointed during the year in the company but the company is taking necessary measures to appoint the same at the earliest.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The required information as per Sec. 134(3)(m) of the Companies Act 2013 is provided hereunder:

A. Conservation of Energy

Your company's operations are not energy intensive. Adequate measures have been taken to conserve energy wherever possible by using energy efficient computers and purchase of energy efficient equipment.

B. Technology Absorption (Rs. Lakhs)

- | | | |
|---|---|-----|
| 1. Research and Development (R&D) | : | Nil |
| 2. Technology absorption, adoption and innovation | : | Nil |

C. Foreign Exchange Earnings and Out Go (Rs. Lakhs)

Foreign Exchange Earnings	:	51.20
Foreign Exchange Outgo	:	Nil

19. DETAILS RELATING TO DEPOSITS, COVERING THE FOLLOWING:

Your Company has not accepted any deposits falling within the meaning of Sec.73, 74 & 76 of the Companies Act, 2013 read with the Rule 8(v) of Companies (Accounts) Rules 2014, during the financial year under review.

20. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS:

During the period under review there were no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

21. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

22. INSURANCE:

The properties and assets of your Company are adequately insured.

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given loans.

24. CREDIT & GUARANTEE FACILITIES:

The Company has been availing facilities of Credit and Guarantee as and when required, for the business of the Company, from State Bank of India.

25. RISK MANAGEMENT POLICY:

The Risk Management Committee constitutes for the purpose will ensure all required measures shall be in place for better compliance.

26. CORPORATE SOCIAL RESPONSIBILITY POLICY:

Since your Company does not have the net worth of Rs. 500 crore or more, or turnover of Rs. 1000 crore or more, or a net profit of Rs. 5 crore or more during the financial year, section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and accordingly the Company need not adopt any Corporate Social Responsibility Policy.

27. RELATED PARTY TRANSACTIONS:

The Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 as ANNEXURE – IV.

28. FORMAL ANNUAL EVALUATION:

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made there under, the independent directors of the company had a meeting on 30.03.2015 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

- (a) Review of the performance of non-independent directors and the Board as a whole;
- (b) Review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The meeting also reviewed and evaluated the performance of non-independent directors.

The meeting also reviewed and evaluated the performance the Board as whole in terms of the following aspects:

- Preparedness for Board/Committee meetings
- Attendance at the Board/Committee meetings
- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
- Monitoring the effectiveness of the company's governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

It was noted that the Board Meetings have been conducted with the issuance of proper notice and circulation of the agenda of the meeting with the relevant notes thereon.

29. DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable to your Company.

30. RATIO OF REMUNERATION TO EACH DIRECTOR:

Under section 197(12) of the Companies Act, 2013, and Rule 5(1)(2) & (3) of the Companies(Appointment & Remuneration) Rules, 2014, remuneration of Rs. 9,68,359/- has been paid to Mr. K. S. Rao, Director of the Company who has been retired from the company.

31. LISTING WITH STOCK EXCHANGES:

The Company is listed with Ahmedabad Stock Exchange Ltd. and BSE Ltd. and the Company confirms that it has paid the Annual Listing Fees where the Company's Shares are listed.

32. CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Since the paid up capital of the Company is less than Rs. 10 Crores and Net worth of the Company is less than Rs. 25 Crores, Corporate Governance is NotApplicable.

33. INDUSTRY BASED DISCLOSURES AS MANDATED BY THE RESPECTIVE LAWS GOVERNING THE COMPANY:

The Company is not a NBFC, Housing Companies etc., and hence Industry based disclosures is not required.

34. SECRETARIAL STANDARDS:**EVENT BASED DISCLOSURES:**

- | | |
|---|----|
| 1. Issue of sweat equity share: | NA |
| 2. Issue of shares with differential rights: | NA |
| 3. Issue of shares under employees stock option scheme: | NA |
| 4. Disclosure on purchase by company or giving of loans by it for purchase of its shares: | NA |
| 5. Buy back shares: | NA |
| 6. Disclosure about revision: | NA |

35. EMPLOYEE RELATIONS:

Your Directors are pleased to record their sincere appreciation of the contribution by the staff at all levels in the Company.

None of the employees is drawing Rs. 5,00,000/- and above per month or Rs.60,00,000/- and above in aggregate per annum, the limits prescribed under Section 134 of the Companies Act, 2013.

36. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

No. of complaints received	:	Nil
No. of complaints disposed off	:	Nil

37. ACKNOWLEDGEMENTS:

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders of the Company like SEBI, BSE, ASE, NSDL, CDSL, SBI etc. for their continued support for the growth of the Company.

For and on behalf of the Board
For Infronics Systems Limited

Place: Hyderabad
Date: 14.08.2015

Sd/-
M. Madhu Sudan Raju
Managing Director
DIN: 00471678

**DECLARATION BY DIRECTOR OF AFFIRMATION BY DIRECTORS AND
SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE
CODE OF CONDUCT:**

The shareholders

I, M. Madhusudan Raju , Managing Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

For and on behalf of the Board
For Infronics Systems Limited

Place: Hyderabad
Date: 14.08.2015

Sd/-
M. Madhu Sudan Raju
Managing Director
DIN: 00471678

ANNEXURE INDEX

Annexure Number	Details of Annexure
I	Annual Return Extracts in MGT 9
II	Format of declaration by Independent Director
III	Details of Subsidiary Company
IV	Related Party Transactions

Annexure I**MGT 9****Extract of Annual Return**

as on the Financial Year 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS			
i.	CIN:-	L72200TG2000PLC033629	
ii.	Registration Date	21/02/2000	
iii.	Name of the Company	Infronics Systems Limited	
iv.	Category / Sub-Category of the Company	Company limited by shares	
v.	Address of the Registered office and contact details	Plot No. 16, Srila Realty Layout, Near Landmark Towers, Madinaguda,Miyapur, Serilingampally Mandal, Hyderabad, 500049	
vi.	Whether listed company Yes / No	Yes	
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Aarthi Consultants Private Limited 1-2-285, Near Gaganmahal Nursing Home , Street No 7, Domalguda , Hyderabad-500029. Ph: 040-27638111/27634445, Fax: 040-27632184.	
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:			
All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-			
Sl. No.	Name and Description of main products /services	NIC Code of the Product / service	% to total turnover of the company
1.	Software development	99831326 & 99831327	99.02%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATES	% OF SHARES HELD	APPLICABLE SECTION
1.	Infronics Inc.	---	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i) Category-wise Share Holding:-									
ii)									
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
Indian									
Individual/ HUF	4140985	0	4140985	26.12	4140985	0	4140985	26.12	0
Central Govt	0	0	0	0	0	0	0	0	
State Govt (s)	0	0	0	0	0	0	0	0	
Bodies Corp.	0	0	0	0	0	0	0	0	
Banks / FI	0	0	0	0	0	0	0	0	
Any Other....	0	0	0	0	0	0	0	0	
Sub-total (A) (1) :-	4140985	0	4140985	26.12	4140985	0	4140985	26.12	0
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	
b) Other – Individuals	0	0	0	0	0	0	0	0	
c) Bodies Corp.	0	0	0	0	0	0	0	0	
d) Banks / FI	0	0	0	0	0	0	0	0	
e) Any Other....	0	0	0	0	0	0	0	0	
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	4140985	0	4140985	26.12	4140985	0	4140985	26.12	0
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	
b) Banks / FI	0	0	0	0	0	0	0	0	
c) Central Govt	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	
f) Insurance Companies	0	0	0	0	0	0	0	0	
g) FIs	0	0	0	0	0	0	0	0	

h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	
i) Others (specify)	0	0	0	0	0	0	0	0	
2. Non Institutions									
a) Bodies Corp.	219544	233333	452877	2.86	220873	233333	454206	2.87	0.01
i) Indian	0	0	0	0	0	0	0	0	
ii) Overseas	0	0	0	0	0	0	0	0	
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	880747	245588	1126335	7.10	895532	245588	1141120	7.20	0.01
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	6718685	2610641	9329326	58.85	6703741	2610641	9314382	58.75	0.1
c) Others									
Clearing members	1910	0	1910	0.01	135	0	135	0.00	0.01
Non Resident Indians	1320	748950	750270	4.73	1925	748950	750875	4.74	0.01
Employees	0	51220	51220	0.32	0	51220	51220	0.32	0.01
Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	7822206	3889732	11711938	73.88	7822206	3889732	11711938	73.88	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	11963191	3889732	15852923	100	11963191	3889732	15852923	100	0

(ii)Shareholding of Promoters										
Si. No	Shareholder's Name	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
		Demat	Physi cal	Total	% of Total Shares	Demat	Physic al	Total	% of Total Shares	Nil
1.	M Madhusudan Raju	14,63,330	Nil	14,63,330	9.23	14,63,330	Nil	14,63,330	9.23	Nil
2.	Vindhya Mudunuru	13,40,350	Nil	13,40,350	8.45	13,40,350	Nil	13,40,350	8.45	Nil
3.	K Govardhana Reddy	8,16,018	Nil	8,16,018	5.15	8,16,018	Nil	8,16,018	5.15	Nil
4.	K Vijitha	3,79,509	Nil	3,79,509	2.39	3,79,509	Nil	3,79,509	2.39	Nil
5.	D Sreedhar Reddy	1,41,778	Nil	1,41,778	0.89	1,41,778	Nil	1,41,778	0.89	Nil
(iii) Change in Promoters' Shareholding (please specify, if there is no change)										
Sl. No.	Shareholder's Name				Shareholding at the beginning of the year		Share holding at the end of the year			
	No. of				shares	% of total shares of the company	No. of shares	% of total shares of the company		
	At the beginning of the year				N.A.					
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment transfer / bonus/ sweat equity etc):									
	At the End of the year				N.A.					
(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):										
Sl. No.	Shareholder Name				Shareholding at the beginning of the year		Share holding at the end of the year			
	No. of				shares	% of total shares of The company	No. of shares	% of total shares of the company		
	At the beginning of the year									
1.	Kanakadurga Kalidindi				1600110	10.09	1600110	10.09		
2.	N. Suryanarayana Raju				940000	5.93	940000	5.93		
3.	Murali Krishnam Raju Penumetsa				800000	5.05	800000	5.05		
4.	Kalidandi Rajan Raju				500000	3.15	500000	3.15		
5.	Ramya M				448950	2.83	448950	2.83		
6.	K Krishnam Raju				428231	2.70	428231	2.70		
7.	G Neelima				400000	2.52	400000	2.52		
8.	Kodali Tejesh Kumar				314965	1.99	-	-		
9.	Ramesh Annanreddy				300000	1.89	300000	1.89		
10.	Sadaanand Engineering Technologies Pvt Ltd				233333	1.47	233333	1.47		
	Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer /bonus/ sweat equity etc):Nil									
	At the end of the year									
1	Hari Krishna Reddy Kallam				-	-	349965	2.21		

(v) Shareholding of Directors and Key Managerial Personnel:					
Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1.	M Madhusudan Raju	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	14,63,330	9.23	14,63,330	9.23
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/sweat equity etc): NIL				
	At the End of the year	14,63,330	9.23	-	-
2.	Surya Ramesh Varma Mantena Venkata	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	43658	0.28	52627	0.33
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/sweat equity etc): Due to buying of shares				
	At the End of the year	52627	0.33	-	-
3.	K. Srinavasa Rao	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	500	0.00	500	0.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/sweat equity etc): NIL				
	At the End of the year	500	0.00	-	-
V. INDEBTEDNESS					
Indebtedness of the Company including interest outstanding/accrued but not due for payment					
Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Principal Amount	27999936	599840	-	28599776	
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)	27999936	599840	-	28599776	
Change in Indebtedness during the financial year	(16337597)	(599840)	-	(16937437)	
Addition					
Reduction					
Net Change	(16337597)	(599840)	-	(16937437)	
Indebtedness at the end of the financial year	11662339	0	-	11662339	
i) Principal Amount					
ii) Interest due but not paid					
iii) Interest accrued but not due					
Total (i+ii+iii)	11662339	0	-	11662339	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL						
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:						
Sl. no.	Particulars of Remuneration	Name of Managing Director K. Sambhasiva Rao				Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	9,68,359	-	-	-	9,68,359
2.	Stock Option	-	-	-	-	
3.	Sweat Equity	-	-	-	-	
4.	Commission - as % of profit - Others, specify...	-	-	-	-	
5.	Others, please specify	-	-	-	-	
6.	Total (A)	9,68,359	-	-	-	9,68,359
7.	Ceiling as per the Act	-	-	-	-	
B. Remuneration to other directors:						
Sl. no.	Particulars of Remuneration	Name of Director				Total Amount
	3. Independent Directors Fee for attending board / committee meetings · Commission · Others, please specify	-	-	-	-	
	Total (1)	-	-	-	-	
	4. Other Non-Executive Directors · Fee for attending board / committee meetings · Commission · Others, please specify	-	-	-	-	
	Total (2)	-	-	-	-	
	Total (B)=(1+2)	-	-	-	-	
	Total Managerial Remuneration	-	-	-	-	
	Overall Ceiling as per the Act	-	-	-	-	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD					
Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-----	-----	-----	-----
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
6.	Total				
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE II

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors
M/s Infronics Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You,

Date: 28.05.2014
Place: Hyderabad

Yours Faithfully,
K. Srinivas Rao
(Independent director)

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors
M/s Infronics Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You,

Date: 28.05.2014
Place: Hyderabad

Yours Faithfully,
M.V.S.Ramesh Varma
(Independent director)

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Board of Directors
M/s Infronics Systems Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.
- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
 - (i) the statutory audit firm or the internal audit firm that is associated with the Company and
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You,

Date: 30.03.2015
Place: Hyderabad

Yours Faithfully,
N. Satyavathi
(Independent director)

Annexure III**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs)

- | | | | |
|-----|--|---|------------------------|
| 1. | Name of the subsidiary | : | Infronics Inc. |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | : | April '14 to March '15 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | : | US \$ - Rs. 62.5908 |
| 4. | Share capital | : | Rs. 266021 |
| 5. | Reserves & surplus | : | Rs. 287445 |
| 6. | Total assets | : | Rs. 107878 |
| 7. | Total Liabilities | : | Rs. 107878 |
| 8. | Investments | : | - |
| 9. | Turnover | : | - |
| 10. | Profit before taxation | : | Rs.(107281) |
| 11. | Provision for taxation | : | - |
| 12. | Profit after taxation | : | Rs. (107281) |
| 13. | Proposed Dividend | : | - |
| 14. | % of shareholding | : | 100% |

Annexure- IV**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso there to

1. Details of contracts or arrangements or transactions not at arm's length basis

- | | | |
|--|---|-----|
| <ul style="list-style-type: none"> a. Name(s) of the related party and nature of relationship b. Nature of contracts/arrangements/transactions c. Duration of the contracts / arrangements/transactions d. Salient terms of the contracts or arrangements or transactions including the value, if any e. Justification for entering into such contracts or arrangements or Transactions date(s) of approval by the Board f. Amount paid as advances, if any: g. Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | } | NIL |
|--|---|-----|

2. Details of material contracts or arrangement or transactions at arm's length basis

- a. Name(s) of the related party and nature of relationship

Name of the Company	Nature of Relationship
Mobiprise Systems Limited	Public Company in which a director or manager is a director or holds along with his relatives, more than two per cent of its paid-up share capital.
Biomorf Systems Limited	

- b. Nature of contracts/arrangements/transactions: Advances received and paid
- c. Duration of the contracts / arrangements/transactions: during year
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: nil
- e. Date(s) of approval by the Board, if any: NA
- f. Amount received/ (paid) as advances, if any: Rs. 143.08 Lakhs

FORM MR-3
SECRETARIAL AUDIT REPORT

(Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel)
Rules, 2014

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

To
The Members of
M/s. Infronics Systems Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Infronics Systems Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2014 and ended 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Infronics Systems Limited ("The Company") for the financial year ended on 31st March, 2015, according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made there under for specified sections notified and came in to effect from 12th September, 2013 and sections and Rules notified and came in to effect from 1st April, 2014;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
 - v. The Securities and Exchange Board of India Act, 1992 ('SEBI Act')
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report:
- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 except yearly and event based disclosures.
 - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - v. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
 - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - vii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
3. We have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards issued by the Institute of Company secretaries of India under the provisions of Companies Act, 1956 and
 - ii. The Listing Agreements entered into by the Company with BSE Limited;
4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations;

OBSERVATIONS:

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that
- i. the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of:
 - External Commercial Borrowings were not attracted to the Company under the financial year under report;
 - Foreign Direct Investment (FDI) was not attracted to the company under the financial year under report;
 - Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad are not attracted to the company under the financial year under report.
 - ii. As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
- (b) The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (c) We further report that the company has not appointed Company Secretary for the year 2014-15.
- (d) I further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and the records in pursuance thereof on test check basis, the Company has complied with the Information Technology Act and rules made there under as applicable specifically to the Company.

For S.S. Reddy & Associates

Sd/-
S.Sarveswara Reddy
Practicing Company Secretaries
C.P.No: 7478

Place: Hyderabad
Date: 14.08.2015

Annexure A

To
The Members of
M/s. Infronics Systems Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S.S. Reddy & Associates

Sd/-
S.Sarveswara Reddy
Practicing Company Secretaries
C.P.No: 7478

Place: Hyderabad
Date: 14.08.2015

Independent Auditors' Report on Financial Statements

To

The Members of **Infronics Systems Limited**.Hyderabad.**Report on the financial Statements**

We have audited the accompanying financial Statements of M/s. Infronics Systems Limited which comprise the Balance Sheet as at 31st March 2015, the statement of Profit & Loss and Cash Flow Statement for the year ended and a summary of the significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit

evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the said accounts read with other notes to accounts and accounting policies give the information required by the Companies Act 2013, in the manner so required and give a true and fair view:-

- i) In the case of Balance Sheet of the state of the affairs of the Company as at 31st March 2015 and
- ii) In the case of Profit & Loss Account of the Loss of the Company for the year ended on that date.
- iii) In the Cash Flow statement of the Cash Flow for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters to the financial statements:

- a) The financial statements indicate that the Company has accumulated losses of Rs.1573.84 Lakhs and its net worth has been substantially eroded on account of a net loss of Rs.1608.52 Lakhs during the year ended. Cash Credit and Term Loan accounts of the company have become Non Performing Assets (NPA) in bank which describes the position of the company in the fundamental accounting assumption "Going concern". However, the financial statements of the Company have been prepared on a going concern.
- b) Pursuant to the Schedule II of Companies Act, 2013 effective from 1st April, 2014, the company has charged depreciation on the remaining useful life of the fixed assets w.e.f April 1. 2014. An amount of Rs.466.62 Lakhs representing the carrying amount of the assets with revised use full life as nil has been adjusted against the opening balance of retained earnings.

- c) Other expenditure includes an amount of Rs.361.28 lakhs being stock and work in progress assessed as obsolete on account of change in technology.
- d) Exceptional item denotes Loss on sale of investments held by the Company.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

- 1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2. **As required by Section 143 (3) of the Act, we report that:**
 - a. We sought and have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of accounts as required by the law have been kept by the company so far as appears from our examination of these accounts.
 - c. The company's Balance Sheet and Statement of Profit & Loss dealt with by the report are in agreement with the books of accounts.
 - d. In our opinion the Balance Sheet and Statement of Profit & Loss comply with the accounting standards referred to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For M M REDDY & CO.,
Chartered Accountants
Firm Registration No.010371S

Sd/-
M Madhusudhana Reddy
Partner
Membership No.213077

Place: Hyderabad
Date : 30.05.2015

Annexure to the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the Year ended 31 March 2015, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii. a. According to the information and explanations given to us, the management has conducted physical verification of inventories at reasonable intervals during the year. 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 followed by the management for physical verification of inventories are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. As per the information and explanation given to us, no material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- iv. In our opinion and according to the information and explanations given to us, the Company has an adequate internal control system commensurate with its size and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including duty of excise, sales tax, wealth tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year *except in the case of income tax dues (TDS Payable), provident fund, employees' state insurance and service tax* by the Company with the appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable except the following.

Particulars	Financial Year	Amount in Rs.
Income Tax (TDS)	2014-15	1,44,261
Service Tax	2014-15	34,00,137
PF	2014-15	1,08,960
ESI	2014-15	65,052

- c. According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.
- d. According to the information and explanations given to us the company does not have any liability to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
- viii. The Company has accumulated losses of Rs.1573.84 Lakhs at the end of the financial year and has incurred cash losses of Rs. 451.08 Lakhs in the financial year due to writing off inventory of Rs. 361.28 Lakhs, products under development of Rs.135.45Lakhs and company has not incurred

cash losses in immediately preceding financial year.

- ix. The Company has outstanding dues of Rs. 9,57,02,080/-(including interest provided on NPA accounts on which no interest charged by banks) to the banks and the company is not regular in repayment of loans to banks.
- x. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. The Company has applied term loans for which they were obtained.
- xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For M M REDDY & CO.,
Chartered Accountants
Firm Registration No.010371S

Sd/-
M Madhusudhana Reddy
Partner
Membership No.213077

Place: Hyderabad
Date : 30.05.2015

BALANCE SHEET AS AT 31st MARCH, 2015

Particulars	Note No	As at 31.03.2015	As at 31.03.2014
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	79,264,615	79,264,615
(b) Reserves and Surplus	3	(55,508,063)	152,005,998
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	11,662,339	28,599,776
(b) Deferred tax liabilities (Net)		(34,239,599)	(4,768,239)
(c) Long-term provisions	5	95,909	224,688
(3) Current Liabilities			
(a) Short-term borrowings	6	49,139,931	48,892,741
(b) Trade payables	7	45,845,243	45,623,394
(c) Other current liabilities	8	105,398,277	87,439,022
Total		201,658,652	437,282,059
II.Assets			
(1) Non-current assets			
(a) <i>Fixed assets</i>			
(i) Tangible assets	9	27,573,921	124,911,852
(b) Non-current investments	10	209,320	106,991,120
(c) Long term loans and advances	11	3,726,750	3,726,750
(2) Current assets			
(a) Inventories	12	17,766,951	77,235,652
(b) Trade receivables	13	88,507,867	60,865,880
(c) Cash and cash equivalents	14	2,368,775	6,795,169
(d) Short-term loans and advances	15	61,505,068	56,755,636
Total		201,658,652	437,282,059
Notes forming part of the financial statements	1 - 34		--

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

 For M M REDDY & CO.,
 Firm Registration Number : 010371S
 Chartered Accountants

 Sd/-
 M. Madhusudan Raju
 Managing Director
 DIN : 00471678

 Sd/-
 M Madhusudhana Reddy
 Partner
 Membership No. 213077

 Sd/-
 M.V.S.Ramesh Varma
 Director
 DIN : 06680580

 PLACE : HYDERABAD
 DATE : 30.05.2015

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st March, 2015

Particulars	Note	For the year ended 31.03.2015	For the year ended 31.03.2014
I. Revenues			
(a) Revenue from operations	16	78,909,855	90,936,906
(b) Other Income	17	775,972	2,118,531
Total Revenue		79,685,827	93,055,437
II Expenses:			
(a) Operation and other expenses	18	109,184,141	52,342,317
(b) Employee benefit expenses	19	1,649,454	7,917,252
(c) Finance costs	20	17,584,346	15,026,535
(d) Depreciation and amortization expenses	9	29,809,801	35,168,795
Total Expenses		158,227,743	110,454,899
V. Profit before exceptional and extraordinary items and tax (III - IV)		(78,541,916)	(17,399,462)
VI. Exceptional Items			
Loss on Sale of Investments		90,915,375	-
VII. Profit before extraordinary items and tax (V - VI)		(169,457,291)	(17,399,462)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(169,457,291)	(17,399,462)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		(8,605,167)	(3,853,087)
XI. Profit/(Loss) from continuing operations (IX - X)		(160,852,124)	(13,546,375)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(160,852,124)	(13,546,375)
XVI. Earning per equity share:			
(1) Basic		(10.15)	(0.85)
(2) Diluted		--	--

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

Sd/-
M Madhusudhana Reddy
Partner
Membership No. 213077

PLACE : HYDERABAD
DATE : 30.05.2015

Sd/-
M. Madhusudan Raju
Managing Director
DIN : 00471678

Sd/-
M.V.S.Ramesh Varma
Director
DIN : 06680580

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	2014-2015	2013-2014
	Rs.	Rs.
Cash Flow From Operations		
Profit /(Loss) Before Tax	(169,457,291)	(17,399,461)
Preliminary Expenses Written off	-	-
Depreciation and amortisation	29,809,801	35,168,795
Decrease(increase) in Inventories	59,468,702	(1,545,530)
Decrease(increase) in Trade Receivables	(27,641,987)	24,707,912
Decrease(increase) in Loans & Advances	(4,749,432)	(233,837)
Increase (Decrease) in Long Term Provisions	(128,779)	(1,429,374)
Increase (Decrease) in Current Liabilities	18,181,104	(52,008,604)
Income tax paid	-	-
Sub-Total - A	(94,517,883)	(12,740,099)
Cash Flows From Financing		
Share Capital	-	-
Long Term Borrowings Received	(16,937,501)	16,592,679
Other Long Term Liabilities	-	-
Short Term Borrowings Received	247,190	(15,697,080)
Sub-Total - B	(16,690,311)	89,5599
Cash Flows from investing		
Purchase of Fixed Assets	-	(3,134,534)
Decrease (Increase) in loans & advances	-	-
Decrease (Increase) in Investments	106,781,800	-
Decrease (increase) in non current assets	-	-
Sub-Total - C	106,781,800	(3,134,534)
Cash Equivalents (A+B+C)	(4,426,394)	(14,979,034)
Add: Opening Cash and Cash Equivalents	6,795,169	21,774,203
Closing Cash and Cash Equivalents	2,368,775	6,795,169

This is the Cash Flow Statement referred to in our report of even date.

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

Sd/-
M Madhusudhana Reddy
Partner
Membership No. 213077

PLACE : HYDERABAD
DATE : 30.05.2015

Sd/-
M. Madhusudan Raju
Managing Director
DIN : 00471678

Sd/-
M.V.S.Ramesh Varma
Director
DIN : 06680580

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**Company overview**

Infronics Systems Ltd a technology-enabled IT solutions company, foreseeing future needs & exigencies, delivering excellent products of high quality and reliability with unflinching commitment and having emphatic global market presence. Infronics specializes in industry-specific software and hardware solutions, with proven reputation for delivering high quality solutions to a broad spectrum of industry verticals.

NOTE NO. 1**Significant Accounting Policies:****a) Basis of Preparation of Financial Statements:**

- i) These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.
- ii) Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- iii) All income and expenditure items having material bearing on the financial statements are recognised on accrual basis.

b) Fixed Assets

All fixed assets are stated at cost of acquisition, less accumulated depreciation. Cost comprises of purchases and attributable cost.

c) Revenue recognition

Revenue from Software development is recognized based on software developed and billed to clients as per the terms of specific contracts. Revenue from the sale of software & hardware products is recognized when the sale is completed with the passing of title.

d) Depreciation

Depreciation on fixed assets has been provided on straight-line method based on useful life of asset specified in Schedule II of the Companies Act, 2013 on pro-rata basis.

e) Inventories:

Inventories are valued at cost on FIFO basis.

f) Products under development :

Products under development represent the development expenditure incurred on various products being developed by the Company. Once the development phase is completed and the products are ready for commercial exploitation, these product development costs will be amortized over a period of years depending upon the period for which economic benefits would accrue from these products.

g) Investments:

Long term Investments are stated at cost. The short term investments of the parent company are valued and carried at cost or fair value whichever is lower. In case of sale of investments, the gain / loss brought into the books of account.

h) Foreign Currency Transactions:

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions. Monetary items denominated in foreign currencies at the year-end are restated at year end rates. Non-monetary foreign currency items are carried at cost. Any income or expense on account of exchange differences either on settlement, translation or restatement, is recognised in the profit and loss account.

i) Retirement Benefits:

- Provident Fund: The periodic contributions to Statutory Provident Fund are charged to revenue.
- Gratuity: Liability towards gratuity is provided on the basis of actuarial valuation made by an independent actuary.

j) Earning per Share:

The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

k) Taxes on Income:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet date.

l) Cash Flow Statement:

Cash Flow Statement has been prepared under indirect method as per the Accounting Standard-3 "Cash Flow Statement".

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2015 Rs	As at 31-3-2014 Rs
NOTE NO. 2		
Share Capital		
(a) Authorised		
2,20,00,000 equity shares of Rs.5/- each	110000000	110000000
(b) Issued, subscribed & fully paid share capital		
158,52,923 equity shares of Rs.5/- each	79264615	79264615
TOTAL	79264615	79264615

Reconciliation of number of shares	No.of shares	Amount Rs.	No.of shares	Amount Rs.
Opening balance	15852923	79264615	15852923	79264215
Changes during the year	-	-	-	-
Closing balance	15852923	79264615	15852923	79264215

List of Shareholders who holds more than 5%:

Name of the Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
Madhusudan Raju Mudunuru	1463330	9.23%	1463330	9.23%
Vindhya Mudunuru	1340350	8.45%	1340350	8.45%
K. Govardhana Reddy	816018	5.15%	816018	5.15%
Namburi Suryanarayana Raju	940000	5.93%	940000	5.93%
Murallikrishnam Raju Penumatsa	800000	5.05%	800000	5.05%
K. Kanaka Durga	1600110	10.09%	1600000	10.09%

NOTE NO. 3
Reserves and Surplus

Securities Premium:	101876228	101876228
Surplus:		
Opening Balance	50129770	63676144
- Less: Value of assets whose remaining useful life is Nil as per Companies Act, 2013 (Net of deferred tax adjustment)		
	46661937	
Adjusted surplus	3467833	
Add: Surplus for the year	-160852124	-13546374
Surplus	-157384291	50129770
Total	(55,508,063)	152005998

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO. 4		
Long-term Borrowings		
Term Loans	11662339	27999936
from Banks		
(secured by fixed assets and guaranteed by directors and others)		
Unsecured Loans		
from Directors	-	599840
Total	11662339	28599776
NOTE NO. 5		
Long-term provisions		
Provision for Gratuity	95909	224688
Total	95909	224688
NOTE NO. 6		
Short - term borrowings		
Secured		
Loans repayable on demand		
Cash Credit from State Bank of India	49139931	48892741
(secured by inventories & receivables and guaranteed by directors and others)		
Total	49139931	48892741
NOTE NO. 7		
Trade Payables		
Creditors for Supplies	45845243	45623394
Total	45845243	45623394
NOTE NO. 8		
Other current liabilities		
Current maturities of long term debt	30101712	21873492
Interest accrued and due on borrowings	4798098	375178
Advances from customers	12649515	8695705
Sundry Creditors for Expenses	44845446	54353822
Sundry Creditors others	13003507	2140825
Total	105398277	87439022

Note - 9
FIXED ASSETS

Description of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	As on 01.04.14	Deletions (Expired Assets)	As on 31.03.15	As on 01.04.14	Deletions (Expired Assets)	For the Period	As on 31.03.15	As on 31.03.15	As on 31.03.14
Office Equipment	9242446	2671636	6570810	1984163	986264	2987578	3985477	2585333	7258283
Computers & Accessories	203669288	156354450	47314838	107546688	90511692	23066284	40101280	7213558	96122600
Lab Equipment	83466	0	83466	34701	-	17002	51703	31763	48765
Tools & Spares	101816	0	101816	22472	-	7147	29619	72197	79344
Furniture & Fixtures	27524140	0	27524140	8336669	-	3073092	11409760	16114380	19187471
Vehicles	3906625	0	3906625	1691236	-	658699	2349934	1556691	2215389
TOTAL	244527781	159026086	85501695	119615929	91497956	29809801	57927774	27573921	124911852

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO. 10		
Non-current investments		
Investments in Equity instruments (investment in 100% foreign subsidiary)		
Infronics Inc., USA	209320	209320
Biomorf Systems Ltd (1,00,74,800 equity shares of Rs.4/- each)	-	60448800
Mobiprise Systems Ltd (1,15,83,250 equity shares of Rs.1/- each)	-	46333000
Total	209320	106991120
NOTE NO. 11		
Long Term Loans and Advances		
Unsecured, considered good		
Capital Advances:		
Advance for Land	3269976	3269976
Security Deposits	456774	456774
Total	3726750	3726750
NOTE NO. 12		
Inventories		
Software & Hardware	4222180	18282199
Work in progress	-	31884102
Products under development	13544771	27069351
Total	17766951	77235652
NOTE NO. 13		
Trade Receivables		
(Unsecured and Considered Good)		
- Debtors outstanding for a period exceeding 6 months	39556775	32549891
- Other Debts	48951092	28315989
Total	88507867	60865880

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO. 14		
Cash and cash equivalents		
Balances with banks	70036	127372
Cash on hand	398739	424297
Balances against Margin Money	1900000	6243500
Total	2368775	6795169
NOTE NO. 15		
Short term loans and advances		
Unsecured, considered good		
Deposits	4448589	5274589
Salary & other Advances to employees	2338745	1112577
Advance to Supplies	31595298	37366686
Interest Receivable	-	1609904
I.T. Refund Receivable	9233718	4602966
TDS Receivable	3503843	4630752
Other amounts receivable	10384875	2158161
Total	61505068	56755636
NOTE NO. 16		
Revenue from Operations		
Revenue from - Sale of products	29847472	14512200
Sale of services	49062383	76424706
Total	78909855	90936906
NOTE NO. 17		
Other Income		
Interest income	647193	689157
Gratuity written bank	128779	1429374
Total	775972	2118531

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO. 18		
Operation and Other Expenses		
Direct Expenses & Material costs	75690574	9456067
Project expenses	24075480	29098542
Professional & Consultancy	294556	437969
Equipment Hire Charges	392000	2276312
Internet Expenses	67511	156424
Travelling & Conveyance	353401	2926481
Rent	607500	1512902
Rates and Taxes, excluding taxes on income	174378	113605
Power and fuel	66004	226642
Office Maintenance	95709	459477
Computer Maintenance	-	64806
Vehicle Maintenance	154083	84580
Insurance	22520	137377
Directors' Remuneration	968359	1396482
Printing & Stationery	36156	84122
Postage & Telegrams	13898	36838
Registration, License & Filing Fee	15400	181364
Business & Sales Promotion	10000	4000
Selling Expenses	77110	903848
Audit Fee	50000	200000
Telephone Charges	8455	368592
Security Charges	-	19754
Miscellaneous Expenditure	15156	41349
Foreign Exchange Loss / (Gain)	-	2036891
Bank Charges	475170	81990
Interest on TDS	328453	35903
Interest & other charges on Service Tax	1568993	-
Bad debts w/o	3623275	-
Total	109184141	52342317

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO. 19		
Employee Benefit Expenses		
Salaries and wages	1479550	7334971
Contribution to provident and other funds	118368	364230
Staff welfare expenses	51536	218051
Total	1649454	7917252
NOTE NO. 20		
Finance Costs		
Interest expenses	15624579	15026535
Other borrowing costs	1959767	-
Total	17584346	15026535

NOTE NO. 21

Particulars of Employees required in pursuant to the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - Nil.

NOTE NO. 22

Contingent Liabilities not provided for:

Particulars	2014-15 Rs.	2013-14 Rs.
Bank Guarantees	1900000	6243500

NOTE NO. 23

Managerial Remuneration:

Particulars	2014-15 Rs.	2013-14 Rs.
Managing Director	968359	1396482
Whole Time Directors	NIL	NIL
TOTAL	968359	1396482

NOTE NO. 24

Auditors' Remuneration:

Description	2014-15 Rs.	2013-14 Rs.
- Audit Fee	30000	150000
- Tax Audit Fee	20000	40000
- Other services	-	10000
- Certification Fees	-	12000
TOTAL	50000	212000

NOTE NO. 25**Segment Reporting**

There are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting' issued by the Institute of Chartered Accountants of India. ,

NOTE NO. 26

Transactions with the Related Parties pursuant to Accounting Standard 18

a) List of Related Parties

Subsidiary Companies	- Infronics Inc., USA
Associate Companies controlled by key management personnel / relatives who are substantially interested	- Mobiprise Systems Limited - Biomorf Systems Limited - Biomorf Inc., USA
Key managerial personnel	K. Sambasiva Rao, Director M. Madhusudan Raju, Managing Director

b) Transactions with the Related Parties

Details	Associate Companies / Concerns	Key Management Personnel	Associate Companies / Concerns	Key Management Personnel
	2014-15 Rs.	2014-15 Rs.	2013-14 Rs.	2013-14 Rs.
Remuneration	--	968359	--	1396482
Sales	--	--	--	--
Purchases	--	--	10080000	--
Advance for Supplies	--	--	14308884	--
Advances received (Net)	14308884	--	--	--

c) Balance as at 31st March, 2015

Details	Associate Companies / Concerns	Key Management Personnel	Associate Companies / Concerns	Key Management Personnel
	2014-15 Rs.	2014-15 Rs.	2013-14 Rs.	2013-14 Rs.
Remuneration	--	692217	--	846410
Sales	--	--	496150	--
Advance for Supplies	--	--	14308884	--

NOTE NO. 27**Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2015. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE NO. 28**Deferred Tax**

In compliance with the Accounting Standard "AS-22 Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognized Rs.86,05,167/- towards net deferred tax asset in the year 2014-15 and an amount of Rs 2,08,66,193/- has been adjusted in opening balance due to change in accounting policy of fixed assets (see Note No:33). The major components of deferred tax asset / liability is on account of timing differences in carried forward losses and depreciation.

NOTE NO. 29**Imports on CIF Basis**

Year ended 31st March	2014-15 Rs.	2013-14 Rs.
Capital Goods	--	--
Purchases	--	--

NOTE NO. 30**Expenditure in foreign currency**

Year ended 31st March	2014-15 Rs.	2013-14 Rs.
Purchases	Nil	804506

NOTE NO. 31**Earnings in foreign exchange**

Year ended 31st March	2014-15 Rs.	2013-14 Rs.
Receipts from Software development	5120895	7139165

NOTE NO. 32
Earning Per Share

Particulars	Year ended 31.03.15	Year ended 31.03.14
a) Profit available to the Equity Shareholders (Rs.)	(16,08,52,124)	(1,35,46,375)
b) No. of Equity Shares	1,58,52,923	1,58,52,923
c) Weighted Average No. of Shares	1,58,52,923	1,58,52,923
d) Nominal value of Share (Rs.)	5	5
e) Earnings per Share	(10.15)	(0.85)

NOTE NO. 33

- a) Pursuant to the Schedule II of Companies Act, 2013 effective from 1st April, 2014, the company has charged depreciation on the remaining useful life of the fixed assets w.e.f April 1. 2014. An amount of Rs.466.62 Lakhs representing the carrying amount of the assets with revised use full life as nil has been adjusted against the opening balance of retained earnings and Depreciation for the current year is higher by Rs.202.70 Lakhs.
- b) Operation and other expenses include stocks and work in process of Rs. 361.28 Lakhs which have become obsolete due to change in technology and sundry receivables of Rs. 36.23 Lakhs which are pending for long period and not realizable are debited to profit & loss account.
- c) Project expenses include Rs. 135.45 Lakhs being products under development transferred to profit & loss account.
- d) Exceptional item includes Rs. 909.15 Lakhs being loss on sale of investments held in various companies.

NOTE NO. 34

Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee.

Notes on financial statements, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss statement.

SIGNATURES TO NOTES - 1 TO 34

VIDE OUR REPORT OF EVEN DATE

For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

Sd/-
M Madhusudhana Reddy
Partner
Membership No. 213077

PLACE : HYDERABAD
DATE : 30.05.2015

FOR AND ON BEHALF OF THE BOARD

Sd/-
M. Madhusudan Raju
Managing Director
DIN : 00471678

Sd/-
M.V.S.Ramesh Varma
Director
DIN : 06680580

Independent Accountants Review Report

To
The Board of Directors
Infronics Inc.
5755, North Point Parkway
Suite 50, Alpharetta, GA 30022

We have reviewed the accompanying Balance Sheet of Infronics Inc. and the related statements of income, retained earnings for the year ended 31st March 2015. A review includes primarily applying analytical procedures to managements financial data and making enquiries of Company management. A review is substantially less in scope than an audit, the objective of which is expression of an opinion regarding the financial statements as a whole. Accordingly we do not express such an opinion.

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with accounting principles generally accepted in United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in United States of America.

Krishnan Company
Certified Public Accountant

May 15. 2015

INFRONICS INC.**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2015****NOTE A- SUMMARY OF ACCOUNTING POLICIES****Basis of presentation**

It is the Company's policy to apply generally accepted accounting principles in presenting its financial position and related statements of operations. In this connection, the more significant accounting policies of the Company are described below:

Use of Estimates

The preparation of financial statements in conformity with U.S generally accepted accounting principles required the Company to make estimates or assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue recognition policy

The Company follows the accrual method of accounting in recognizing revenues and expenses.

Infronics Inc. _GA
Balance Sheet as of March 31, 2015

	March 31, 2015
	\$
ASSETS	
Current Assets	
Checking/Savings	
Bank Of America-Checking	1723.55
Total Checking/Savings	<u>1723.55</u>
Total Current Assets	<u><u>1723.55</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Loan from other companies	<u>2066.00</u>
Total Other Current Liabilities	<u>2066.00</u>
Total Current Liabilities	<u>2066.00</u>
Equity	
Opening balance Equity	100.00
Equity	4150.00
Retained earnings	-4592.45
Total Equity	<u>-342.45</u>
Total Liabilities & Equity	<u><u>1723.55</u></u>

**Infronics Inc. _GA
Profit & Loss
Period April 2014 to March 31 2015**

March 31, 2015
\$

Ordinary Income / Expense

Income 0

Expense

Banking service charges 240

Accounting & Legal expenses 1100

Attorney 125

Tax 249

Total Expense 1714

Net Income -1714

Independent Auditors' Report on Consolidated financial statements

To the Members of **Infronics Systems Limited**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Infronics Systems Limited ('the Company'), which comprise the consolidated balance sheet as at 31 March 2015, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in

place adequate internal financial controls systems over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :.

- (i) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31 March 2015;
- (ii) in the case of the consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of subsidiary, whose financial statements reflect total assets of Rs. 1.07 Lakhs as at March 31, 2015 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For M M REDDY & CO.,
Chartered Accountants
Firm Registration No.010371S

Sd/-
M Madhusudhana Reddy
Partner
Membership No.213077

Place: Hyderabad
Date : 30.05.2015

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No	As at 31.03.2015	As at 31.03.2014
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	79264615	79264615
(b) Reserves and Surplus	3	-55738817	151879107
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	11662339	28599776
(b) Deferred tax liabilities (Net)		(34239599)	(4768239)
(b) Long-Term Provisions	5	95909	224688
(3) Current Liabilities			
(a) Short-Term Borrowings	6	49139931	48892741
(b) Trade Payables	7	45845243	45623394
(c) Other Current Liabilities	8	105527590	87439086
Total		201557211	437155168
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	27573921	124911852
(b) Non-Current Investments	10	-	106781800
(c) Deferred Tax Asset (Net)		-	-
(d) Long Term Loans and Advances	11	3726750	3726750
(2) Current Assets			
(a) Inventories	12	17766951	77235652
(b) Trade Receivables	13	88507867	60865880
(c) Cash and Cash Equivalents	14	2476654	6877599
(d) Short-Term Loans and Advances	15	61505068	56755635
Total		201557211	437155168
Notes forming part of the financial statements	1 - 34		

VIDE OUR REPORT OF EVEN DATE

For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

Sd/-
M Madhusudhana Reddy
Partner
Membership No. 213077

PLACE : HYDERABAD
DATE : 30.05.2015

FOR AND ON BEHALF OF THE BOARD

Sd/-
M. Madhusudan Raju
Managing Director
DIN : 00471678

Sd/-
M.V.S.Ramesh Varma
Director
DIN : 06680580

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	Current Year Rs.	Previous Year Rs.
I. Revenues			
(a) Revenue from operations	16	78909855	106418008
(b) Other Income	17	775972	2118531
Total Revenue		79685827	108536539
II. Expenses:			
(a) Operation and other expenses	18	109291422	67808766
(b) Employee benefit expenses	19	1649454	7917252
(c) Finance costs	20	17584346	15026535
(d) Depreciation and amortization expenses	9	29809801	35168795
Total Expenses		158335024	125921348
V. Loss before exceptional and extraordinary items and tax (III - IV)		(78649197)	(17384809)
VI. Exceptional Items		90915375	-
VII. Loss before extraordinary items and tax (V - VI)		(169564572)	(17384809)
VIII. Extraordinary Items		-	-
IX. Loss before tax (VII - VIII)		(169564572)	(17384809)
X. Tax expense:			
(1) Current tax		-	11719
(2) Deferred tax		(8605167)	(3853087)
XI. Profit/(Loss) from continuing operations (IX - X)		(160959405)	(13543441)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the year (XI + XIV)		(160959405)	(13543441)
XVI. Earning per equity share:			
(1) Basic		(10.15)	(0.85)
(2) Diluted		--	--
Notes forming part of the financial statements	1 - 34		

VIDE OUR REPORT OF EVEN DATE

 For M M REDDY & CO.,
 Firm Registration Number : 010371S
 Chartered Accountants

 Sd/-
 M Madhusudhana Reddy
 Partner
 Membership No. 213077

 PLACE : HYDERABAD
 DATE : 30.05.2015

FOR AND ON BEHALF OF THE BOARD

 Sd/-
 M. Madhusudan Raju
 Managing Director
 DIN : 00471678

 Sd/-
 M.V.S.Ramesh Varma
 Director
 DIN : 06680580

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	2014-2015	2013-2014
	Rs.	Rs.
Cash Flow From Operations		
(Loss) / Profit Before Tax	(169564572)	(17384809)
Depreciation and Depletion	29809801	35168795
Decrease(increase) in Inventories	59468701	(1545530)
Decrease(increase) in Trade Receivables	(27641987)	24707912
Decrease(increase) in Loans & Advances	(4749433)	(233837)
Increase (Decrease) in Current Liabilities	18310352	(52008604)
Increase (Decrease) in Long Term Provisions	(128779)	(1429374)
Income tax paid	-	(11719)
Sub-Total - A	(94495916)	(12737166)
Cash Flows From Financing		
Share Application Money	-	-
Capital Reserve on Consolidation	3418	7554
Long Term Borrowings Received	(16937437)	16592679
Other Long Term Liabilities	-	-
Short Term Borrowings Received	247190	(15697080)
Sub-Total - B	(16686829)	903153
Cash Flows from investing		
Purchase of Fixed Assets	-	(3134534)
Increase in Investments	106781800	-
Sub-Total - C	106781800	(3134534)
Cash Equivalents (A+B+C)	(4400945)	(14968547)
Add: Opening Cash and Cash Equivalents	6877599	21846146
Closing Cash and Cash Equivalents	2476655	6877599

VIDE OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD

For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

Sd/-
M. Madhusudan Raju
Managing Director
DIN : 00471678

Sd/-
M Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
M.V.S.Ramesh Varma
Director
DIN : 06680580

PLACE : HYDERABAD
DATE : 30.05.2015

NOTE NO.1**Additional Information: for the consolidated financial statement
Significant Accounting Policies and Notes on Accounts:****Note No.1****a) Basis for Consolidation of financial Statements**

The consolidation of financial statements of Infronics Systems Limited has been made as per the Generally Accepted Accounting Policies and the Provisions of the Accounting Standard 21 issued by the Institute of Chartered Accountants of India. The consolidation of accounts of the Infronics Systems Limited took place based on the audited financial statements of the subsidiary by the Certified Public Accountants of GA state. While consolidation inter-company balances and transactions are eliminated in full. The consolidation is based on the concepts of accrual, going concern and conservatism. All income and expenditure having a material bearing on the financial statements are recognised on the accrual basis.

b) Fixed Assets

All fixed assets are stated at cost of acquisition, less accumulated depreciation. Cost comprises of purchases and attributable cost.

c) Revenue recognition

Revenue from Software development is recognized based on software developed and billed to clients as per the terms of specific contracts. Revenue from the sale of software & hardware products is recognized when the sale is completed with the passing of title.

d) Depreciation

Depreciation on fixed assets has been provided on straight-line method based on useful life of asset specified in Schedule II of the Companies Act, 2013 on pro-rata basis.

e) Inventories:

Inventories are valued at cost on FIFO basis.

f) Products under development :

Products under development represent the development expenditure incurred on various products being developed by the Company. Once the development phase is completed and the products are ready for commercial exploitation, these product development costs will be amortized over a period of years depending upon the period for which economic benefits would accrue from these products.

g) Investments:

Long term Investments are stated at cost. The short term investments of the parent company are valued and carried at cost or fair value whichever is lower. In case of sale of investments, the gain / loss brought into the books of account.

h) Foreign Currency Transactions:

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions. Monetary items denominated in foreign currencies at the year-end are restated at year end rates. Non-monetary foreign currency items are carried at cost. Any income or expense on account of exchange differences either on settlement, translation or restatement, is recognised in the profit and loss account.

i) Retirement Benefits:

- Provident Fund: The periodic contributions to Statutory Provident Fund are charged to revenue.
- Gratuity: Liability towards gratuity is provided on the basis of actuarial valuation made by an independent actuary.

j) Earning per Share:

The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

k) Taxes on Income:

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet date.

l) Cash Flow Statement:

Cash Flow Statement has been prepared under indirect method as per the Accounting Standard-3 "Cash Flow Statement".

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
--------------------	-------------------------------------	-------------------------------------

NOTE NO. 2
Share Capital

(a) Authorised

2,20,00,000 equity shares of Rs.5/- each	110000000	110000000
--	-----------	-----------

(b) Issued, subscribed & fully paid share capital

158,52,923 equity shares of Rs.5/- each	79264615	79264615
---	----------	----------

each allotted on amalgamation)

79264615	79264615
----------	----------

Reconciliation of number of shares

	No.of shares	Amount Rs.	No.of shares	Amount Rs.
Opening balance	15852923	79264615	15852923	79264215
Changes during the year	-	-	-	-
Closing balance	15852923	79264615	15852923	79264215

Terms attached to equity shares

The company has one class of equity shares having a par value of Rs.5/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings.

List of Shareholders who holds more than 5%:

Name of the Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
Madhusudan Raju Mudunuru	1463330	9.23%	1463330	9.23%
Vindhya Mudunuru	1340350	8.45%	1340350	8.45%
K. Govardhana Reddy	816018	5.15%	816018	5.15%
Namburi Suryanarayana Raju	940000	5.93%	940000	5.93%
Murallikrishnam Raju Penumatsa	800000	5.05%	800000	5.05%
K. Kanaka Durga	1600110	10.09%	1600000	10.09%

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31.03.2015 Rs.	As at 31.03.2014 Rs.
NOTE NO. 3		
Reserves and Surplus		
Securities Premium:	101876228	101876228
Surplus:		
Opening Balance	49984960	63528401
- Less: Value of assets whose remaining useful life is Nil as per Companies Act, 2013 (Net of deferred tax adjustment)		
	46661937	
Adjusted surplus	3323023	
Add: Surplus for the year	-160959405	-13543441
Capital Reserve on Consolidation	21337	17919
Total	-55738817	151879107

NOTE NO. 4

Long-term Borrowings

Secured

Term Loans from Banks	11662339	27999936
(Secured by fixed assets and guaranteed by directors and others)		

Unsecured

Loans from Directors	-	599840
Total	11662339	28599776

NOTE NO. 5

Long-term Provisions

Provision for Gratuity	95909	224688
Total	95909	224688

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO. 6		
Short - term Borrowings		
Secured		
Loans repayable on demand		
Cash Credit from State Bank of India (secured by inventories & receivables and guaranteed by directors and others)	49139931	48892741
Total	49139931	48892741
NOTE NO. 7		
Trade Payables		
Creditors for Supplies	45845243	45623394
Total	45845243	45623394
NOTE NO. 8		
Other Current Liabilities		
Current maturities of long term debt	30101712	21873556
Interest accrued and due on borrowings	4798098	375178
Advances from customers	12649515	8695705
Sundry Creditors for Expenses	44845446	54353822
Sundry Creditors for Others	13132819	2140825
Total	105527590	87439086

Note - 9

FIXED ASSETS

Description of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	As on 01.04.14	Deletions (Expired Assets)	As on 31.03.15	As on 01.04.14	Deletions (Expired Assets)	For the Period	As on 31.03.15	As on 31.03.15	As on 31.03.14
Office Equipment	9242446	2671636	6570810	1984163	986264	2987578	3985477	2585333	7258283
Computers & Accessories	203669288	156354450	47314838	107546688	90511692	23066284	40101280	7213558	96122600
Lab Equipment	83466	0	83466	34701	-	17002	51703	31763	48765
Tools & Spares	101816	0	101816	22472	-	7147	29619	72197	79344
Furniture & Fixtures	27524140	0	27524140	8336669	-	3073092	11409760	16114380	19187471
Vehicles	3906625	0	3906625	1691236	-	658699	2349934	1556691	2215389
TOTAL	244527781	159026086	85501695	119615929	91497956	29809801	57927774	27573921	124911852

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO.10		
Non-current Investments		
Investments in Equity Instruments		
Infronics Inc., USA	-	-
Biomorf Systems Ltd	-	60448800
(1,00,74,800 equity shares of Rs.4/- each)		
Mobiprise Systems Ltd	-	46333000
(1,15,83,250 equity shares of Rs.1/- each)		
Total	-	106781800
NOTE NO.11		
Long Term Loans and Advances		
Unsecured, considered good		
Capital Advances:		
Advance for Land	3269976	3269976
Security Deposits	456774	456774
Total	3726750	3726750
NOTE NO.12		
Inventories		
Software & Hardware	4222180	18282199
Work in progress	-	31884102
Products under development	13544771	27069351
Total	17766951	77235652
NOTE NO.13		
Trade Receivables		
(Unsecured and Considered Good)		
- Debtors outstanding for a period exceeding 6 months	39556775	32549891
- Other Debts	48951092	28315989
Total	88507867	60865880
NOTE NO.14		
Cash and Cash Equivalents		
Balances with banks	177914	209802
Cash on hand	398739	424297
Balances against Margin Money	1900000	6243500
Total	2476653	6877599

INFRONICS SYSTEMS LIMITED

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO.15		
Short Term Loans and Advances		
Unsecured, considered good		
Deposits	4448589	5274589
Salary & Other Advances to Employees	2338745	1112577
Advance to Supplies	31595298	37366686
Interest Receivable	-	1609904
I.T. Refund Receivable	9233718	4602966
TDS Receivable	3503843	4630752
Other Amounts Receivable	10384875	2158161
Total	61505068	56755635
NOTE NO.16		
Revenue from Operations		
Revenue from - Sale of products	29847472	14512200
Sale of services	49062383	91905808
Total	78909855	106418008
NOTE NO.17		
Othe Income		
Interest income	647193	689157
Gratuity written back	128779	1429374
Total	775972	2118531

Particulars	As at 31-3-2015 Rs.	As at 31-3-2014 Rs.
NOTE NO.18		
Operation and Other Expenses		
Software, Hardware & Material costs	75690574	24826050
Project expenses	24075480	29098542
Professional & Consultancy	302380	481897
Equipment Hire Charges	392000	2276312
Internet Expenses	67511	156424
Travelling & Conveyance	353401	2926481
Rent	607500	1512902
Rates and Taxes, excluding taxes on income	174378	113605
Power and Fuel	66004	226642
Office Maintenance	95709	459476
Computer Maintenance	-	64806
Vehicle Maintenance	154083	84580
Insurance	22520	137377
Directors' Remuneration	968359	1396482
Printing & Stationery	36156	84122
Postage & Telegrams	13898	36838
Registration, Licence & Filing Fee	99835	211414
Business & Sales Promotion	10000	4000
Selling Expenses	77110	903848
Audit Fee	50000	200000
Telephone Charges	8455	368592
Security Charges	-	19754
Miscellaneous Expenditure	15156	41349
Foreign Exchange Loss / (Gain)	-	2036891
Bank Charges	490192	104479
Interest on TDS	328453	35903
Interest & other charges on Service Tax	1568993	-
Bad debts	3623275	-
Total	109291422	67808766
NOTE NO.19		
Employee Benefit Expenses		
Salaries and Wages	1479550	7334971
Contribution to provident and other funds	118368	364230
Staff welfare expenses	51536	218051
Total	1649454	7917252
NOTE NO.20		
Finance Costs		
Interest expenses	15624579	15026535
Other borrowing costs	1959767	-
Total	17584346	15026535

NOTE NO. 21

Particulars of Employees required in pursuant to the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - Nil.

NOTE NO. 22

Contingent Liabilities not provided for:

Particulars	2014-15 Rs.	2013-14 Rs.
Bank Guarantees	1900000	6243500

NOTE NO. 23

Managerial Remuneration:

Particulars	2014-15 Rs.	2013-14 Rs.
Managing Director	968359	1396482
Whole Time Directors	NIL	NIL
TOTAL	968359	1396482

NOTE NO. 24

Auditors' Remuneration:

Description	2014-15 Rs.	2013-14 Rs.
- Audit Fee	37824	150000
- Tax Audit Fee	20000	40000
- Other services	-	10000
- Certification Fees	-	12000
TOTAL	57824	212000

NOTE NO. 25**Segment Reporting**

There are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting' issued by the Institute of Chartered Accountants of India. ,

NOTE NO. 26

Transactions with the Related Parties pursuant to Accounting Standard 18

a) List of Related Parties

Subsidiary Companies	- Infronics Inc., USA
Associates Companies controlled by key management personnel / relatives who are substantially interested	- Mobiprise Systems Limited - Biomorf Systems Limited - Biomorf Inc., USA
Key managerial personnel	K. Sambasiva Rao, Director M. Madhusudan Raju, Managing Director

b) Transactions with the Related Parties

Details	Associate Companies / Concerns	Key Management Personnel	Associate Companies / Concerns	Key Management Personnel
	2014-15 Rs.	2014-15 Rs.	2013-14 Rs.	2013-14 Rs.
Remuneration	--	968359	--	1396482
Sales	--	--	--	--
Purchases	--	--	10080000	--
Advance for Supplies	--	--	14308884	--
Advances received (Net)	14308884	--	--	--

c) Balance as at 31st March, 2015

Details	Associate Companies / Concerns	Key Management Personnel	Associate Companies / Concerns	Key Management Personnel
	2014-15 Rs.	2014-15 Rs.	2013-14 Rs.	2013-14 Rs.
Remuneration	--	692217	--	846410
Sales	--	--	496150	--
Advance for Supplies	--	--	14308884	--

NOTE NO. 27**Disclosure under Micro, Small and Medium Enterprises Development Act, 2006**

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2015. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE NO. 28**Deferred Tax**

In compliance with the Accounting Standard "AS-22 Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognized Rs.86,05,167/- towards net deferred tax asset in the year 2014-15 and an amount of Rs 2,08,66,193/- has been adjusted in opening balance due to change in accounting policy of fixed assets (see Note No:33). The major components of deferred tax asset / liability is on account of timing differences in carried forward losses and depreciation.

NOTE NO. 29**Imports on CIF Basis**

Year ended 31st March	2014-15 Rs.	2013-14 Rs.
Capital Goods	--	--
Purchases	--	--

NOTE NO. 30**Expenditure in foreign currency**

Year ended 31st March	2014-15 Rs.	2013-14 Rs.
Purchases	Nil	804506

NOTE NO. 31**Earnings in foreign exchange**

Year ended 31st March	2014-15 Rs.	2013-14 Rs.
Receipts from Software development	5120895	7139165

NOTE NO. 32
Earning Per Share

Particulars	Year ended 31.03.15	Year ended 31.03.14
a) Profit available to the Equity Shareholders (Rs.)	(16,08,52,124)	(1,35,46,375)
b) No. of Equity Shares	1,58,52,923	1,58,52,923
c) Weighted Average No. of Shares	1,58,52,923	1,58,52,923
d) Nominal value of Share (Rs.)	5	5
e) Earnings per Share	(10.15)	(0.85)

NOTE NO. 33

- Pursuant to the Schedule II of Companies Act, 2013 effective from 1st April, 2014, the company has charged depreciation on the remaining useful life of the fixed assets w.e.f April 1, 2014. An amount of Rs.466.62 Lakhs representing the carrying amount of the assets with revised use full life as nil has been adjusted against the opening balance of retained earnings and Depreciation for the current year is higher by Rs.202.70 Lakhs.
- Operation and other expenses include stocks and work in process of Rs. 361.28 Lakhs which have become obsolete due to change in technology and transferred to profit & loss account.
- Operation and other expenses include sundry receivables of Rs. 36.23 Lakhs which are pending for long period and not realizable transferred to profit & loss account.
- Project expenses include Rs. 135.45 Lakhs being products under development transferred to profit & loss account.
- Exceptional item includes loss on sale of investments held by the company.

NOTE NO. 34

Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee.

Notes on financial statements, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss statement.

SIGNATURES TO NOTES - 1 TO 33

VIDE OUR REPORT OF EVEN DATE

For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

Sd/-
M Madhusudhana Reddy
Partner
Membership No. 213077

PLACE : HYDERABAD
DATE : 30.05.2015

FOR AND ON BEHALF OF THE BOARD

Sd/-
M. Madhusudan Raju
Managing Director
DIN : 00471678

Sd/-
M.V.S.Ramesh Varma
Director
DIN : 06680580

Form No. MGT-11**Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L72200TG2000PLC033629
Name of the company : Infronics Systems Limited
Registered office : Plot No. 16, Srila Realty Layout, Near Landmark, Towers,
Madinaguda, Miyapur, Serilingampally Mandal,
Hyderabad, Telangana, 500049

Name of the member(s):

Registered Address:

E-mail Id:

Folio No./Client Id:

DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name :

Address : _

E-mail Id :

Signature:, or failing him

2. Name :

Address:

E-mail Id :

Signature:, or failing him

3. Name :

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 15th Annual General Meeting of the Company, to be held on Wednesday, the 30th September, 2015 at 10.00 A.M. at Plot No. 16, Srila Realty Layout, Near Landmark, Towers, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad, Telangana, 500049 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. Approval of financial statements for the year ended 31.03.2015
2. Appointment of Mr. K. Sambasiva Rao who retires by rotation and not opted for reappointment.
3. Appointment of statutory auditors and fixation of their remuneration
4. Appointment of Mrs. N. Satyavathi as an Independent Director
5. Appointment of Mr. M. Madhusudan Raju as a Managing Director
6. Adoption of new articles as per Table F of the Companies Act, 2013.
7. To consolidate two Equity Shares of Rs. 5/- each into one Equity Share of Rs. 10/- Each.
8. Amendment to Clause V of the Memorandum of Association of the company.

Signed this day of..... 2015

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

INFRONICS SYSTEMS LIMITED
PLOT NO. 16, SRILA REALTY LAYOUT, NEAR LANDMARK, TOWERS,
MADINAGUDA, MIYAPUR, SERILINGAMPALLY MANDAL, HYDERABAD,
TELANGANA, 500049

ATTENDANCE SLIP
(Please present this slip at the Meeting venue)

I hereby record my presence at the 15th Annual General Meeting of the members of the company to be held on Wednesday, the 30th September, 2015 at 10.00 A.M. at Plot No. 16, Srila Realty Layout, Near Landmark, Towers, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad, Telangana, 500049 and at any adjourned meeting there of.

Shareholders/Proxy's Signature_____

Shareholders/Proxy's full name_____
(In block letters)

Folio No./ Client ID_____

No. of shares held_____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

If undelivered please return to :
INFRONICS SYSTEMS LIMITED
Plot No.16, Srila Realty Layout,
Near Landmark Towers, Madinaguda,
Miyapur, Serilingampally Mandal,
Hyderabad, TS - 500049.