

INFRONICS SYSTEMS LIMITED

**17th
ANNUAL REPORT
2016-2017**

CORPORATE INFORMATION**BOARD OF DIRECTORS**

- 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

Siddantapu Enmanuel Raju

REGISTERED OFFICE

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

STATUTORY AUDITORS

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

INTERNAL AUDITOR

M/s. Chanamolu & Co.,
Chartered Accountants,
Hyderabad

SECRETARIAL AUDITOR

M/s. Sambhu Prasad M & Associates
49-9-10, Lalita Nagar,
Akkayyapalem, Visakhapatnam,
Andhra Pradesh - 530016

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. Namburu Satyavathi - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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,

HACABhavan, 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

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Shareholders of M/s. Infronics Systems Limited will be held on Friday, the 29th day of September 2017 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, 2017, 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 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.V.S. Ramesh Varma
Director
(DIN: 06680580)**

**Place: Hyderabad
Date: 02.09.2017**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument of Proxy in order to be effective shall be deposited at the Corporate Office of the Company by not less than 48 hours before the commencement of the Meeting.
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 23.09.2017 to 29.09.2017 (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 2016-2017 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 2016-2017 is being sent in the permitted mode.
16. Members may also note that the Notice of the 17th Annual General Meeting and the Annual Report for 2016-2017 will also be available on the Company's website www.infronics.com for their download. The physical copies of the aforesaid documents will also be available at the Company's

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

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 17th 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 26.09.2017 at 9.00 A.M. and ends on 28.09.2017 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 (22.09.2017) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iii. Click on Shareholders.
- iv. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

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

viii. After entering these details appropriately, click on "SUBMIT" tab.

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

- xi. Click on the EVSN for INFRONICS SYSTEMS LIMITED.
- xii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(II) In case of members receiving the Physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:

- A. Please follow all steps from sl. no. (ii) to sl. no. (xvii) above, to cast vote.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- B. The voting period begins on 26.09.2017 at 9.00 A.M. and ends on 28.09.2017 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 22.09.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
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 22.09.2017.
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 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.V.S. Ramesh Varma
Director
(DIN: 06680580)**

**Place: Hyderabad
Date: 02.09.2017**

BOARD'S REPORT

To the Members,

M/s. Infronics Systems Limited

The Directors have pleasure in presenting before you the Board's Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2017.

FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS:

The performance during the period ended 31st March, 2017 has been as under:

(Rs. In Lakhs)

Particulars	Standalone		Consolidated
	2016-17	2015-2016	2016-2017
Gross Income	953.98	698.33	953.98
Profit Before Interest and Depreciation	95.64	38.26	95.05
Finance Charges	18.87	5.52	18.87
Gross Profit	76.77	32.73	76.18
Provision for Depreciation	49.37	77.07	63.47
Net Profit Before exceptional items	27.40	(44.34)	12.71
Exceptional items	23.44	--	23.44
Provision for Tax	66.99	(8.69)	69.25
Net Profit After Tax	(63.03)	(35.65)	(79.98)
Net Profit After Tax (after Minority Interest)	--	--	(76.33)
Balance of Profit brought forward	(1217.53)	(1573.84)	(1217.53)
Balance available for appropriation	(1280.56)	(1217.53)	(1130.34)
Proposed Dividend on Equity Shares	--	--	--
Tax on proposed Dividend	--	--	--
Transfer to General Reserve	--	--	--
Surplus carried to Balance Sheet	(1280.56)	(1217.53)	(1130.34)

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.02/09/2017)

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.

PUBLIC DEPOSITS:

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

TRANSFER TO RESERVES:

The company has not transferred any amount to reserves for the year.

DIVIDEND:

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

REVISION OF FINANCIAL STATEMENTS:

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

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.

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.

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.

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.

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.

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

DIRECTORS/CEO/CFO AND KEY MANAGERIAL PERSONNEL:

Mr. M. Madhusudan Raju resigned as Managing Director of the company w.e.f 24.08.2016. The Board places on record its appreciation for the services rendered by Mr. M. Madhusudan Raju during his tenure with the Company.

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-III

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.

INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES:

The Company has subsidiaries namely Mudunuru Software Limited and Zoraly Solution Private Limited and associates namely Biomorf Systems Limited. However, Infronics Inc. a wholly owned subsidiary of Infronics Systems Limited was non operational during the year under review and has been so since April 2013.–Annexure V.

DETAILS IN REPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO CENTRAL GOVERNMENT.

There were no frauds reported by the auditors as per section 143 (12).

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.

INTERNAL AUDITORS:

The company has appointed M/s. Chanamolu & Co. as internal auditors for the Financial Year 2016-17.

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. Sambhu Prasad M & Associates, Practicing Company Secretaries is annexed to this Report as Annexure - I

INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, the Company will adopt Indian Accounting Standards with effect from 01st April, 2017. The implementation of Indian Accounting Standards (IAS) is a major change process for which the Company has set up a dedicated team and is providing desired resources for its completion within the time frame. The impact of the change on adoption of said IAS is being assessed.

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, 2017 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), the Secretarial Audit Report in Form MR-3 is annexed to the Annual Report as Annexure - I

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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 Stock Exchanges and framed the following policies which are available on Company's website i.e. 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

THE NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR:

The company acquires stake in small time companies namely Zoraly Solutions Private Limited (39.33%) and Mudunuru Software Limited (22.95%) making them its subsidiaries. The company also acquired stake in Biomorf Systems Limited (41.79%) which continues to act as an associate company.

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.517.16 lakhs
Foreign Exchange Outgo: Rs. NIL

INSURANCE:

The properties and assets of your Company are adequately insured.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The company has not given loans or Guarantees during the year under review.

CREDIT & GUARANTEE FACILITIES:

The Company has not availed any facilities of credit and guarantee during the year.

DISCLOSURE ABOUT COST AUDIT:

Cost Audit is not applicable to your Company.

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.

CEO/ CFO Certification

The Managing Director and CEO/ CFO certification of the financial statements for the year 2016-17 is provided elsewhere in this Annual Report.

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.

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.

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.

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.

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

ACKNOWLEDGEMENTS:

The 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.

The 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/-	Sd/-
	M.V.S. Ramesh Varma	K. Srinivas Rao
	Director	Director
Place: Hyderabad	(DIN: 06680580)	(DIN: 06465192)
Date: 02.09.2017		

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 2016-17 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 2016-17.

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

Sd/-

**M V S Ramesh Varma
Director
(DIN: 06680580)**

Place: Hyderabad

Date: 02.09.2017

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:

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.

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

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.

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.

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

BOARD OF DIRECTORS

A. COMPOSITION OF THE BOARD:

The Company is managed and controlled through a professional body of Board of Directors. As on 31st March 2017, the Board of the Company has 3 members (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 31.03.2017 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.

Name of Director	Category of Directorship	Number of Directorships in other Companies (excluding private companies)	Number of Board Committee memberships held in other Companies		Attendance Particulars		
			Member	Chairman	Last AGM 30.09.2016	Board meetings '16-17'	
						held	Attended
M. Madhusudan Raju*	Executive Managing Director	3	—	—	Yes	6	3
Mrs. N. Satyavathi	Non Executive & Independent Director	2	—	—	Yes	6	6
Mr. K. Srinivasa Rao	Non Executive & Independent Director	4	—	—	Yes	6	6
Mr.M.V.S Ramesh Varma	Non Executive & Independent Director	1	—	—	Yes	6	6

* Resigned w.e.f. 24.08.2016

D. MEETINGS DURING THE YEAR:

The Board of Directors duly met 6 (Six) times on 30.05.2016, 13.08.2016, 24.08.2016, 14.11.2016, 14.02.2017 and 10.03.2017 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 hold any shares and Convertible Instruments in their name.

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

- The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges read with Section 177 of the Companies Act, 2013.
- 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 30.05.2016, 13.08.2016, 14.11.2016 and 14.02.2017.

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. K. Srinivasa Rao	Chairman	NED (I)	4	4
Mr. M.V.S. Ramesh Varma	Member	NED (I)	4	4
Mrs. Namburu Satyavathi	Member	NED (I)	4	4

NED (I) : Non Executive Independent Director

NOMINATION AND REMUNERATION COMMITTEE:

The Committee comprises of three non-executive independent Directors

A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:

- The Committee was constituted in terms of sec. 178 of Companies Act, 2013 read with reg. 19 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.
- 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:

Name	Designation	Category	No. of meetings held	No. of meetings attended
Mr. K. Srinivasa Rao	Chairman	NED (I)	1	1
Mr. M.V.S. Ramesh Varma	Member	NED (I)	1	1
Mrs. Namburu Satyavathi	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 and Reg. 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 Regulation 16(b) of 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 Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is as below:

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

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

- (ii) Is or has been an employee or proprietor or a partner, in any of the three finance year immediately preceding the finance year in which he is proposed to be appointed of-
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding subsidiary or associate company amounting to ten per cent or more of the gross turnover of more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipt from the company any of its promoters , directors or its holding subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - (v) is a material supplier, service provider or customer or a lesser or lessee of the company.
 - f. Shall possess appropriate skills experience and knowledge in one or more field of finance , law management, sales, marketing administration, research, corporate governance, technical operations, corporate social responsibility or this disciplines related to the company's business.
 - g. Shall possess such other qualifications as may be prescribed from time to time, under the companies Act,2013.
 - h. Who is not less than 21 years of age
- 3.2.3 The independent Director shall abide by the “code for independent Directors” as specified in Schedule IV to the companies Act, 2013.
- 3.3 other directorships/ committee memberships
- 3.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not

interfere with their role as director of the company. The NR Committee shall take into account the nature of, and the time involved in a Director Service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

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

3.3.3 A Director shall not serve as 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 and Regulation 19 of 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.

STAKEHOLDER'S RELATIONSHIP COMMITTEE

- i. The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with section 178 of the Companies Act 2013.
- ii. The broad terms of reference of the stakeholders' relationship committee are as under:
 - Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters.
 - Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.
 - The composition of the stakeholders' relationship committee and the details of meetings attended by its members are given below:

A) COMPOSITION:

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. K. Srinivasa Rao	Chairman	NED(I)
Mr. M.V.S. Ramesh Varma	Member	NED(I)
Mrs. Namburu Satyavathi	Member	NED(I)

NED (I) : Non Executive Independent Director

B. NAME AND DESIGNATION OF COMPLIANCE OFFICER

Mr. M. Madhusudan Raju is the compliance officer of the Company.

C. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2016-17

INVESTOR COMPLAINTS	
Particulars	Year ended 31.03.2017
Pending at the beginning of the year	NIL
Received during the year	NIL
Disposed of during the year	NIL
Remaining unresolved at the end of the year	NIL

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 2016-17 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	—	—	—	—	—	—	—

* Resigned w.e.f 24.08.2016

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 13.08.2016, 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.

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 13.08.2016 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

***Resigned w.e.f 24.08.2016**

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.

RISK MANAGEMENT COMMITTEE:-

- The Committee was constituted in terms of reg. 21 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

A.) COMPOSITION:

The Details of composition of the Committee are given below:

Name	Designation	Category
Mrs. Namburu Satyavathi	Chairperson	NED(I)
Mr. M.V.S. Ramesh Varma	Member	NED(I)
Mr. M. Madhusudan Raju	Member	ED

NED (I) : Non Executive Independent 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.

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

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2015-16	30.09.2016	10.30 A.M	Regd. Off. Plot No. 16, 1st Floor, Srila Realty Layout, Madinaguda, Miyapur, SerilingampallyMandal, Hyderabad – 500049.	No special resolution was passed during the said AGM.
2014-15	30.09.2015	10.00 A.M	Regd. Off. Plot No. 16, 1st Floor, Srila Realty Layout, Madinaguda, Miyapur, SerilingampallyMandal, 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 OfRs. 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.

B. PASSING OF RESOLUTIONS BY POSTAL BALLOT

There were no resolutions passed by the Company through Postal Ballot during the financial year 2016-17.

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. The un-audited financial results as well as audited financial results, shareholding pattern of the Company are displayed on 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

GENERAL SHAREHOLDER INFORMATION:**A) ANNUAL GENERAL MEETING:**

Day, Date and Time: Friday, 29th September, 2017 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 2017-18 (TENTATIVE SCHEDULE)

Financial year to which the Annual General Meeting relates: 2016-17

Financial calendar: 16-17

Adoption of Quarterly results for the Quarter ending

Un-Audited results for Quarter ending Jun 30 2017 - on or before 14.08.2017

Un-Audited results for Quarter ending Sep 30 2017 - on or before 14.11.2017

Un-Audited results for Quarter ending Dec 31 2017 - on or before 14.02.2018

Audited results for Quarter & Year ending Mar 31 2018 - on or before 30.05.2018

Book closure Dates: 23.09.2017 to 29.09.2017 (Both days inclusive)

Listing of Equity Shares: Bombay Stock Exchange.
Ahmedabad Stock Exchange

Annual General Meeting (Next year): August / September, 2018

C)DIVIDEND PAYMENT DATE: No Dividend was declared during the Financial Year 2016-17.

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
Ahmedabad Stock Exchange

CODE: 537985

F) STOCK MARKET PRICE DATA: BSE Limited

Month	High	Low
April'16	9.90	10.89
May'16	10.80	10.80
June'16	8.50	8.92
July'16	8.48	8.48
Aug'16	-	-
Sept'16	-	-
Oct'16	-	-
Nov'16	7.66	7.66
Dec'16	7.69	7.69
Jan'17	-	-
Feb'17	7.31	7.31
Mar'17	7.05	7.05

*The shares of the company are not traded 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. 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

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.

DISTRIBUTION OF SHAREHOLDING-AS ON: 31-Mar-2017.

SL. NO.	CATEGORY	Share Holders		No of Shares	
		Number	%	Number	% to Total
1	1 - 5000	411	63.62	57263	0.72
2	5001 - 10000	46	7.12	38548	0.49
3	10001 - 20000	38	5.88	54503	0.69
4	20001 - 30000	29	4.49	73151	0.92
5	30001 - 40000	11	1.7	38256	0.48
6	40001 - 50000	23	3.56	109997	1.39
7	50001 - 100000	28	4.33	203593	2.57
8	100001 & Above	60	9.29	7351150	92.74
	Total:	646	100	7926461	100

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	4935306	62.26
CDSL	1047192	13.21
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:

23rd September 2017 to 29th September 2017 (both days inclusive)

B) LISTING ON STOCK EXCHANGES:

The equity shares of the Company are listed on BSE Ltd. However, the shares of the company are not traded on Ahmedabad Stock Exchange. The Company has paid the listing fees for the year 2016-17 to BSE limited.

C) ELECTRONIC CONNECTIVITY:

Demat ISIN Number: INE463B01036

D.) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2017:

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

OTHER DISCLOSURES
A. MATERIALLY SIGNIFICANT RELATED PART 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 the policy for determining the material subsidiary is placed on www.infronics.com

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 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 2017 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**

**Place: Hyderabad
Date: 02.09.2017**

**Sd/-
S E Raju
Chief Financial Officer**

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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, 2017 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
M. No. 213077**

**Place: Hyderabad
Date: 02.09.2017**

**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.***

**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, 2017

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, 2016 and ended 31st March, 2017, 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, 2017, 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 2016-17.
- 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 as the company has not issued any shares during the year under review.**
 - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable; **Not Applicable as the company has not delisted/ proposed to delist its equity shares during the year under review.**
 - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable; **Not Applicable as the Company has not bought back/ proposed to buy-back any of its securities during the year under review.**
 - 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 as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the year under review.**
 - vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable as the Company has not issued any debt securities during the year under review.**
 - vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not Applicable as the Company has not issued any Employee Stock Options during the year under review.**
 - 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 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 framed the policies and conducted programmes as mentioned below and displayed the same on the company's website 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 6 Board Meetings, 4 Audit Committee Meetings, 4 Stakeholder Committee Meetings, and 1 Independent Directors Meeting. We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company secretaries of India .
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 namely Mr. S.E. Raju.
- ii. The Company has not appointed a Company Secretary.
- iii. The Company has appointed internal auditors M/s Chanamolu & Co., for the period 2016-17.
- iv. The Company does not have a Managing Director/Whole-Time Director or Manager.

We further report that:-

- 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 Sambhu Prasad M & Associates

Place: Hyderabad
Date: 02.09.2017

Sd/-
Sambhu Prasad M
Proprietor
C.P. No. 11723
M.No. F8795

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 Sambhu Prasad M & Associates

**Sd/-
Sambhu Prasad M
Proprietor
C.P. No. 11723
M.No. F8795**

**Place: Hyderabad
Date: 02.09.2017**

ANNEXURE II**MGT 9****Extract of Annual Return****As on the Financial Year 31.03.2017**

[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, SerilingampallyMandal 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. 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	
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	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-									
S.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 Limited	Software	U72400TG2009PLC065437		Subsidiary				
3.	Biomorf Limited	Systems	U72900TG2009PLC065438		Associate				
4.	Biomorf Inc.		NA		Associate				
5.	Zoraly Solutions Private Limited				Subsidiary				
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
i) Category-wise Share Holding:-									
Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1)Indian									
Individual/ HUF	2070492	--	2070492	26.12	2070492	--	2070492	17.69	--
Central Govt.	--	--	--	--	--	--	--	--	--
State Govt.(s)	--	--	--	--	--	--	--	--	--
Bodies Corp.	--	--	--	--	--	--	--	--	--
Banks / FI	--	--	--	--	--	--	--	--	--
Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	2070492	--	2070492	26.12	14,01,840	--	14,01,840	17.69	--
(2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other – Individuals	--	--	--	--	--	--	--	--	--

c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	2070492	--	2070492	27.52	14,01,840	--	14,01,840	18.87	--
B. Public Shareholding									
1. Institutions									
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)	--	--	--	--	--	--	--	--	--
2. Non Institutions									
a) Bodies Corp.	16075	30678	46753	0.59	3,00,100	147344	447444	5.64	
i) Indian	--				--				--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--

i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	442504	114117	556621	7.02	439827	114117	553944	6.99	- 0.0 3
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3166602	1288617	4455219	56.21		4459329	4459329	56.26	0.05
c) Others (specify)									
1. NRI	1312	374475	375787	4.74	1317	546950	548267		--
2. Employees	--	19410	19410	0.24	--	19410	19410	0.24	--
3. Clearing Members	128	--	128	0.00	50	--	50	0.00	--
Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	3626621	1827297	5453918	72.48	2143134	5287150	6028444	81.13	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	5697113	1827297	7524410	100.00	5982498	5287150	7430284	100.00	--

(ii) Shareholding of Promoters								
Sl. No	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	M. Madusudan Raju	7,31,665	9.23	-	7,31,665	9.23	-	Nil
2.	Vindya Mudunuru	6,70,175	8.45	-	6,70,175	8.45	-	Nil
3.	K. Govardhana Reddy	4,08,009	5.15	-	4,08,009	5.15	-	Nil
4.	K. Vijitha	1,89,754	2.39	-	1,89,754	2.39	-	Nil
5.	D. Sreedhar Reddy	70,889	0.89	-	70,889	0.89	-	Nil
(iii) Change in Promoters' Shareholding (please specify, if there is no change)								
Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year				
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company			
1	M. Madusudan Raju	7,31,665	9.23	7,31,665	9.23			
2.	Vindhya Mudunuru	6,70,175	8.45	6,70,175	8.45			
3.	K. Govardhana Reddy	4,08,009	5.15	4,08,009	5.15			
4.	K. Vijitha	1,89,754	2.39	1,89,754	2.39			
5.	D. Sreedhar Reddy	70,889	0.89	70,889	0.89			

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

Sl. No.	Shareholder Name	Shareholding at the beginning of the year		Share holding at the end of the year	
		No. of shares	% of total shares of The company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	KanakadurgaKalidindi	800055	10.09	800055	10.09
2	NamburiSuryanarayanRaju	470000	5.93	470000	5.93
3	MuraliKrishnamRajuPenumet sa	399690	5.04	400000	5.05
4	K. ChaitanyaVerma	256540	3.24	250000	3.15
5	Ramya M	224475	2.83	224475	2.83
6	K KrishnamRaju	214115	2.70	214115	2.70
7	G Neelima	200000	2.52	200000	2.52
8	Hari Krishna Reddy Kallam	174982	2.21	174982	2.21
9	Mudunuru Holding Private Limited	316063	1.91	--	--
10	Ramesh Annam Reddy	150000	1.89	150000	1.89
11	Sadaanand Engineering Technologies Pvt Ltd	--	--	116666	1.47

(v) Shareholding of Directors and Key Managerial Personnel:					
Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	M. Madusudan Raju resigned w.e.f 24.08.2016	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	7,31,665	9.23	--	--
	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
i) Principal Amount	--	--	--	--
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	--	--	--	--
Change in Indebtedness during the financial year	--	--	--	--
Addition/ Reduction	--			
Net Change	--	--	--	--
Indebtedness at the end of the financial year	--	--	--	--
i) Principal Amount ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	--	--		

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

ANNEXURE 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,

Date: 30.05.2017
Place: Hyderabad

S/d-
N. Satyavathi
(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,

Date: 30.05.2017
Place: Hyderabad

S/d-
K. Srinivasa Rao
(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,

Date: 30.05.2017
Place: Hyderabad

S/d-
M.V.S. Ramesh Varma
(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

Name of the Company	Name of the Company
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: _____

ANNEXURE V

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 -AOC-1, the Company is presenting summarised financial information about individual subsidiaries as at March 31, 2017.

Information relating to Subsidiaries as at March 31, 2017

Sl.No	Name of the Subsidiary	Reporting Currency	Exchange rate as on 31-Mar-2017	Share Capital	Reserves and Surplus	Total Assets	Investments	% of holding	Sales and Other Income	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	Mudunuru Software Limited	INR	--	63675169	26738347	108700767	0	73.20	0	-628535	354214	-980749	0
2	Zoraly Private Limited Solutions	INR	--	13985750	-14375938	41702718	0	82.30	0	-842021	-128390	-713631	0

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 2017, 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 2017 and its losses 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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.
 - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management

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

**Place: Hyderabad
Date : 30.05.2017**

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

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 2017, 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, made investments, under the provisions of Section 185 and 186 of the Companies Act, 2013 and the applicable provisions have been duly complied with.
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 2017 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)	2016-17	1,49,408

- 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 did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
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 Reserve Bank of India Act, 1934.

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

**Place: Hyderabad
Date : 30.05.2017**

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

**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, 2017 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, 2017, 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**

**Place: Hyderabad
Date : 30.05.2017**

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

BALANCE SHEET AS AT 31st March, 2017

Particulars	Note No	As at 31.03.2017	As at 31.03.2016
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	79264615	79264615
(b) Reserves and Surplus	3	-26180221	-19876681
(2) Non-Current Liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-29766874	-35108553
(c) Long-term provisions	4	95909	95909
(3) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables		45735133	45622369
(c) Other current liabilities	5	152391732	109381152
(d) Short-term provisions	6	1357616	-
Total		222897910	179378810
II.Assets			
(1) Non-current assets			
(a) <i>Fixed assets</i>			
(i) Tangible assets	7	15392258	20329571
(b) Non-current investments	8	62294131	209320
(c) Long term loans and advances	9	3750750	3750750
(2) Current assets			
(a) Inventories	10	45823800	15126658
(b) Trade receivables	11	33576628	44873104
(c) Cash and cash equivalents	12	1706315	1080800
(d) Short-term loans and advances	13	60354028	94008607
Total		222897910	179378810

VIDE OUR REPORT OF EVEN DATE
 For M M REDDY & CO.,
 Firm Registration Number : 010371S
 Chartered Accountants

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

M Madhusudhana Reddy
 Partner
 Membership No. 213077

Sd/-
 MVS Ramesh Varma
 Director
 (DIN:06680580)

Sd/-
 K. Srinivas Rao
 Director
 (DIN: 06465192)

PLACE : HYDERABAD
 DATE : 30.05.2017

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st March 2017

	Particulars	Note	For the year ended 31.03.2017	For the year ended 31.03.2016
I.	Revenues			
	(a) Revenue from operations	14	95348294	69464977
	(b) Other Income	15	49799	367711
	Total Revenue		95398093	69832688
II	Expenses:			
	(a) Operation and other expenses	16	71138328	64381789
	(b) Employee benefit expenses	17	14695460	1625068
	(c) Finance costs	18	1887073	552329
	(d) Depreciation and amortization expenses	7	4937314	7707589
	Total Expenses		92658175	74266775
V.	Profit before exceptional and extraordinary items and tax (III - IV)		2739918	-4434087
VI.	Exceptional Items			
	Prior period expenses	19	2344163	0
VII.	Profit before extraordinary items and tax (V - VI)		395755	-4434087
VIII.	Extraordinary Items		0	0
IX.	Profit before tax (VII - VIII)		395755	-4434087
X.	Tax expense:			
	(1) Current tax		1357616	0
	(2) Deferred tax		5341679	-868955
XI.	Profit/(Loss) from continuing operations (IX - X)		-6303540	-3565133
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)		-6303540	-3565133
XVI.	Earning per equity share:			
	(1) Basic		-0.80	-0.45
	(2) Diluted		--	--

VIDE OUR REPORT OF EVEN DATE
For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants
**For and on behalf of the Board of Directors of
INFRONICS SYSTEMS LIMITED**
M Madhusudhana Reddy
Partner
Membership No. 213077
Sd/-
MVS Ramesh Varma
Director
(DIN:06680580)
Sd/-
K. Srinivas Rao
Director
(DIN: 06465192)
PLACE : HYDERABAD
DATE : 30.05.2017

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	2016-2017 Rs.	2015-2016 Rs.
Cash Flow From Operations		
Profit /(Loss) Before Tax	395,755	(4434087)
Preliminary Expenses Written off		
Depreciation and amortisation	4,937,314	7707589
Decrease(increase) in Inventories	(30,697,142)	2640293
Decrease(increase) in Trade Receivables	11,296,476	43634763
Decrease(increase) in Loans & Advances	33,654,578	(32527539)
Increase (Decrease) in Long Term Provisions	-	0
Increase (Decrease) in Current Liabilities	43,123,345	3760001
Income tax paid	-	-
Sub-Total - A	62,710,326	20,781,020
Cash Flows From Financing		
Share Capital	-	-
Long Term Borrowings Received	-	(11662339)
Other Long Term Liabilities		
Short Term Borrowings Received	-	(49139931)
Reversal of Interest on CC & TL	-	39196515
Sub-Total - B	-	(21605755)
Cash Flows from investing		
Purchase of Fixed Assets	-	(463239)
Decrease (Increase) in loans & advances	-	-
Decrease (Increase) in Investments	(62,084,811)	-
Decrease (increase) in non current assets	-	-
Sub-Total - C	(62,084,811)	(463,239)
Cash Equivalents (A+B+C)	625,515	(1,287,975)
Add: Opening Cash and Cash Equivalents	1,080,800	2,368,775
Closing Cash and Cash Equivalents	1,706,315	1,080,800

VIDE OUR REPORT OF EVEN DATE
 For M M REDDY & CO.,
 Firm Registration Number : 010371S
 Chartered Accountants

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

M Madhusudhana Reddy
 Partner
 Membership No. 213077

Sd/-
 MVS Ramesh Varma
 Director
 (DIN:06680580)

Sd/-
 K. Srinivas Rao
 Director
 (DIN: 06465192)

PLACE : HYDERABAD
 DATE : 30.05.2017

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.

l) Cash Flow Statement:

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

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs	As at 31-3-2016 Rs
NOTE NO. 2		
Share Capital		
(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
TOTAL	79264615	79264615

Reconciliation of number of shares

	No.of shares	Amount Rs.	No.of shares	Amount Rs.
Opening balance	7926461	79264615	7926462	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				
Closing balance	7926461	79264615	7926462	79264215

List of Shareholders who holds more than 5%:

Name of the Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
Madhusudan Raju Mudunuru	731665	9.23%	731665	9.23%
Vindhya Mudunuru	670175	8.45%	670175	8.45%
K. Govardhana Reddy	408009	5.15%	408009	5.15%
Namburi Suryanarayana Raju	470000	5.93%	470000	5.93%
Muralikrishnam Raju Penumatsa	400000	5.05%	399690	5.04%
K. Kanaka Durga	800055	10.09%	800055	10.09%

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs	As at 31-3-2016 Rs
NOTE NO. 3		
Reserves and Surplus		
Securities Premium:		
Opening Balance	101876228	101876228
Add: Addition during the year	<u>-</u>	<u>-</u>
	101876228	101876228
Surplus:		
Opening Balance	-121752909	-157384291
- Less: Value of assets whose remaining useful life is Nil as per Companies Act, 2013 (Net of deferred tax adjustment)		
	<u>-121752909</u>	<u>-157384291</u>
Adjusted surplus	-121752909	-157384291
Add: Reversal of interest on CC & TL charged in earlier years on OTS arrangement of SBI loans	-	39196515
Add: Surplus for the year	<u>-6303540</u>	<u>-3565133</u>
Surplus	-128056449	-121752909
Total	<u>-26180221</u>	<u>-19876681</u>

NOTE NO. 4
Long-term provisions

Provision for Gratuity	95909	95909
Total	<u>95909</u>	<u>95909</u>

NOTE NO. 5
Other current liabilities

Current maturities of long term debt	-	23107927
Current maturities of finance lease obligation		
Advances from customers	50141966	42692160
Sundry Creditors for Expenses	44473770	28137708
Sundry Creditors others	57775997	15443357
Total	<u>152391732</u>	<u>109381152</u>

NOTE NO. 6
Short-term provisions

Provision for I.T	1357616	-
Total	<u>1357616</u>	<u>-</u>

Note - 7

FIXED ASSETS

Description of the Asset	GROSS BLOCK		DEPRECIATION BLOCK			NET BLOCK	
	As on 01.04.16	As on Additions/ Deletions during the year	As on 31.03.17	As on 01.04.16	For the Period	As on 31.03.17	As on 31.03.16
Office Equipment	6570810	-	6570810	6265286	190844	6456129	114681
Computers & Accessories	47778077	-	47778077	41753927	1125082	42879009	4899068
Lab Equipment	83466	-	83466	69141	13644	82785	681
Tools & Spares	101816	-	101816	36806	7236	44042	57774
Furniture & Fixtures	27524140	-	27524140	14482852	3153386	17636237	9887903
Vehicles	3906625	-	3906625	3027352	447123	3474475	432150
TOTAL	85964934	-	85964934	65635363	4937314	70572676	15392258
							20329571

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs.	As at 31-3-2016 Rs.
NOTE NO. 8		
Non-current investments		
Investments in Equity instruments (investment in 100% foreign subsidiary)		
Infronics Inc., USA	209320	209320
Biomorf Systems Ltd (1,12,68,563 equity shares of Rs.4/- each)	11268563	-
Mobiprise Systems Ltd (1,46,10,996 equity shares of Rs.1/- each)	7305498	-
Mobiprise Systems Ltd (3,20,00,000 equity shares of Rs.1/- each)	32000000	-
Zoraly Solutions Ltd (5,50,000 equity shares of Rs.10/- each)	5500000	-
Zoraly Solutions Ltd (6,01,075 equity shares of Rs.10/- each)	6010750	-
Total	<u>62294131</u>	<u>209320</u>
NOTE NO. 9		
Long Term Loans and Advances		
Unsecured, considered good		
Capital Advances:		
Advance for Land	3269976	3269976
Security Deposits	480774	480774
Total	<u>3750750</u>	<u>3750750</u>
NOTE NO. 10		
Inventories		
Software & Hardware	45823800	15126658
Total	<u>45823800</u>	<u>15126658</u>

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs.	As at 31-3-2016 Rs.
NOTE NO. 11		
Trade Receivables		
(Unsecured and Considered Good)		
- Debtors outstanding for a period		
exceeding 6 months	21047984	25409784
- Other Debts	12528644	19463320
Total	33576628	44873104
NOTE NO. 12		
Cash and cash equivalents		
Balances with banks	232861	25344
Cash on hand	667724	299525
Balances against Margin Money	805730	755931
Total	1706315	1080800
NOTE NO. 13		
Short term loans and advances		
Unsecured, considered good		
Deposits	4448589	4448589
Advance to Supplies	16177719	54466842
I.T. Refund Receivable	6330414	9233718
TDS Receivable	4003078	7411235
Other amounts receivable	29394228	18448223
Total	60354028	94008607
NOTE NO. 14		
Revenue from Operations		
Revenue from - Sale of products	-	10414494
Sale of services	95348294	59050483
Total	95348294	69464977

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs.	As at 31-3-2016 Rs.
NOTE NO. 15		
Other Income		
Interest on B.G	49799	367711
Total	49799	367711
NOTE NO. 16		
Operation and Other Expenses		
Software, Hardware & Material costs	775756	12064830
Development expenses	7270664	44009102
Consumables & Spares	38188289	-
Project Expenses	-	225430
Professional & Consultancy	12046520	137454
Equipment Hire Charges	78432	275114
Internet Expenses	-	8140
Travelling & Conveyance	225463	489529
Rent	454500	429500
Rates and Taxes, excluding taxes on income	91314	39433
Power and fuel	20670	37625
Office Maintenance	89821	80538
Computer Maintenance	4280793	106582
Vehicle Maintenance	111823	86353
Insurance	-	27846
Staff welfare	10534	-
Printing & Stationery	20485	29529
Postage & Telegrams	920	5834
Registration, License & Filing Fee	301356	1800
Selling Expenses	3089092	2986021
Audit Fee	200000	200000
Internal 'Audit Fee	25000	-
Telephone Charges	18704	9604
SMS Charges	784452	776419
Bank Charges	3150	78253
Interest on TDS	77540	192356
Interest & other charges on Service Tax	2793350	2003127
Lease Rentals	179700	81370
Total	71138328	64381789

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs.	As at 31-3-2016 Rs.
NOTE NO. 17		
Employee Benefit Expenses		
Salaries and wages	14695460	1593500
Staff welfare expenses	-	31568
Total	<u>14695460</u>	<u>1625068</u>
NOTE NO. 18		
Finance Costs		
Interest expenses	1887073	552329
Total	<u>1887073</u>	<u>552329</u>
NOTE NO. 19		
Prior Period Expenses		
Income tax - previous years	2344163	-
Total	<u>2344163</u>	<u>-</u>

NOTE NO. 20

Contingent Liabilities : Nil

NOTE NO. 21

List of Related Parties:

Subsidiary Companies	1) Mudunuru Software Limited 2) Zoraly Solutions Private Limited
----------------------	---------------------------------------------------------------------

Transactions with related Parties:

Details	Opening Balance	Debit	Credit	Closing Balance
Mudunuru Software Limited	30,86,818 Cr	-	1,02,000	31,88,818 Cr

NOTE NO. 22**Auditors' Remuneration:**

Description	2016-17 Rs.	2015-16 Rs.
Audit Fee	2,00,000	2,00,000
TOTAL	2,00,000	2,00,000

NOTE NO. 23**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. 24**Specified Bank Notes Disclosure (SBNs)**

In Accordance with the MCA Notification G.S.R. 308(E) dated March 30, 2017 details of Specified bank Notes (SBN) and other denomination notes (ODN) held and transacted during the period from November 8, 2016 to December 30, 2016 is given below;

Amount in Rs.

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	667225	667725
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	667225	667725

NOTE NO. 25**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, 2017. 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. 26

Imports on CIF Basis : Nil

NOTE NO. 27

Expenditure in foreign currency : Nil

NOTE NO. 28

Earnings in foreign exchange

Year ended 31st March	2016-17 Rs.	2015-16 Rs.
Purchases	5,17,15,632	4,76,50,469

NOTE NO. 29**Earning Per Share**

Particulars	Year ended 31.03.17	Year ended 31.03.16
a) Profit available to the Equity Shareholders (Rs.)	(6303540)	(35,65,133)
b) No. of Equity Shares	79,26,461	79,26,461
c) Weighted Average No. of Shares	79,26,461	79,26,461
d) Nominal value of Share (Rs.)	10	10
e) Earnings per Share	(0.80)	(0.45)

NOTE NO. 30

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 30

VIDE OUR REPORT OF EVEN DATE

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

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

M Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
MVS Ramesh Varma
Director
(DIN:06680580)

Sd/-
K. Srinivas Rao
Director
(DIN: 06465192)

PLACE : HYDERABAD
DATE : 30.05.2017

Independent Auditors' Report on Consolidated financial statements

To the Members of
Infronics Systems Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Infronics Systems Limited ('the Company') and its subsidiary companies (the Company and its subsidiary companies together referred as 'the Group'), which comprise the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, for the year then ended, and a summary of the significant accounting policies and other explanatory information ('the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act as applicable. The respective Board of Directors of the Company and its subsidiary companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of these consolidated financial statements by the Board of Directors of the Company.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial controls

relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors referred to in the 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2017 and its consolidated profit for the year ended on that date.

Other Matter

We did not audit the financial statements of 2 subsidiary companies and whose financial statements reflect total assets of Rs. 1504.03 Lakhs as at March 31, 2017, total revenues of Rs. Nil Lakhs and net cash inflows amounting to Rs. 0.23 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements As required by Section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the Directors of the Company as on March 31, 2017, taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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.
 - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management

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

**Place: Hyderabad
Date : 30.05.2017**

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

CONSOLIDATED BALANCE SHEET AS AT 31st March, 2017

Particulars	Note No	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	79264615	79264615
(b) Reserves and Surplus	3	-11158130	-19876681
(c) Share application money		-	-
(2) Minority Interest		24184989	-
(3) Non-Current Liabilities			
(a) Long-term borrowings			
(b) Deferred tax liabilities (Net)		-34300703	-35108553
(c) Long-term provisions	4	95909	95909
(4) Current Liabilities			
(a) Short-term borrowings	5	-	-
(b) Trade payables		84710647	45622369
(c) Other current liabilities	6	157489923	109381152
(c) Short term provisions		1357616	-
Total		301644865	179378810
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	15640059	20329571
(b) Non-current investments	8	11477883	209320
(c) Long term loans and advances	9	3750750	3750750
(2) Current assets			
(a) Inventories	10	104952312	15126658
(b) Trade receivables	11	36571988	44873104
(c) Cash and cash equivalents	12	4068240	1080800
(d) Short-term loans and advances	13	125183632	94008607
Total		301644865	179378810

VIDE OUR REPORT OF EVEN DATE
For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

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

M Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
MVS Ramesh Varma
Director
(DIN:06680580)

Sd/-
K. Srinivas Rao
Director
(DIN: 06465192)

PLACE : HYDERABAD
DATE : 30.05.2017

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE PERIOD ENDED 31st December, 2016**

	Particulars	Note	For the year ended 31.03.2017	For the year ended 31.03.2016
I.	Revenues			
	(a) Revenue from operations	14	95348294	69464977
	(b) Other Income	15	49799	367711
	Total Revenue		95398093	69832688
II	Expenses:			
	(a) Operation and other expenses	16	71197102	64381789
	(b) Employee benefit expenses	17	14695460	1625068
	(c) Finance costs	18	1887073	552329
	(d) Depreciation and amortization expenses	7	6347095	7707589
	Total Expenses		94126730	74266775
V.	Profit before exceptional and extraordinary items and tax (III - IV)		1271363	-4434087
VI.	Exceptional Items			
	Prior period expenses	19	2344163	-
VII.	Profit before extraordinary items and tax (V - VI)		-1072800	-4434087
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII - VIII)		-1072800	-4434087
X.	Tax expense:			
	(1) Current tax		1357616	-
	(2) Deferred tax		5567503	-868955
XI.	Profit/(Loss) from continuing operations (IX - X)		-7997919	-3565133
XII.	Less: Minority Interest		-364803	-
XIII.	Profit/(Loss) after minority Interest (XI - XII)		-7633116	-3565133
XVI.	Earning per equity share:			
	(1) Basic		-0.96	-0.45
	(2) Diluted		--	--

VIDE OUR REPORT OF EVEN DATE
For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

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

M Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
MVS Ramesh Varma
Director
(DIN:06680580)

Sd/-
K. Srinivas Rao
Director
(DIN: 06465192)

PLACE : HYDERABAD
DATE : 30.05.2017

Notes to Consolidated Financial Statements**1. Significant Accounting Policies****a. Basis of preparation of Financial Statements**

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the basis of a going concern basis, while revenue, expenses, assets and Liabilities accounted/recognized on accrual basis. GAAP comprises mandatory accounting as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI) Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, 'Consolidated Financial Statements'. The consolidated financial statements comprise the financial statements of the Company and its subsidiary company as disclosed in Note 20.(a) combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gain / loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Minority interests have been excluded. Minority interests represent that part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company.

b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the required amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

d. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.

e. 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.

f. 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.

g. Borrowing costs:

Borrowing costs that are directly attributable to the acquisition or the construction of a qualifying asset is capitalized for the period until the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time i.e more than 12 months to get ready for intended use. All other borrowing costs are charged to revenues

h. Inventories

Materials are valued at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.

i. Income Tax**i. Current tax :**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

ii. Deferred tax :

Deferred income taxes is recognized, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Where the Company has carry forward of unabsorbed depreciation or tax losses deferred tax assets are recognized only if it is virtually certain backed by convincing evidence that such deferred tax assets can be realized against future taxable profits.

j. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

k. Provisions

A Provision is recognized when the Company has a present obligation as a result of past event i.e it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

l. Cash Flow Statement:

Cash flow Statement has not been prepared since this is the first year of consolidation and comparative figures are not available.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE NO. 2		
Share Capital		
(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
Total	79264615	79264615

Reconciliation of number of shares

	No. of shares	Amount Rs.	No. of shares	Amount Rs.
Opening balance	7926461	7926461	15852923	7926461
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	
Closing balance	7926461	7926461	7926461	7926461

List of Shareholders who holds more than 5%:

Name of the Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
Madhusudan Raju Mudunuru	731665	9.23%	731665	9.23%
Vindhya Mudunuru	670175	8.45%	670175	8.45%
K. Govardhana Reddy	408009	5.15%	408009	5.15%
Namburi Suryanarayana Raju	470000	5.93%	470000	5.93%
Murallikrishnam Raju Penumatsa	400000	5.05%	399690	5.04%
K. Kanaka Durga	800055	10.09%	800055	10.09%

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
NOTE NO. 3		
Reserves and Surplus		
General Reserve		
Securities Premium:		
Opening Balance	101876228	101876228
Add: Addition during the year	<u>0</u>	<u>0</u>
	101876228	101876228
Surplus:		
Opening Balance	-121752909	-157384291
- Less: Value of assets whose remaining useful life is Nil as per Companies Act, 2013 (Net of deferred tax adjustment)		
	<u>-121752909</u>	<u>-157384291</u>
Adjusted surplus	-121752909	-157384291
Add: Reversal of interest on CC & TL charged in earlier years on OTS arrangement of SBI loans	-	39196515
Add: Reserves and surplus		
Add: Surplus for the year	<u>-7633116</u>	<u>-3565133</u>
Surplus	-129386025	-121752909
Add: Reserves of Subsidiary on consolidation	<u>16351667</u>	<u>0</u>
Total	<u>-11158130</u>	<u>-19876681</u>
NOTE NO. 4		
Long-term provisions		
Provision for Gratuity	95909	95909
Provision for I.T	-	-
Total	<u>95909</u>	<u>95909</u>
NOTE NO. 5		
Other current liabilities		
Current maturities of long term debt	-	23107927
Advances from customers	51751839	42692160
Sundry Creditors for Expenses	47962088	28137708
Sundry Creditors others	57775997	15443357
Total	<u>157489923</u>	<u>109381152</u>
NOTE NO. 6		
Short-term provisions		
Provision for I.T	1357616	-
Total	<u>1357616</u>	<u>0</u>

Note -7
FIXED ASSETS

Description of the Asset	GROSS BLOCK		DEPRECIATION BLOCK			NET BLOCK	
	As on 01.04.16	Additions/ Deletions during the year	As on 31.03.17	As on 01.04.16	For the Period	As on 31.03.17	As on 31.03.16
Office Equipment	12030682	0	12030682	10914059	997646	11911705	1116623
Computers & Accessories	81569338	0	81569338	75073589	1596681	76670270	6495749
Lab Equipment	83466	0	83466	69141	13644	82785	681
Tools & Spares	101816	0	101816	36806	7236	44042	65010
Furniture & Fixtures	27865490	0	27865490	14730911	3179456	17910368	9955122
Vehicles	4626625	0	4626625	3465756	552433	4018189	608436
TOTAL	126277417	0	126277417	104290262	6347095	110637358	21987155

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs.	As at 31-3-2016 Rs.
NOTE NO. 8		
Non-current investments		
Investments in Equity instruments (investment in 100% foreign subsidiary)		
Infronics Inc., USA	209320	209320
Biomorf Systems Ltd	11268563	-
(1,12,68,563 equity shares of Rs.4/- each)		
Total	11477883	209320
NOTE NO. 9		
Long Term Loans and Advances		
Unsecured, considered good		
Capital Advances:		
Advance for Land	3269976	3269976
Security Deposits	480774	480774
Total	3750750	3750750
NOTE NO. 10		
Inventories		
Software & Hardware and Materials	68684675	15126658
Work in progress	5117500	-
Products under development	31150137	-
Total	104952312	15126658
NOTE NO. 11		
Trade Receivables		
(Unsecured and Considered Good)		
- Debtors outstanding for a period exceeding 6 months	24043344	25409784
- Other Debts	12528644	19463320
Total	36571988	44873104

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs.	As at 31-3-2016 Rs.
NOTE NO. 12		
Cash and cash equivalents		
Balances with banks	452979	25344
Cash on hand	2809531	299525
Balances against Margin Money	805730	755931
Total	4068240	1080800
NOTE NO. 13		
Short term loans and advances		
Unsecured, considered good		
Deposits	4623589	4448589
Advance to Supplies	84062497	54466842
Advance for investments	374050	-
I.T. Refund Receivable	6330414	9233718
TDS Receivable	4003078	7411235
Other amounts receivable	25790004	18448223
Total	125183632	94008607
NOTE NO. 14		
Revenue from Operations		
Revenue from - Sale of products	-	10414494
Sale of services	95348294	59050483
Total	95348294	69464977
NOTE NO. 15		
Other Income		
Interest on B.G	49799	367711
Total	49799	367711

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs.	As at 31-3-2016 Rs.
NOTE NO. 16		
Operation and Other Expenses		
Software, Hardware & Material costs	775756	12064830
Development expenses	7270664	44009102
Consumables & Spares	38188289	
Project Expenses	-	225430
Professional & Consultancy	12046520	137454
Equipment Hire Charges	78432	275114
Internet Expenses	-	8140
Travelling & Conveyance	225463	489529
Rent	454500	429500
Rates and Taxes, excluding taxes on income	91314	39433
Power and fuel	20670	37625
Office Maintenance	89821	80538
Computer Maintenance	4280793	106582
Vehicle Maintenance	111823	86353
Insurance	-	27846
Staff welfare	10534	0
Printing & Stationery	20485	29529
Postage & Telegrams	920	5834
Registration, License & Filing Fee	307356	1800
Selling Expenses	3089092	2986021
Audit Fee	251500	200000
Internal 'Audit Fee	25000	-
Telephone Charges	18704	9604
SMS Charges	784452	776419
Bank Charges	4424	78253
Interest on TDS	77540	192356
Interest & other charges on Service Tax	2793350	2003127
Lease Rentals	179700	81370
Total	71197102	64381789

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2017 Rs.	As at 31-3-2016 Rs.
NOTE NO. 17		
Employee Benefit Expenses		
Salaries and wages	14695460	1593500
Staff welfare expenses	-	31568
Total	14695460	1625068

NOTE NO. 18		
Finance Costs		
Interest expenses	1887073	552329
Total	1887073	552329

NOTE NO. 19		
Prior Period Expenses		
Income tax - previous years	2344163	-
Total	2344163	-

20. Contingent Liabilities: Nil

21. Transactions with the Related Parties pursuant to Accounting Standard 18

a) List of Related Parties

Subsidiary Companies	1) Mudunuru Software Limited 2) Zoraly Solutions Private Limited
-----------------------------	---------------------------------------------------------------------

Transactions with related Parties:

Details	Opening Balance	Debit	Credit	Closing Balance
Mudunuru Software Limited	30,86,818 Cr	-	1,02,000	31,88,818 Cr

Transactions with the related parties have been provided in Note No.21 of notes to Standard lone financial statements.

22. Auditors Remuneration : Rs.2,00,000/- (Previous Year: Rs. 2,00,000/-)**23. Dues to micro and small-scale industrial undertakings**

As at March 31, 2015 as per available information with the company, there are no dues to small scale Industrial Undertakings.

24. Imports on CIF Basis: Nil**25. Expenditure in foreign currency: Nil****Earnings in foreign exchange**

Year ended 31st March	2016-17 Rs.
Receipts from Software development	5,17,15,632

26. Earnings per share:

In determining earnings per share, the company considers the net profit after tax and includes the past tax effect of any extraordinary/exceptional item.

Particulars	2016-17 Rs.
Weighted average number of shares outstanding	79,26,461
Face value of equity shares	10
Net Profit after tax	(76,33,116)
Earnings per share	0.96

27. Additional information as required under schedule III to the Companies Act, 2013, of Enterprises consolidated as subsidiary.

Name of the Enterprise	Net Assets i.e Total assets minus Outside Liabilities		Share in Profit or Loss	
	As % of Consolidated net assets	Amount Rs.	As % of Consolidated Profit or loss	Amount Rs.
Parent	-	-	-	-
Infronics systems Limited	2.46	2268146	78.81	-6303540
Subsidiaries	-	-	-	-
1) Mudunuru Software Limited	97.97	90413516	12.26	-980749
2) Zoraly Solutions Private Limited	-0.42	-390188	8.92	-713631

28. Salient features of Financial statements of Subsidiary as per Companies Act, 2013 (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014). (Form-AOC-1)

S.No	Name of the Subsidiary Company	Mudunuru Software Limited	Zoraly Solutions Private Limited
1	Capital	63675169	13,985,750
2	Share Application Money	8243308	-
3	Reserves	26738347	-14,375,938
4	Total Liabilities	10043943	42092907
5	Sub Total (1+2+3)	1008700767	41,702,718
6	Total Assets Excluding Investments	108700767	41,702,718
7	Investments	-	-
8	Sub Total (4+5)	108700767	41,702,718
9	Turnover	-	-
10	Profit Before Tax (PBT)	-626535	-842,021
11	Provision for Tax & Deferred Tax	354214	-128,390
12	Profit After Tax	-980749	-713,631
13	Dividend Proposed	-	-

29. Financial figures have been rounded off to nearest rupee.
30. 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, and statement on accounting policies form an integral part of the balance sheet and profit and loss statement.

SIGNATURES TO NOTES - 1 TO 31

VIDE OUR REPORT OF EVEN DATE
For M M REDDY & CO.,
Firm Registration Number : 010371S
Chartered Accountants

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

M Madhusudhana Reddy
Partner
Membership No. 213077

Sd/-
MVS Ramesh Varma
Director
(DIN:06680580)

Sd/-
K. Srinivas Rao
Director
(DIN: 06465192)

PLACE : HYDERABAD
DATE : 30.05.2017

**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 17th Annual General Meeting of the Company, to be held on Friday, 29th day of September, 2017 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..... 2017

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

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

INFRONICS SYSTEMS LIMITED

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

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence for the 17th Annual General Meeting of the members to be held on Saturday, 29th day of September, 2017 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.

ROAD MAP FOR THE VENUE



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