

# **INFRONICS SYSTEMS LIMITED**

**16<sup>th</sup>  
ANNUAL REPORT  
2015 - 2016**

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**CORPORATE INFORMATION****BOARD OF DIRECTORS:**

- Mr. M Madhusudan Raju** - Managing Director  
(DIN: 00471678)
- Mrs. N. Satyavathi** - Independent Director  
(DIN: 06361271)
- Mr. K. Srinivasa Rao** - Independent Director  
(DIN: 06465192)
- Mr. M. V. S Ramesh Varma** - Independent Director  
(DIN: 06680580)

**CHIEF FINANCIAL OFFICER**

Siddanthapu Emmanuel 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

**SECRETARIAL AUDITOR**

M/s. S. S. Reddy & Associates  
Practicing Company Secretaries  
Plot No.6-3-354/13, A1,  
Suryateja Apartments,  
Hindi Nagar, Panjagutta,  
Hyderabad-500034

**CORPORATE IDENTITY NUMBER**

L72200TG2000PLC033629

**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. NamburuSatyavathi - Member

**STAKEHOLDERS RELATIONSHIP COMMITTEE :**

- 1.Mr. K. Srinivasa Rao - Chairman
2. Mr. M.V.S. Ramesh Varma - Member
3. Mrs. NamburuSatyavathi - Member

**RISK MANAGEMENT COMMITTEE :**

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

**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

**BANKERS :**

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

**LISTED AT**

BSE Limited.  
Ahmedabad Stock Exchange

**DEMAT ISIN NUMBER IN NSDL& CDSL:**

INE463B01028

**WEBSITE :** www.infronics.com

**INVESTOR E-MAIL ID:** info@infronics.com

**CIN:**L72200TG2000PLC033629

## **NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders of M/s. Infronics Systems Limited will be held on Friday, the 30th day of September 2016 at 10.30 a.m at the registered office of the company 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 March 31, 2016, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To appoint a director in place of Mr.M. Madhusudan Raju (holding DIN: 00471678), who retires by rotation and not opted for re-appointment.
3. To appoint M/s. M M Reddy & Co., Chartered Accountants, Hyderabad as Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at remuneration as may be fixed by the Board.

**For and on behalf of the Board of  
Infronics Systems Limited**

Sd/-

**M. Madhusudan Raju**  
Managing Director  
(DIN: 00471678)

Place: Hyderabad  
Date: 13.08.2016

**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 Registered Office of the Company by not less than 48 hours before the commencement of the Meeting.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2016 to 30.09.2016 (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 dematerialised 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. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows

Phone Store respectively . Please follow the instructions as prompted by the mobile app while voting on your mobile.

9. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have 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 Pvt. Ltd.)
10. 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.
11. 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 Pvt. Ltd., Share Transfer Agents of the Company for their doing the needful.
12. 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.
13. 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.
14. 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.
15. Electronic copy of the Annual Report for 2015-2016 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 2015-2016 is being sent in the permitted mode.

16. Members may also note that the Notice of the 16th Annual General Meeting and the Annual Report for 2015-2016 will also be available on the Company's website [www.infronics.com](http://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](mailto:info@infronics.com)
17. 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 16th 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 29.09.2016 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 (23.09.2016) 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](http://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](http://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"> <li>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.</li> <li>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.</li> </ul>
DOB	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.
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"> <li>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).</li> </ul>

- 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](http://www.evotingindia.com) and register themselves as Corporate.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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.
- B. The voting period begins on 27.09.2016 at 9.00 A.M. and ends on 29.09.2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 23.09.2016 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
19. 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 23.09.2016.
20. Mr. S. Sarveswar Reddy, Practicing Company Secretary, bearing C.P. Number 7478 has been appointed as the Scrutinizer to scrutinize the e-voting process.
21. 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.

22. 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](http://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.
23. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

**For and on behalf of the Board of  
Infronics Systems Limited**

Sd/-

**M. Madhusudan Raju**  
Managing Director  
(DIN: 00471678)

Place: Hyderabad  
Date: 13.08.2016

**BOARD'S REPORT**

To the Members,  
M/s. INFRONICS SYSTEMS LIMITED

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016.

**1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:**

The performance during the period ended 31st March, 2016 has been as under:

	(Rs. in Lakhs)	
<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Gross Income	698.33	796.86
Profit Before Interest and Depreciation	38.26	(311.48)
Finance Charges	5.52	175.84
Gross Profit	32.73	(487.32)
Provision for Depreciation	77.07	298.10
Net Profit Before Tax	(44.34)	(785.42)
Exceptional items	--	909.15
Provision for Tax	(8.69)	(86.05)
Net Profit After Tax	(35.65)	(1608.52)
Balance of Profit brought forward	(1573.84)	501.30
Balance available for appropriation	(1217.53)	(1,573.84)
Proposed Dividend on Equity Shares	--	--
Tax on proposed Dividend	--	--
Transfer to General Reserve	--	--
Surplus carried to Balance Sheet	(1217.53)	(1,573.84)

**2. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:**

There were no material changes and commitments affecting financial position of the company between 31st March and the date of Board's Report. (I.e. 13/08/2016)

**3. CONSOLIDATION OF SHARES :**

The Company consolidated Two Equity shares of Rs. 5/- each into one share of Rs.10/- each on 14.08.2015. As a result the authorised capital of

the company stands at Rs. 11,00,00,000/- divided into 1,10,00,000 equity shares of Rs. 10/- each and paid up capital stands at Rs. 7,92,64,615/- divided in to 79,26,461 equity shares of rupees Rs.10/- each.

**4. CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

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

**5. PUBLIC DEPOSITS:**

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

**6. TRANSFER TO RESERVES:**

Directors have decided not to transfer any amount to reserves for the year.

**7. DIVIDEND:**

Keeping the Company's revival plans in mind, the Directors have decided not to recommend dividend for the year.

**8. REVISION OF FINANCIAL STATEMENTS:**

There was no revision of the financial statements for the year under review

**9. DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:**

No material changes and commitments which could affect the Company's financial position have occurred between the ends of the financial year of the Company.

**10. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS**

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation have been noticed for inefficiency or inadequacy of such controls. The Company maintains appropriate system of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances, and are meant to ensure that all transactions are authorized, recorded and reported correctly.

**11. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL**

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

**12. PARTICULARS OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES**

The details of transactions/contracts/arrangements entered into by the Company with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are furnished in detail somewhere else in the report (if applicable) and forms part of this Report.

**13. CORPORATE GOVERNANCE:**

Corporate Governance is not applicable to the company since the paid up equity share capital and net worth of the company does not exceed Rs. 10 crores and Rs. 25 crores respectively. However, the company voluntarily provides a separate section in the Annual Report titled "Report on Corporate Governance" along with the Auditors' Certificate on Corporate Governance as stipulated under Regulation 34 read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**14. 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 II

**15. RETIREMENTS AND RESIGNATIONS:**

Mr. Sambasiva Rao as Managing Director of the company w.e.f 05.05.015. The Board places on record its appreciation for the services rendered by Mr. Sambasiva Rao during his tenure with the Company.

**16. DIRECTORS/CEO/CFO AND KEY MANAGERIAL PERSONNEL:**

During the year:

- Mr. M. Madhusudan Raju was appointed as Managing Director w.e.f. 05.05.2015.

**17. APPOINTMENTS/RE-APPOINTMENT:**

- 1.) As per the provisions of the Companies Act 2013, Mr. M. Madhusudan Raju (holding DIN: 00471678), Managing Director retires at the ensuing Annual General Meeting and not opted for re-appointment.

**18. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:**

The Company has received declarations from Mrs. N. Satyavathi, Mr. K. Srinivasa Rao and Mr. M.V.S Ramesh Varma, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.-Annexure-II

**19. DIRECTOR'S RESPONSIBILITY STATEMENT:**

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments 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 had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The Directors had laid down internal financial controls to be followed by the company and that 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.

**20. INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES:**

The Company has associates namely Mudunuru Software Limited, Biomorf Systems Limited & Biomorf Inc. USA. However, Infronics Inc. a



wholly owned subsidiary of Infronics Systems Limited has been non operational since April 2013.

**21. STATUTORY AUDITORS:**

M/s. M.M. Reddy & Co, Statutory Auditors of the company retires at the ensuing annual general meeting and is 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 for 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 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.

**22. INTERNAL AUDITORS:**

The company has not appointed internal Auditors. However the company is looking for suitable auditor or auditors firm to fill the vacancy.

**23. SECRETARIAL AUDITORS:**

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. S. Reddy & Associates, Practicing Company Secretaries.

**24. AUDIT REPORTS:****(a) Statutory Auditors Report:**

The Board has duly reviewed the Statutory Auditor's Report on the Accounts for the year ended March 31, 2016 and has noted that the same does not have any reservation, qualification or adverse remarks. However, the Board decided to further strengthen the existing system and procedures to meet all kinds of challenges and growth in the market expected in view of the robust growth in the industry.

**(b) Secretarial Audit Report:**

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 the qualifications, reservations or adverse remarks (if any) except that the Company does not have a full time Company Secretary & the internal auditor. The Secretarial Audit Report in Form MR-3 is annexed to the Annual Report as Annexure - II.

**25. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Since your Company does not have the net worth of Rs. 500 Crore or more, or turnover of Rs. 1000Crore 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 hence the Company need not adopt any Corporate Social Responsibility Policy.

**26. COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:**

In compliance with SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has signed uniform listing agreement with the Stock Exchanges and framed the following policies which are available on Company's website i.e. [www.infronics.com](http://www.infronics.com)

- i. Board Diversity Policy
- ii. Policy on preservation of Documents
- iii. Risk Management Policy
- iv. Whistle Blower Policy
- v. Familiarisation programme for Independent Directors
- vi. Anti-Sexual Harrassment Policy
- vii. Related Party Policy
- viii. Code of Conduct

**27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

The required information as per Sec.134 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:**

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

**C. Foreign Exchange Earnings and Out Go:**

Foreign Exchange Earnings: Rs. 47650469/-

Foreign Exchange Outgo: Rs. NIL

**28. INSURANCE:**

The properties and assets of your Company are adequately insured.

**29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given loans or Guarantees during the year under review. However, the company holds investment in its subsidiary company in the form of equity shares.

**30. 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. The details of which are given in the notes to accounts.

**31. DISCLOSURE ABOUT COST AUDIT:**

Cost Audit is not applicable to your Company.

**32. NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES**

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

**33. CEO/ CFO Certification**

The Managing Director and CEO/ CFO certification of the financial statements for the year 2015-16 is provided elsewhere in this Annual Report.

**34. 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.

**35. SECRETARIAL STANDARDS**

The company is in compliance with Secretarial Standards SS1 and SS2 issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

**36. EVENT BASED DISCLOSURES**

During the year under review, the Company has not taken up any of the following activities:

- 1. Issue of sweat equity share:** The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014.

2. **Issue of shares with differential rights:** The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014.
3. **Issue of shares under employee's stock option scheme:** The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014
4. **Non- Exercising of voting rights:** During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.
5. **Disclosure on purchase by company or giving of loans by it for purchase of its shares:** The company did not purchase or give any loans for purchase of its shares.
6. **Buy back shares:** The company did not buy-back any shares during the period under review.
7. **Disclosure about revision:** Since the company did not undergo any revision, this clause is Not Applicable to the company for the period under review.
8. **Preferential Allotment of Shares:** The company did not allot any shares on preferential basis during the period under review.

### 37. EMPLOYEE RELATIONS:

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

None of the employees is drawing Rs. 8,50,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 197(12) of Companies Act 2013 read with Rule 5 of Companies(Appointment & Remuneration Of Managerial Personnel) Rules, 2014.

### 38. 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

### **39. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, for the continued growth and prosperity of your Company.

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

**For and on behalf of the Board of  
Infronics Systems Limited**

Sd/-

**M V S Ramesh Varma**  
Director

(DIN: 06680580)

Sd/-

**M. Madhusudan Raju**  
Managing Director

(DIN: 00471678)

Place: Hyderabad

Date: 13.08.2016

**CODE OF CONDUCT**

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company.

Certificate of Code of Conduct for the year 2015-16 as per Regulation 17(5) read with Regulation 34(3) Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Infronics Systems Limited is committed for conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a “Code of Ethics and Business Conduct” which is applicable to all director, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2015-16.

**For and on behalf of the Board of  
Infronics Systems Limited**

Sd/-

**M. Madhusudan Raju**  
Managing Director  
(DIN: 00471678)

Place: Hyderabad  
Date: 13.08.2016

**CORPORATE GOVERNANCE**

*Corporate Governance is not applicable to the company as its paid up-equity capital and net worth does not exceed Rs. 10 crores and Rs. 25 crores respectively. However, the company voluntarily complies with Corporate Governance (to the extent possible) as a good governance measure to keep the stakeholders informed about the company.*

In accordance with Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report containing the details of Corporate Governance systems and processes at Infronics Systems Limited as follows:

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz. the Board of Directors, the Senior Management, Employees, etc. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

**2. BOARD DIVERSITY:**

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage. The Board has adopted the Board Diversity Policy which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website, [www.infronics.com](http://www.infronics.com)

**3. BOARD EVALUATION:**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as :

- Board dynamics and relationships
- Information flows
- Decision-making

- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness
- Peer evaluation

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The evaluation process has been explained in the corporate governance report. The Board approved the evaluation results as collated by the nomination and remuneration committee.

#### **4.FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:**

All new independent directors inducted into the Board attend an orientation program. The details of training and familiarization program are provided in the corporate governance report. Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities.

#### **5.LISTING AGREEMENT:**

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective December 1, 2015. Accordingly the Company entered into Fresh Listing Agreement with the Stock Exchanges.

#### **6. INFRONICS' CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING:**

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider



Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for the prevention of insider trading, is available on our website [www.infronics.com](http://www.infronics.com)

## **7. BOARD OF DIRECTORS**

### **A. COMPOSITION OF THE BOARD:**

The Company is managed and controlled through a professional body of Board of Directors which is headed by Mr. M. Madhusudan Raju, Managing Director. As on 31st March 2016, the Board of the Company has 4 members (including 1 Managing Director and 3 Independent Non-Executive Directors). None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director.

The Board has been enriched with the advices and knowledge of the Independent Directors. None of the Independent Directors has any pecuniary or business relationship except receiving sitting fees. The composition of the Board of Directors as on 31.03.2016 and details of number of Directorships/committee chairmanships/memberships attendance particulars is as under:

### **B. ATTENDANCE OF EACH DIRECTOR AT BOARD MEETING HELD DURING THE YEAR AND LAST ANNUAL GENERAL MEETING** And

**C. NUMBER OF OTHER BOARD OF DIRECTORS IN WHICH A DIRECTOR IS A MEMBER OR CHAIRPERSON.**

S.No.	Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committee memberships held in other Companies		Attendance Particulars		
				Member	Chairman	Last AGM 30-9-2015	Board meetings '15-16'	
							held	Attended
1.	M. Madhusudan Raju *	Executive Managing Director	3	--	--	Yes	5	5
2	Mr. K. Sambasiva Rao **	Executive Managing Director	--	--	--	Yes	5	5
3.	Mrs. N. Satyavathi	Non Executive & Independent Director	2	--	--	Yes	5	5
4.	Mr. K. Srinivasa Rao	Non Executive & Independent Director	4	--	--	Yes	5	5
5.	Mr.M.V.S Ramesh Varma	Non Executive & Independent Director	1	--	--	Yes	5	5

\* Appointed w.e.f 05.05.2015

\*\* Resigned w.e.f. 05.05.2015

**D. MEETINGS DURING THE YEAR:**

The Board of Directors duly met 5 (Five) times on 05.05.2015, 30.05.2015, 14.08.2015, 14.11.2015 and 12.02.2016 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.

**E. DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS**

None of the directors on the Board are related to each other.

**F. NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS:**

None of the non-Executive Directors of the company holds any shares and Convertible Instruments in their name.

**8. AUDIT COMMITTEE:**
**A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:**

- 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:
  - a. Any changes in accounting policies and practices;
  - b. Qualification in draft audit report;
  - c. Significant adjustments arising out of audit;
  - d. The going concern concept;
  - e. Compliance with accounting standards;
  - f. Compliance with stock exchange and legal requirements concerning financial statements and
  - g. 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.

## **B. COMPOSITION, MEETINGS & ATTENDANCE:**

There were four (4) Audit Committee Meetings held during the year on 30.05.2015, 14.08.2015, 14.11.2015 and 12.02.2016.

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No of Meetings held</b>	<b>No of Meetings attended</b>
Mr. K. Srinivasa Rao	Chairman	NED(I)	4	4
Mr. M.V.S. Ramesh Varma	Member	NED(I)	4	4
Mrs. NamburuSatyavathi	Member	NED(I)	4	4

NED (I) : Non Executive Independent Director

## **9.NOMINATION AND REMUNERATION COMMITTEE:**

The Committee comprises of three non-executive independent Directors

### **A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:**

- To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:
  - a. to take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
  - b. to bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
- To carry out evaluation of every Director's performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.

## **B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:**

<b>Name</b>	<b>Designation</b>	<b>Category</b>	<b>No of Meetings held</b>	<b>No of Meetings attended</b>
Mr. K. Srinivasa Rao	Chairman	NED(I)	1	1
Mr. M.V.S. Ramesh Varma	Member	NED(I)	1	1
Mrs. NamburuSatyavathi	Member	NED(I)	1	1

NED (I): Non Executive Independent Director

## **C. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:**

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.

## **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 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 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 and regulation 16 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.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 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 A ct, 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 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **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.

**10. STAKEHOLDER'S RELATIONSHIP COMMITTEE****A) COMPOSITION:**

The Details of composition of the Committee are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Mr. K. Srinivasa Rao	Chairperson	NED(I)
Mr. M.V.S. Ramesh Varma	Member	NED(I)
Mrs. Namburu Satyavathi	Member	NED(I)

NED (I) :Non Executive Independent Director

ED: Executive Director

**B. NAME AND DESIGNATION OF COMPLIANCE OFFICER**

Mr. M. Madhusudan Raju, Managing Director of the company, is the compliance officer of the Company.

**C. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2015-16**

<b>INVESTOR COMPLAINTS</b>	
<b>Particulars</b>	<b>Year ended 31.03.2016</b>
Pending at the beginning of the year	--
Received during the year	--
Disposed of during the year	--
Remaining unresolved at the end of the year	--

**11. REMUNERATION OF DIRECTORS:**

**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 should and individual performance.

**A. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED COMPANY:**

The Non- Executive Directors have no pecuniary relationship or transactions.

**B. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:** As per the remuneration policy of the company.

**C. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2015-16 AND OTHER DISCLOSURES**

Name of the Director	Salary (Rs)	Sitting fees(Rs)	Number of shares held	Service Contracts	Stock Option Details	Fixed Component	Performance Based Incentive
Mr. M. Madhusudan Raju	--	--	7,31,665	--	--	--	--
Mrs. N. Satyvathi	--	--	--	--	--	--	--
Mr. K. Srinivasa Rao	--	--	--	--	--	--	--
Mr. M.V.S Ramesh Varma	--	--	--	--	--	--	--

**D. INDEPENDENT DIRECTORS' MEETING:**

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 12.02.2016, and discussed the following:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company were present at the meeting.

As required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company regularly familiarizes Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc.

**12. FORMAL ANNUAL EVALUATION:**

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder, the independent directors of the company had a meeting on 12.02.2016 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 company has 1 non-independent director namely:

i.) Mr.M. Madhusudan Raju –Managing Director

The meeting recognized the significant contribution made by Mr. M. Madhusudan Raju in directing the Company towards the success path.

The meeting also reviewed and evaluated the performance of 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.

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 should and individual performance.

### **13. RISK MANAGEMENT COMMITTEE**

#### **A.) COMPOSITION:**

The Details of composition of the Committee are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Mrs. Namburu Satyavathi	Chairperson	NED(1)
Mr. M.V.S. Ramesh Varma	Member	NED(1)
Mr. M. Madhusudan Raju	Member	ED

NED (I) :Non Executive Independent Director

ED : Executive Director

#### **B) 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 minimisation.
- 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.

**14. DETAILS ON GENERAL BODY MEETINGS:****A. LOCATION, DATE AND TIME OF LAST THREE AGMS AND SPECIAL RESOLUTIONS THERE AT AS UNDER:**

NO. OF AGM AND FY	DATE OF MEETING	TIME	VENUE	SPECIAL RESOLUTION PASSED
2014-15	30.09.2015	10.00 A.M	Regd. Off.Plot No. 16, 1st Floor, Srila Realty Layout, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad – 500049.	1. Appointment Of Mrs. N. Satyavathi As An Independent Director Of The Company. 2. Appointment Of Mr. M. Madhusudan Raju As A Managing Director Of The Company. 3. Amendment Of Articles Of Association Of The Company. 4. To Consolidate Two Equity Shares Of Rs. 5/- Each Into One Equity Shares Of Rs.10/-Each.
2013-14	30.09.2014	9.00 A.M	Regd. Off. Plot No. 16, 1st Floor, Srila Realty Layout, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad – 500049.	1. Appointment of K. Srinivasa Rao as an independent Director. 2. Appointment of Mr. M.V.S Ramesh as an Independent Director. 3. Amendment of Articles of Association.
2012-13	30.09.2013	11 A.M	Honey Berg Resort, Near Shameerpet, Karimnagar Highway, Secunderabad-500078.	1. Appointment of Mr. K.Srinivas Rao as Director. 2. Appointment of Mr. M.V.S. Ramesh Varma as Director.

**B. PASSING OF RESOLUTIONS BY POSTAL BALLOT**

There were no resolutions passed by the Company through Postal Ballot during the financial year 2015-16.

**15. MEANS OF COMMUNICATION**

The Company regularly intimates its financial results, audited/limited reviewed, to the Stock Exchanges, as soon as the same are taken on record/approved. These financial results are published in the in English and Telugu language newspapers. These results are not distributed/ sent individually to the shareholders.



In terms of the requirements of SEBI (Listing Obligations & Disclosures Requirements), the un-audited financial results as well as audited financial results, shareholding pattern of the Company and Corporate Governance Report are electronically submitted, unless there are technical difficulties and are displayed through Corporate Filing and Dissemination System viz., on [www.listing.bseindia.com](http://www.listing.bseindia.com). The un-audited financial results as well as audited financial results, shareholding pattern of the Company are displayed on [www.bseindia.com](http://www.bseindia.com).

All important information and official press releases are displayed on the website for the benefit of the public at large. Analysts' Reports/ Research Report, if any, are also uploaded on the website of the Company. The Company's website can be accessed at [www.infronics.com](http://www.infronics.com)

## **16. GENERAL SHAREHOLDER INFORMATION:**

### **A) ANNUAL GENERAL MEETING:**

**Day, Date and Time:** Friday, 30th September, 2016 at 10.30 a.m

**Venue:** Plot No. 16, Srila Realty Layout, Near Landmark Towers, Madinaguda, Miyapur, Serilingampally Mandal Hyderabad –Telangana-500049

### **B) FINANCIAL YEAR AND FINANCIAL YEAR CALENDAR 2016-17 (TENTATIVE SCHEDULE)**

Financial year to which the Annual General Meeting relates: 2015-16

Financial calendar: 16-17

Adoption of Quarterly results for the Quarter ending

- 30th June, 2016 : 13th August, 2016
- 30th September, 2016 : on or during 1st/2nd week of November, 2016
- 31st December, 2016 : on or during 1st/2nd week of November, 2016
- 31st March, 2017 :on or before 30th May 2017

Annual General Meeting (Next year): August / September, 2017

### **C) DIVIDEND PAYMENT DATE:** No Dividend was declared during the Financial Year 2015-16.

**D) NAME AND ADDRESS OF EACH STOCK EXCHANGE WHERE THE COMPANIES SECURITIES ARE LISTED:**

**EXCHANGE:** BSE LIMITED, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001.

AHMEDABAD STOCK EXCHANGE, A-2, Kamdhenu Complex, Opposite Sahajanand College, 120 Feet Ring Rd, Panjara Pol, Ambawadi, Ahmedabad, Gujarat 380015

**E) STOCK CODE:**

EXCHANGE: BSE Limited

CODE: 537985

Ahmedabad Stock Exchange

**F) STOCK MARKET PRICE DATA: BSE Limited**

Month	High	Low
April'15	-	-
May'15	4.90	4.90
June'15	-	-
July'15	4.66	4.43
Aug'15	4.42	4.42
Sept'15	-	-
Oct'15	4.87	4.64
Nov'15	-	-
Dec'15	-	-
Jan'16	-	-
Feb'16	-	-
Mar'16	10.73	9.50

\*There is no trading of shares of the company on Ahmedabad Stock Exchange

**G) IN CASE SECURITIES ARE SUSPENDED FROM TRADING :**

The securities are not suspended from trading on any of the stock exchanges.

**H) Registrar and 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

**I) SHARE TRANSFER SYSTEM:**

The Transfer of Shares is affected by the Registrars after necessary approval of the Board/Share Transfer Committee. Transfer generally takes 1-2 weeks.

**J) DEMATERIALISATION & LIQUIDITY OF SHARES:**

Trading in Company's shares is permitted only in dematerialized form for all investors. The ISIN allotted to the Company's scrip is INE463B01036 in BSE. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form.

Particulars	No. of Shares	% Share Capital
NSDL	4938217	62.3
CDSL	1044281	13.17
PHYSICAL	1943963	24.52
Total	7926461	100.00

**K) ADDRESS FOR CORRESPONDANCE:**

Mr. M. Madhusudan Raju

Address: Plot No. 16, Srila Realty Layout, Near Landmark Towers,  
 Madinaguda, Miyapur, Serilingampally Mandal Hyderabad TG 500049

**A) BOOK CLOSURE DATE:**

24th September 2016 to 30th September 2016  
 (both days inclusive)

**B) LISTING ON STOCK EXCHANGES:**

The equity shares of the Company are listed on BSE Ltd. however shares of the company are not traded on Ahmedabad Stock Exchange. The Company has paid the listing fees for the year 2015-16 to the Stock Exchanges.

**C) ELECTRONIC CONNECTIVITY:**

Demat ISIN Number:INE463B01036

**D) SHAREHOLDING PATTERN AS ON 31ST MARCH,2016:**

S.No	Category	No. of shares held	Percentage of shareholding
<b>A</b>	<b>Shareholding of Promoter and Promoter group</b>		
1.	Indian		
	Individual	20,70,492	26.12
2.	Foreign		
	Individual	-	-
	<b>Sub-Total A</b>	<b>20,70,492</b>	<b>26.12</b>
<b>B</b>	<b>Public Shareholding</b>		
1.	Institutions	-	-
2.	Non Institutions	58,55,969	73.88
	<b>Sub Total B</b>	<b>58,55,969</b>	<b>73.88</b>
	<b>Grand Total (A+B)</b>	<b>79,26,461</b>	<b>100.00</b>

**17. OTHER DISCLOSURES****A. MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS**

During the year under review, the Company had not entered in to any materially significant transaction with any related party. During the year, the Company had not entered into any other contract/arrangement/transaction with related parties which could be considered material in accordance with the policy of the company on materiality of related party transactions that may have potential conflict with the interests of the Company at large. All the related party transactions during the year are in the ordinary course of business and on arm's length basis.

**B. COMPLIANCES:**

There are no penalties imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years.

**C. WHISTLE BLOWER POLICY**

The Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy.

Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

**D. COMPLIANCE WITH THE MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

All mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been appropriately complied with and the status of non-mandatory requirements is given below:

- i. The company does not have a Chairman and hence the provisions for Non-Executive Chairman are not applicable. All other requirements of the Board during the year have been complied with.
- ii. The financial Statements are free from any Audit Qualifications.

**E. WEB-LINK WHERE POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES IS DISCLOSED.**

The Company does not have any material subsidiaries. However policy for determining the material subsidiary is placed on the website of the company.

**F. DISCLOSURE OF ACCOUNTING TREATMENT**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Section 129 of the Companies Act, 2013.

**CERTIFICATE BY THE MANAGING DIRECTOR AND CFO OF THE COMPANY**

To

The Board of Directors  
Infronics Systems Limited

Dear Sirs,

As required under Regulation 17(8) read with Part B, Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we state that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 and to the best of our knowledge and belief;
  - a. These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
  - b. These statements present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the audit committee, deficiencies in the design or the operation of internal controls, if any, of which we were aware and the steps that we have taken or propose to take and rectify the identified deficiencies and,
4. That we have informed the auditors and the audit committee of:
  - a) Significant changes in the internal control during the year;
  - b) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud of which we have become aware and the involvement of any employee having a significant role in the company's internal control system.

**For and on behalf of the Board of Infronics Systems Limited**

**Sd/-**

**S E Raju**

**Chief Financial Officer**

**Place: Hyderabad  
Date: 13.08.2016**

**Sd/-**

**M. Madhusudan Raju**

**Managing Director  
(DIN: 00471678)**

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**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

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To  
The Members of  
Infronics Systems Limited

We have examined the Compliance with conditions of Corporate Governance of M/s. Infronics Systems Limited for the year ended 31st March, 2016 as stipulated in Regulation 34(3) read with Para E Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Compliance with the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management, we certify that the company has complied with conditions of the Corporate Governance as stipulated in Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the above mentioned Listing agreement.

As required by the guidance note issued by the institute of Chartered Accountants of India, we have to state that no grievances of investors are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

**For M M Reddy & Co.**  
**Chartered Accountants**  
**Firm Registration No.010371S**

**S/d-**

**M. Madhusudhana Reddy**

**Partner**

**Membership No. 213077**

Place: Hyderabad

Date: 13.08.2016

### DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

As per Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company hereby discloses the details of unpaid/unclaimed dividend and the respective share thereof as follows:

\*\*

Aggregate No. of Shareholders and the outstanding shares in the suspense account at the beginning of the year.	No. of shareholders who approached the company for transfer of shares from suspense account during the year.	No. of shareholders to whom shares were transferred from suspense account during the year.	Aggregate No. of Shareholders and the outstanding shares in the suspense account at the end of the year.
NIL	NIL	NIL	NIL

\*\* Voting Right on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**Note :** The Company has never declared dividends since its inception and therefore there is no amount lying in unpaid/unclaimed dividend account.



## ANNEXURE I

## 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, 2016**

To  
The Members of  
M/s. Infronics Systems Limited

We have conducted the 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"). 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, 2015 and ended 31st March, 2016, 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, 2016, 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 2015-16.
- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not Applicable, except yearly and event based disclosures.**
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable**
  - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable**
  - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**
  - 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; **Not Applicable.**
  - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable.**
  - vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable.**
  - viii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 Insider Trading regulations; The Company has framed code of conduct for regulating & reporting trading by Insiders and for fair disclosure, 2015 and displayed the same on company's Website i. e; [www.infronics.com](http://www.infronics.com) and all required disclosures from time to time as and when applicable are complied with.
  - ix. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 were complied with to the extent applicable and

- o The Company has signed Uniform listing agreement with the Stock Exchanges;
  - o The company has framed the policies and conducted programmes as mentioned below and displayed the same on the company's website i.e., [www.infronics.com](http://www.infronics.com)
    - Board Diversity Policy
    - Policy on Preservation of Documents
    - Risk Management Policy
    - Whistle Blower Policy
    - Related Party Transaction Policy
    - Familiarization programme for Independent Directors.
    - Anti-Sexual Harassment Policy
    - Code of Conduct
3. During the year the Company has conducted 5 Board Meetings, 4 Audit Committee Meetings and 1 Independent Directors Meeting and We have also examined compliance with the applicable clauses of the following:
- i. Secretarial Standards issued by the Institute of Company secretaries of India on meeting of the Board of Directors and General Meetings and
  - ii. The Listing Agreements (till November 30, 2015) entered by the company with Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (from December 1, 2015 to March 2016);
4. We further report that the Compliance by the Company of applicable financial laws, like Direct and Indirect tax laws, has not been reviewed thoroughly in this audit since the same have been subject to review by statutory financial audit and other designated professionals.
5. 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;

6. The Company has identified the following laws applicable specifically to the Company :
- i. Information Technology Act, 2000 and the Rules made thereunder.

**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 was not attracted to the company under the financial year under report.
  - (v) 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) We further report that:
  - i. The company has a CFO, Mr. S.E. Raju.
  - ii. The Company has not appointed a Company Secretary.
  - iii. The Company has not appointed internal auditors for the period 2015-16

**We further report that:-**

- 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.

- Adequate notice of board meeting is given to all the directors along with agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
- We, further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- We further report that during the year under report, the Company has not undertaken
- event/action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**For S.S. Reddy & Associates**

**Sd/-**

**S. Sarveswar Reddy**

**Proprietor**

**C.P.No: 7478**

**M.No. A12611**

**Place: Hyderabad**

**Date: 13.08.2016**

**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. We have relied on the reports given by the concerned professionals in verifying the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. 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. Sarveswar Reddy**

**Proprietor**

**C.P.No: 7478**

**M.No. A12611**

**Place: Hyderabad**

**Date: 13.08.2016**

**ANNEXURE - II****MGT 9****Extract of Annual Return****Ason the Financial Year 31.03.2016**

[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/ Non-Government Company
v.	Address of the Registered office and contact details	Plot No. 16, Srila Realty Layout, Near Landmark Towers, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad –Telangana - 500049
vi.	Whether listed company Yes / No	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Aarathi 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@aarathiconsultants.com

**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/ ASSOCIATE	% of shares held	Applicable Section
1.	Infronics Inc.	NA	Subsidiary	100%	2(87)(ii)
2.	Mudunuru Software Limited	U72400TG2009 PLC065437	Associate		
3.	Biomorf Systems Limited	U72900TG2009 PLC065438	Associate		
4.	Biomorf Inc.	NA	Associate		

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

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	Demat	Physical	Total	%of Total	
<b>i) Category-wise Share Holding:-</b>									
<b>A. Promoters</b>									
<b>(1) Indian</b>									
Individual/ HUF	4140985	--	4140985	26.12	2070492	--	2070492	26.12	--
Central Govt.	--	--	--	--	--	--	--	--	--
State Govt.(s)	--	--	--	--	--	--	--	--	--
Bodies Corp.	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other....	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (1) :-</b>	<b>4140985</b>	<b>--</b>	<b>4140985</b>	<b>26.12</b>	<b>2070492</b>	<b>--</b>	<b>2070492</b>	<b>26.12</b>	<b>--</b>
<b>(2) Foreign</b>									
a) NRIs -									
Individuals	--	--	--	--	--	--	--	--	--
b) Other –									
Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any									
Other....	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (2):-</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>4140985</b>	<b>--</b>	<b>4140985</b>	<b>26.12</b>	<b>2070492</b>	<b>--</b>	<b>2070492</b>	<b>26.12</b>	<b>--</b>



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	Demat	Physical	Total	%of Total	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Fund	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>2. Non Institutions</b>									
a) Bodies Corp.	220873	233333	454206	2.87	301460	147344	448804	5.66	2.79
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	895532	245588	1141120	7.20	455305	101316	556621	7.02	0.18
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	6703741	2610641	9314382	58.75	3153801	1301418	4455219	56.21	2.54
<b>c) Others(specify)</b>									
1. NRI	1925	748950	750875	4.74	1312	374475	375787	4.74	--
2. Employees	--	51220	51220	0.32	--	19410	19410	0.24	0.08
3. Clearing Members	135	--	135	0	128	--	128	0.00	--
Sub-total (B)(2):- Total Public Shareholding (B) = (B)(1) + (B)(2)	7822206	3889732	11711938	73.88	3912006	1943963	5855969	73.88	--
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	11963191	3889732	15852923	100.00	5982498	1943963	7926461	100.00	--

**(ii) Shareholding of Promoters**

Shareholders 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	Physical	Total	%of Total	Demat	Physical	Total	%of Total	
1.M .Madusudan Raju	14,63,330	--	14,63,330	9.23	7,31,665	--	7,31,665	9.23	Nil
2.Vindya Mudunuru	13,40,350	--	13,40,350	8.45	6,70,175	--	6,70,175	8.45	Nil
3.K. Govardhana Reddy	8,16,018	--	8,16,018	5.15	4,08,009	--	4,08,009	5.15	Nil
4.K. Vijitha	3,79,509	--	3,79,509	2.39	1,89,754	--	1,89,754	2.39	Nil
5.D. Sreedhar Reddy	1,41,778	--	1,41,778	0.89	70,889	--	70,889	0.89	Nil

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change) No change during the year**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the beginning of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	M. Madusudan Raju	14,63,330	9.23	7,31,665	9.23
2.	Vindhya Mudunuru	13,40,350	8.45	6,70,175	8.45
3.	K. Govardhana Reddy	8,16,018	5.15	4,08,009	5.15
4.	K. Vijitha	3,79,509	2.39	1,89,754	2.39
5.	D. Sreedhar Reddy	1,41,778	0.89	70,889	0.89
	The change in number of shares held by the promoters is due to the consolidation of shares of the company as two Equity shares of Rs. 5/- each were consolidated into one share of Rs.10/- each on 14.08.2015.				

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the beginning 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	800055	10.09
2	Namburi Suryanarayan Raju	940000	5.93	470000	5.93
3	Murali Krishnam Raju Penumetsa	800000	5.04	399690	5.04
4	K. Chaitanya Verma	513080	3.24	256540	3.24
5	Ramya. M	448950	2.83	224475	2.83
6	K. Krishnam Raju	428231	2.70	214115	2.70
7	G. Neelima	400000	2.52	200000	2.52
8	Hari Krishna Reddy Kallam	349965	2.21	174982	2.21
9	Mudunuru Holding Private Limited	302631	1.91	316063	3.99
10	Ramesh Annam Reddy	300000	1.89	150000	1.89

Date wise Increase /Decrease in top 10 shareholders during the year specifying the reasons for increase/ decrease(e.g. allotment / transfer /bonus/ sweat equity etc): NIL

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Shareholder's Name For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	M. Madusudan Raju At the beginning of the year	14,63,330	9.23	--	--
	Date wise Increase /Decrease in Shareholding of Directors and Key Managerial Personnel during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc): The change is due to consolidation of two equity shares of Rs.5/- each into One equity share of Rs.10/- each.				
	At the End of the year	7,31,665	9.23	--	--

**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	41764051			
ii) Interest due but not paid iii) Interest accrued but not due		--	--	--
Total (i+ii+iii)	41764051	--	--	--
Change in Indebtedness during the financial year Addition / Reduction	18656124	--	--	--
Net Change Indebtedness at the end of the financial year	(18656124) 23107927	-- --	-- --	-- --
i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)	23107927	--		

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl.	Particulars of Remuneration	Name of MD/WT/ Manager:	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Remuneration to Managing Director -NIL	NIL
	(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 (A)	--	--
7.	Ceiling as per the Act	--	--

**B. Remuneration to other directors: Not Applicable**

Sl.	Particulars of Remuneration	Name of the Director				Total Amount
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	--	--	--	--	--
	Total (1)	--	--	--	--	--
	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.	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	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - Others, specify...	Nil	Nil	Nil	Nil
5.	Others, please specify <sup>2</sup>	Nil	Nil	Nil	Nil
6.	<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**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	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

**ANNEXURE III****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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

**Yours Faithfully,**

**Sd/-**

**Date: 05.05.2015**

**N. Satyavathi**

**Place: Hyderabad**

**(Independent director)**

**ANNEXURE III****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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 up to 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.

**Yours Faithfully,  
Sd/-**

**Date: 05.05.2015**

**K.Srinivasa Rao**

**Place: Hyderabad**

**(Independent director)**



**ANNEXURE III****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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

**Yours Faithfully,**  
**Sd/-**

**Date: 05.05.2015**

**M.V.S. Ramesh Varma**

**Place: Hyderabad**

**(Independent director)**

**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 -NIL
  - 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
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

<b>Name of the Company</b>	<b>Nature of Relationship</b>
Mudunuru Software Limited (Formerly known as 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	
Biomorf Inc. USA	
Infronics Inc., USA	

- 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. 5,30,983/-

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

To the Members of  
INFRONICS SYSTEMS LIMITED.

**Report on the financial Statements**

We have audited the accompanying standalone financial statements of INFRONICS SYSTEMS LIMITED('the Company'), which comprise the balance sheet as at 31st March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of 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 and presentation 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 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 thereunder. 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 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.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in Annexure B.
- g) 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**

**M Madhusudhana Reddy  
Partner  
Membership No.213077**

**Place: Hyderabad  
Date : May 30th, 2016**

**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 2016, we report that:

1. 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.  
c. The title deeds of the immovable property are held in the name of the company.
2. The physical verification of the inventory excluding stocks with third parties has been conducted at reasonable intervals by the management during the year. In our opinion the frequency of the verification is reasonable.
3. 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').
4. The company has not given loans, made investments, guarantees and security under the provisions of Section 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public.
6. 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.
7. 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 provident fund, employees' state insurance, duty of excise income tax, 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), 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 2016 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)	2015-16	32,095
Service Tax	2014-15	59,95,897
Service Tax	2015-16	16,95,058

- 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.
8. The Company has made arrangement for One Time Settlement with banks and Outstanding dues of Rs.2,31,07,927/-to the banks. The details have been mentioned in note no.31of notes to accounts.
9. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and terms loans during the year.
10. 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.
11. The company has not paid/ provided managerial remuneration during the financial year.
12. The company is not Nidhi Company and the Nidhi Rules, 2014 not applicable to it. Accordingly the provisions of Clause 3(Xii) of order not applicable to the company.
13. The company has entered transactions with the related parties and complied with Section 188 and 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc as required by the accounting standards.

14. According to information and explanations given to us and based on our examinations of the records of the company, the company has not preferential allotment / private placement of shares or fully or partly convertible debenture's during the year.
15. The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly the provisions of Clause 3(xv) of order not applicable to the company.
16. The company is not required to be registered under section 45-IA of the ReserveBank of India Act, 1934.

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

**M Madhusudhana Reddy  
Partner  
Membership No.213077**

**Place: Hyderabad  
Date : May 30th, 2016**



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**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF  
EVEN DATE ON THE FINANCIAL STATEMENTS OF****INFRONICS SYSTEMS LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of INFRONICS SYSTEMS LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my / our audit. We conducted my our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

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

**M. Madhusudhana Reddy  
Partner  
Membership No.213077**

**Place: Hyderabad  
Date : May30th, 2016**

**INFRONICS SYSTEMS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2016**

PARTICULARS	NOTE No.	AS AT 31.03.2016 Rs.	AS AT 31.03.2015 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' Funds			
(a) Share Capital	2	79264615	79264615
(b) Reserves and Surplus	3	-19876681	-55508063
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	4	-	11662339
(b) Deferred tax liabilities (Net)		-35108553	-34239599
(c) Long-term provisions	5	95909	95909
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	6	-	49139931
(b) Trade payables		45622369	45845243
(c) Other current liabilities	7	109381152	105398277
<b>Total</b>		<u><b>179378810</b></u>	<u><b>201658652</b></u>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	20329571	27573921
(b) Non-current investments	9	209320	209320
(c) Long term loans and advances	10	3750750	3726750
<b>(2) Current assets</b>			
(a) Inventories	11	15126658	17766951
(b) Trade receivables	12	44873104	88507867
(c) Cash and cash equivalents	13	1080800	2368775
(d) Short-term loans and advances	14	94008607	61505068
<b>Total</b>		<u><b>179378810</b></u>	<u><b>201658652</b></u>
<b>Note forming part of financial statement; 1-32</b>			

**VIDE OUR REPORT OF EVEN DATE**  
**For M M REDDY & CO.,**  
**Firm Registration Number : 010371S**  
**Chartered Accountants**  
**M Madhusudhana Reddy**  
**Partner**  
**Membership No. 213077**

**PLACE : HYDERABAD**  
**DATE : 30.05.2016**

**For and on behalf of the Board of Directors of**  
**INFRONICS SYSTEMS LIMITED**  
**Sd/-**  
**(M.Madhusudan Raju)**  
**Managing Director (Din: 00471678)**

**Sd/-**  
**(M.V.S.Ramesh Varma)**  
**Director (Din: 06680580)**

**INFRONICS SYSTEMS LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2016**

(amount in Rs.)

<b>PARTICULARS</b>	<b>Note No.</b>	<b>for the year ended 31.03.2016</b>	<b>for the year ended 31.03.2015</b>
I. Revenues			
(a) Revenue from operations	15	69464977	78909855
(b) Other Income	16	367711	775972
<b>Total Revenue</b>		<b>69832688</b>	<b>79685827</b>
II Expenses:			
(a) Operation and other expenses	17	64381789	109184141
(b) Employee benefit expenses	18	1625068	1649454
(c ) Finance costs	19	552329	17584346
(d) Depreciation and amortization expenses	8	7707589	29809801
<b>Total Expenses</b>		<b>74266775</b>	<b>158227743</b>
V. Profit before exceptional and extraordinary items and tax (III - IV)		-4434087	-78541916
VI. Exceptional Items Loss on sale of investments			90915375
VII. Profit before extraordinary items and tax (V - VI)		-4434087	-169457291
VIII. Extraordinary Items		-	0
IX. Profit before tax (VII - VIII)		-4434087	-169457291
X. Tax expense:			
(1) Current tax		-	0
(2) Deferred tax		-868955	-8605167
XI. Profit/(Loss) from continuing operations (IX - X)		-3565133	-160852124
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)		-3565133	-160852124
XVI. Earning per equity share:			
(1) Basic		-0.45	-10.15
(2) Diluted		--	--

**Note forming part of financial statement; 1-32**
**VIDE OUR REPORT OF EVEN DATE**
**For M M REDDY & CO.,**
**Firm Registration Number : 010371S**
**Chartered Accountants**
**M Madhusudhana Reddy**
**Partner**
**Membership No. 213077**
**PLACE : HYDERABAD**
**DATE : 30.05.2016**
**For and on behalf of the Board of Directors of**
**INFRONICS SYSTEMS LIMITED**
**Sd/-**
**(M.Madhusudan Raju)**
**Managing Director (Din: 00471678)**
**Sd/-**
**(M.V.S.Ramesh Varma)**
**Director (Din: 06680580)**

## INFRONICS SYSTEMS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2016

PARTICULARS	2015-16 AS AT 31.03.2016	2014-15 AS AT 31.03.2015
Cash Flow From Operations		
Profit /(Loss) Before Tax	(4434087)	(169457291)
Preliminary Expenses Written off		-
Depreciation and amortisation	7707589	29809801
Decrease(increase) in Inventories	2640293	59468702
Decrease(increase) in Trade Receivables	43634763	(27641987)
Decrease(increase) in Loans & Advances	(32527539)	(4749432)
Increase (Decrease) in Long Term Provisions	-	(128779)
Increase (Decrease) in Current Liabilities	3760001	18181104
Income tax paid	-	-
<b>Sub-Total - A</b>	<b>20781020</b>	<b>(94517883)</b>
Cash Flows From Financing		
Share Capital	-	-
Long Term Borrowings Received	(11662339)	(16937501)
Other Long Term Liabilities		-
Short Term Borrowings Received	(49139931)	247190
Reversal of Interest on CC & TL	39196515	
<b>Sub-Total - B</b>	<b>(21605755)</b>	<b>(16690311)</b>
Cash Flows from investing		
Purchase of Fixed Assets	(463239)	0
Decrease (Increase) in loans & advances	-	-
Decrease (Increase) in Investments		106781800
Decrease (increase) in non current assets		-
<b>Sub-Total - C</b>	<b>(463239)</b>	<b>106781800</b>
<b>Cash Equivalents (A+B+C)</b>	<b>(1287975)</b>	<b>(4426394)</b>
Add: Opening Cash and Cash Equivalents	2368775	6795169
Closing Cash and Cash Equivalents	1080800	2368775
This is the Cash Flow Statement referred to in our report of even date.		
<b>VIDE OUR REPORT OF EVEN DATE</b>	<b>For and on behalf of the Board of Directors of</b>	
<b>For M M REDDY &amp; CO.,</b>	<b>INFRONICS SYSTEMS LIMITED</b>	
<b>Firm Registration Number : 010371S</b>	<b>Sd/-</b>	
<b>Chartered Accountants</b>	<b>(M.Madhusudan Raju)</b>	
<b>M Madhusudhana Reddy</b>	<b>Managing Director (Din: 00471678)</b>	
<b>Partner</b>		
<b>Membership No. 213077</b>	<b>Sd/-</b>	
	<b>(M.V.S.Ramesh Varma)</b>	
<b>PLACE : HYDERABAD</b>	<b>Director (Din: 06680580)</b>	
<b>DATE : 30.05.2016</b>		

**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, which 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.

**I) Cash Flow Statement:**

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

**NOTE NO.2 :**

S. No.	Particulars	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>Share Capital</b>			
(a)	Authorised		
	1,10,00,000 equity shares of Rs.10/- each	110000000	110000000
(b)	Issued, subscribed & fully paid share capital		
	79,26,461 equity shares of Rs.10/- each	79264615	79264615
	<b>Total</b>	<b>79264615</b>	<b>79264615</b>

Reconciliation of number of shares	No. of shares	Amount Rs.	No. of shares	Amount Rs.
Opening balance	15852923	79264215	15852923	79264215
Reduction in shares on consolidation of two equity shares having face value of Rs.5/- into one equity share of Rs.10/- each fully paid up	7926462		-	-
<b>Closing balance</b>	<b>7926461</b>	<b>79264215</b>	<b>15852923</b>	<b>79264215</b>

**List of Shareholders who holds more than 5%:**

<b>Name of the Shareholder</b>	<b>No. of Shares held</b>	<b>% of holding</b>	<b>No. of Shares held</b>	<b>% of holding</b>
Madhusudan Raju Mudunuru	731665	9.23%	1463330	9.23%
Vindhya Mudunuru	670175	8.45%	1340350	8.45%
K. Govardhana Reddy	408009	5.15%	816018	5.15%
Namburi Suryanarayana Raju	470000	5.93%	940000	5.93%
Murallikrishnam Raju Penumatsa	399690	5.04%	800000	5.04%
K. Kanaka Durga	800055	10.09%	1600110	10.09%

**NOTE NO. 3:**
**Reserves and Surplus**

Securities Premium:		
Opening Balance	<u>101876228</u>	<u>101876228</u>
Add: Addition during the year	-	-
	<u>101876228</u>	<u>101876228</u>
Surplus:		
Opening Balance	<u>-157384291</u>	<u>50129770</u>
- Less: Value of assets whose remaining useful life is Nil as per Companies Act, 2013 (Net of deferred tax adjustment)	-	46661937
Adjusted surplus	<u>-157384291</u>	<u>3467833</u>
Add: Reversal of interest on CC & TL charged in earlier years on OTS arrangement of SBI loans	39196515	
Add: Surplus for the year	<u>-3565133</u>	<u>-160852124</u>
Surplus	-121752909	-157384291
<b>Total</b>	<b>-19876681</b>	<b>-55508063</b>

S. No.	Particulars	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
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**NOTE NO. 4****Long-term borrowings**

Secured

Term Loans

from Banks (secured by fixed assets and guaranteed by directors and others)	-	11662339
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<b>Total</b>	<b>-</b>	<b>11662339</b>
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**NOTE NO. 5:****Long-term provisions**

Provision for Gratuity	95909	95909
Provision for I.T	-	-

<b>Total</b>	<b>95909</b>	<b>95909</b>
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**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
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<b>Total</b>	<b>-</b>	<b>49139931</b>
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**NOTE NO. 7:****Other Current Liabilities**

Current maturities of long term debt	23107927	30101712
Interest accrued and due on borrowings	-	4798098
Advances from customers	42692160	12649515
Sundry Creditors for Expenses	28137708	44845446
Sundry Creditors others	15443357	13003507

<b>Total</b>	<b>109381152</b>	<b>105398277</b>
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**Note Number : 8**  
**STATEMENT OF FIXED ASSETS**

Sl. No.	DESCRIPTION OF THE ASSET	GROSS BLOCK			DEPRECIATION BLOCK			GROSS BLOCK	
		AS ON 01.04.15	ADDITIONS/ DELETIONS DURING THE YEAR	AS ON 31.03.16	AS ON 01.04.15	FOR THE PERIOD	AS ON 31.03.16	As on 31.03.16	As on 31.03.15
1.	Office Equipment	6570810	-	6570810	3985477	2279809	6265286	305524	2585333
2.	Computers & Accessories	47314838	463239	47778077	40101280	1652647	41753927	6024150	7213558
3.	Lab Equipment	83466	-	83466	51703	17438	69141	14325	31763
4.	Tools & Spares	101816	-	101816	29619	7187	36806	65010	72197
5.	Furniture & Fixtures	27524140	-	27524140	11409760	3073091	14482852	13041288	16114380
6.	Vehicles	3906625	-	3906625	2349934	677417	3027352	879273	1556691
	<b>TOTAL</b>	<b>85501695</b>	<b>463239</b>	<b>85964934</b>	<b>57927774</b>	<b>7707589</b>	<b>65635363</b>	<b>20329571</b>	<b>27573921</b>

S. No.	Particulars	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
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**NOTE NO. 9 :**
**Non-current investments**

Investments in Equity instruments  
(investment in 100% foreign subsidiary)

Infronics Inc., USA	209320	209320
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<b>Total</b>	<b>209320</b>	<b>209320</b>
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**NOTE NO. 10:**
**Long Term Loans and Advances**

Unsecured, considered good

Capital Advances:

Advance for Land	3269976	3269976
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Security Deposits	480774	456774
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<b>Total</b>	<b>3750750</b>	<b>3726750</b>
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**NOTE NO. 11:**
**Inventories**

Software & Hardware	15126658	4222180
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Work in progress	-	-
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Products under development	-	13544771
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<b>Total</b>	<b>15126658</b>	<b>17766951</b>
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**NOTE NO. 12:**
**Trade Receivables**

(Unsecured and Considered Good)

- Debtors outstanding for a period

exceeding 6 months	25409784	25409784
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- Other Debts	19463320	63098083
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<b>Total</b>	<b>44873104</b>	<b>88507867</b>
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S. No.	Particulars	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>NOTE NO. 13:</b>			
<b>Cash and cash equivalents</b>			
	Balances with banks	25344	70036
	Cash on hand	299525	398739
	Balances against Margin Money	755931	1900000
<b>Total</b>		<b>1080800</b>	<b>2368775</b>

**NOTE NO. 14**
**Short term loans and advances**

Unsecured, considered good

	Deposits	4448589	4448589
	Salary & other Advances to employees	-	2338745
	Advance to Supplies	67063816	31595298
	Interest Receivable	-	-
	I.T. Refund Receivable	9233718	9233718
	TDS Receivable	7411235	3503843
	Other amounts receivable	5851249	10384875
<b>Total</b>		<b>94008607</b>	<b>61505068</b>

**NOTE NO. 15**
**Revenue from Operations**

	Revenue from - Sale of products	10414494	29847472
	Sale of services	59050483	49062383
<b>Total</b>		<b>69464977</b>	<b>78909855</b>

S. No.	Particulars	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>NOTE NO. 16:</b>			
<b>Other Income</b>			
	Interest on B.G	367711	-
	Interest income	-	647193
	Gratuity written bank	-	128779
	<b>Total</b>	<b>367711</b>	<b>775972</b>

**NOTE NO. 17**
**Operation and Other Expenses**

Software, Hardware & Material costs	12064830	75690574
Development expenses	44009102	23673441
Project Expenses	225430	402039
Professional & Consultancy	137454	264556
Equipment Hire Charges	275114	392000
Internet Expenses	8140	67511
Travelling & Conveyance	489529	353401
Rent	429500	607500
Rates and Taxes, excluding taxes on income	39433	174378
Power and fuel	37625	66004
Office Maintenance	80538	95709
Computer Maintenance	106582	-
Vehicle Maintenance	86353	154083
Insurance	27846	22520
Directors' Remuneration	-	-
Printing & Stationery	29529	36156
Postage & Telegrams	5834	13898

**INFRONICS SYSTEMS LIMITED****Annual Report 2015-2016**

<b>S. No.</b>	<b>Particulars</b>	<b>As at 31.03.2016 Rs.</b>	<b>As at 31.03.2015 Rs.</b>
	Registration, License & Filing Fee	1800	15400
	Business & Sales Promotion	-	10000
	Selling Expenses	2986021	77110
	Audit Fee	200000	50000
	Internal 'Audit Fee	-	30000
	Telephone Charges	9604	8455
	SMS Charges	776419	-
	Miscellaneous Expenditure	-	15156
	Foreign Exchange Loss / (Gain)	-	-
	Bank Charges	78253	475170
	Interest on TDS	192356	328453
	Interest & other charges on Service Tax	2003127	1568993
	Lease Rentals	81370	-
	Bad debts	-	3623275
<b>Total</b>		<b>64381789</b>	<b>108215782</b>

**NOTE NO. 18:****Employee Benefit Expenses**

Salaries and wages	1593500	2447909
Contribution to provident and other funds	-	118368
Staff welfare expenses	31568	51536
<b>Total</b>	<b>1625068</b>	<b>2617813</b>

**NOTE NO. 19:****Finance Costs**

Interest expenses	552329	15624579
Other borrowing costs	-	1959767
<b>Total</b>	<b>552329</b>	<b>17584346</b>



**NOTE NO. 20**

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. 21**

Contingent Liabilities not provided for:

<b>Particulars</b>	<b>2015-16 (Rs.)</b>	<b>2014-15 (Rs.)</b>
<b>Bank Guarantees</b>	-	<b>19,00,000</b>

**NOTE NO. 22**

Managerial Remuneration:

<b>Particulars</b>	<b>2015-16 (Rs.)</b>	<b>2014-15 (Rs.)</b>
Managing Director	-	968359
Whole Time Directors	-	-
<b>TOTAL</b>	<b>-</b>	<b>968359</b>

**NOTE NO. 23**

Auditors' Remuneration:

<b>Particulars</b>	<b>2015-16 (Rs.)</b>	<b>2014-15 (Rs.)</b>
- Audit Fee	1,50,000	30,000
- Tax Audit Fee	50,000	20,000
- Other services	-	-
- Certification Fees	-	-
<b>TOTAL</b>	<b>2,00,000</b>	<b>50,000</b>

**NOTE NO. 24****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. 25**

Transactions with the Related Parties pursuant to Accounting Standard 18

## a) List of Related Parties

<b>Subsidiary Companies</b>	<b>- Infronics Inc., USA</b>
Associates Companies controlled by key management personnel / relatives who are substantially interested	- Mudunuru Software Limited - Biomorf Systems Limited - Biomorf Inc., USA
Key managerial personnel	M. Madhusudan Raju Chairman

## b) Transactions with the Related Parties

<b>Details</b>	<b>Associate Companies /Concerns</b>	<b>Key Management Personnel</b>	<b>Associate Companies /Concerns</b>	<b>Key Management Personnel</b>
	<b>2015-16 Rs.</b>		<b>2014-15 Rs.</b>	
Remuneration	-	-	-	9,68,359
Sales	-	-	-	-
Purchases	32,82,399	-	-	-
Advance for Supplies	-	-	-	-
Advances received (Net)	-	--	1,43,08,884	-
Advances given (Net)	5,30,983			

c) Balance as at 31st March, 2016

Details	Associate Companies /Concerns 2015-16 Rs.	Key Management Personnel 2015-16 Rs.	Associate Companies /Concerns 2014-15 Rs.	Key Management Personnel 2014-15 Rs.
Remuneration	-	-	-	6,92,217
Sales	-	-	-	-
Purchases	30,86,818	-	-	-
Advances	5,30,983	-	-	-

## NOTE NO. 26

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, 2016. 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. 27

### Imports on CIF Basis

Year ended 31st March	2015-16 Rs.	2014-15 Rs.
Capital Goods	-	-
Purchases	-	-

## NOTE NO. 28

### Expenditure in foreign currency

Year ended 31st March	2015-16 Rs.	2014-15 Rs.
Purchases	-	-

**NOTE NO. 29****Earnings in foreign exchange**

Year ended 31st March	2015-16 Rs.	2014-15 Rs.
Receipts from Software development	47650469	5120895

**NOTE NO. 30**

During the financial year the company has made One Time Settlement arrangement with the State Bank of India for its Term Loan and Cash Credit loan facilities. Total Term Loan and Cash Credit loan facilities and Interest accrued there on are settled for Rs.550 Lakhs. Interest Charged to Statement of Profit and loss during the financial year Rs. 75,48,222/- has been credited to Statement of Profit and Loss. Outstanding dues over the above Rs.550 Lakhs amounting to Rs.3,91,96,515/- has been credited to reserves and surplus.

**NOTE NO. 31****Earning Per Share**

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
a) Profit available to the Equity Shareholders (Rs.)	(35,65,133)	(16,08,52,124)
b) No. of Equity Shares	79,26,461	1,58,52,923
c) Weighted Average No. of Shares	79,26,461	1,58,52,923
d) Nominal value of Share (Rs.)	10	5
e) Earnings per Share	(0.45)	(10.15)

**NOTE NO. 32**

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 32**

**VIDE OUR REPORT OF EVEN DATE**

**VIDE OUR REPORT OF EVEN DATE**

**For M M REDDY & CO.,**

**Firm Registration Number : 010371S**

**Chartered Accountants**

**M Madhusudhana Reddy**

**Partner**

**Membership No. 213077**

**PLACE : HYDERABAD**

**DATE : 30.05.2016**

**For and on behalf of the Board of Directors of  
INFRONICS SYSTEMS LIMITED**

**Sd/-**

**(M.Madhusudan Raju)**

**Managing Director (Din: 00471678)**

**Sd/-**

**(M.V.S.Ramesh Varma)**

**Director (Din: 06680580)**

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**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 -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

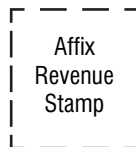
1. Name : .....  
 Address : .....  
 E-mail Id : .....  
 Signature: ....., or failing him
2. Name : .....  
 Address : .....  
 E-mail Id : .....  
 Signature: ....., or failing him
3. Name : .....  
 Address : .....  
 E-mail Id : .....  
 Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th Annual General Meeting of the Company, to be held on Friday, 30th day of September, 2016 at 10.30 a.m. at Plot No. 16, Srila Realty Layout, Near Landmark Towers, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad – 500049 and at any adjourned meeting thereof in respect of such resolutions as are indicated below:

Signed this ..... day of ..... 2016

Signature of Shareholder

Signature of Proxy holder(s)



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.

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**INFRONICS SYSTEMS LIMITED**

Plot No. 16, Srila Realty Layout, Near Landmark Towers,  
Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad.

**Hyderabad ATTENDANCE SLIP**

(Please present this slip at the Meeting venue)

I hereby record my presence for the 16th Annual General Meeting of the members to be held on Friday, 30th day of September, 2016 at 10.30 a.m at Plot No. 16, Srila Realty Layout, Near Landmark Towers, Madinaguda, Miyapur, Serilingampally Mandal Hyderabad -500049 and at any adjourned meeting thereof.

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.

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## **BOOK POST**

*If undelivered please return to:*

### **INFRONICS SYSTEMS LIMITED**

#### **REGISTERED OFFICE**

Plot No.16, Srila Realty Layout, Near Landmark Towers,  
Madinaguda, Miyapur, Serilingampally Mandal,  
Hyderabad-500049, Andhra Pradesh.

Email: [Info@infronics.com](mailto:Info@infronics.com)