

FORM A
Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	Infronics Systems Limited
2.	Annual Financial Statements for the Year ended	31st March 2014
3.	Type of Audit Observation	NIL
4.	Frequency of Observation	Not Applicable
5.	Signed by:	
	Managing Director	K Sambasiva Rao
	Chairman of the Audit Committee	K Srinivasa Rao
	Auditor of the Company	Ramana Reddy and Associates



infronics.com

Infronics Systems Limited

Regd. Off: Plot No: 16, Srila Realty Layout, Bachupally Road, Miyapur, Hyderabad - 500 049., A.P., India.

Phone: +91-40-31902399 Fax: +91-40-30995261.

**INFRONICS
SYSTEMS LIMITED**

**14th ANNUAL REPORT
2013-2014**

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CORPORATE INFORMATION**Board of Directors:**

1. Mr. K. Sambasiva Rao	(DIN: 01363257) --	Managing Director
2. Mr. M. Madhusudan Raju	(DIN: 00471678) --	Director
3. Mr. K.Srinivasa Rao	(DIN: 06465192) --	Director
4. Mr. M.V.S.Ramesh Varma	(DIN: 06680580) --	Director

Company Secretary:

Ms. Shwetha R Anthapur

Registered Office:

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

Auditors:

M M REDDY & CO
Chartered Accountants,
Hyderabad

Audit Committee:

- 1) Mr. K.Srinivasa Rao
- 2) Mr. M.V.S.Ramesh Varma
- 3) Mr. M. Madhusudan Raju

Nomination & Remuneration Committee:

- 1) Mr. K.Srinivasa Rao
- 2) Mr. M.V.S.Ramesh Varma
- 3) Mr. M. Madhusudan Raju

Stakeholders Relationship Committee:

- 1) Mr. K.Srinivasa Rao
- 2) Mr. M.V.S.Ramesh Varma
- 3) Mr. M. Madhusudan Raju

Bankers:

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

Listing:

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

CIN:

L72200TG2000PLC033629

Registrar & Share Transfer Agents:

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

WEBSITE: www.infronics.com

INVESTOR E-MAIL ID: info@infronics.com

NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Shareholders of M/s. Infronics Systems Limited will be held on Tuesday, the 30th day of 2014 at 9.00 A.M. at the Plot No. 16, Srila Realty Layout, Near Landmark Towers, Madinaguda, Miyapur, Serilingampally, Hyderabad – 500049 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Madhusudan Raju (who retires by rotation and being eligible, offers himself for re-appointment).
3. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT subject to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, M/s. M REDDY & CO. Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting in place of the retiring Auditors, M/s. Ramana Reddy & Associates, Chartered Accountants, to audit the accounts of the Company for the financial year 2014-15 at a remuneration to be fixed by the Board of Directors on the recommendation of the Audit Committee of Directors.”

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. K.Srinivasa Rao (holding DIN: 06465192), Director of the Company whose period of office is liable to retirement by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

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

“RESOLVED THAT pursuant to the provisions of Sections. 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. M.V.S. Ramesh Varma (holding DIN 06680580), Director of the Company whose period of office is liable to retirement by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be

and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”

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

Amendment of Articles of Association of the Company

“RESOLVED THAT pursuant to Section 14 of the Companies Act, 2013, the Articles of Association of the Company be and is hereby altered in the following manner:

a) In definition clause of Article 2 the following definition is inserted:

2(i) ‘Electronic mode’ means carrying out electronically-based, transactions whether main server is installed in India or not, including, but not limited to:

- i. business to business and business-to-consumer transactions, data interchange and other digital supply transactions;
- ii. offering to accept deposits or inviting deposits or accepting deposits or subscriptions in securities, in India or from citizens of India;
- iii. financial statements, web-based marketing, advisory and transactional services, database services and products, supply chain management;
- iv. Online services such as telemarketing, telecommuting, education and information research; and all related data communication services;
- v. facsimile telecommunication when directed to the facsimile number or electronic mail directed to electronic mail addresses, using any electronic communication mechanism that the message so sent, received or forwarded is storable and retrievable;
- vi. posting of an electronic message board or network that the company or the officer has designated for such communications, and which transmission shall be validly delivered upon the posting; or
- vii. other means of electronic communication, in respect of which the Company or the officer has put in place reasonable systems to verify that the sender is the person purporting to send the transmission; and
- viii. video conferencing, audio-visual mode, net conferencing and/or any other electronic communication facility.

b) A new Article 41(2) is being inserted under Article 41(1) which is as under:

“41(2) Voting by members through electronic mode

A member may exercise his vote at a General Meeting or Postal Ballot by electronic mode in accordance with Section 108 of the Companies Act, 2013 and rules made there under and shall be eligible to vote only once for a single resolution.”

c) A new Clause 52A is being inserted under Article 52 which is as under:

“52A. Service of documents through electronic mode

Notwithstanding anything contained in these articles and as per Section 20 & 134 of the Companies Act, 2013 read with rules made there under, a Company may serve copies of the Balance sheet, Statement of Profit and loss, Auditors’ Report, Directors’ Report, Notice of the General Meeting along with explanatory statements etc. and any other documents to the members through electronic mode, by following conditions laid down under the relevant Rules.”

d) A new article 56A is being inserted after existing Article 56 which is as under:

56A: Managing Director or Chief Executive officer as Chairperson

“An individual shall be appointed or re-appointed as Chairperson of the Company as well as the Managing Director or Chief Executive officer of the Company at the same time or vice versa regardless of the Company whether operates in multiple segments of business or not.”

e) A new article 72A is being inserted by deleting existing Article 72A after Article 72 which is as under:

“72A. Participation in Meeting of the Board by Directors through electronic mode

Notwithstanding anything contained herein, the director(s) may participate in the meeting(s) of the Board or any committee thereof through electronic mode by video conferencing or other audio visual modes as may be prescribed, and the Director(s) so participating shall be deemed to be present at the meeting for the purposes of quorum, voting, recording of minutes and all other relevant provisions in this regard by following procedure specified under applicable laws for the time being in force and rules, regulations, circulars, notifications, guidelines etc. issued/to be issued from time to time by competent/statutory authority(ies).”

f) A new Article 85A is being inserted after Article 85 which is as under:

“85A. Maintenance of registers and records in electronic mode

Notwithstanding anything contained in these Articles, Registers, Index, Agreement, Memorandum, Minutes, Books of Accounts or any other documents required to be kept by the Company under the Companies Act, 2013 may be kept in electronic form in such form and manner as may be prescribed under Section 120 of the Companies Act, 2013 and rules made there under.”

g) A new Article 99 is being inserted after Article 98 which is as under:

99. “General Clause – Overriding effect of Companies Act, 2013”

The intention of these Articles is to be in consonance with the contemporary Act, Rules and Regulations prevailing in India. If there is an amendment in any Act, Rules and Regulations allowing what was not previously allowed under the Statute, the Articles herein shall be deemed to have been amended to the extent that Articles will not be capable of restricting what has been allowed by the Act by virtue of an amendment subsequent to registration of the Articles. In case of any of the provisions contained in these articles is inconsistent or contrary to the provisions of the Companies Act, 2013 and rules made thereunder, the provisions of Companies Act, 2013 and rules made thereunder shall override the provisions of these Articles and these Articles shall be deemed to have been amended to include such provisions of the Companies Act, 2013. All references to sections of Companies Act, 1956 shall be deemed to include the corresponding sections/provisions of the Companies Act, 2013 if any.”

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

**Sd/-
K. Sambasiva Rao
Managing Director
(DIN : 01363257)**

**Place: Hyderabad
Date: 14.08.2014**

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. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Business to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27.09.2014 to 30.09.2014 (Both days inclusive).
4. Members holding shares in the electronic form are requested to inform any changes in address/bank mandate directly to their respective Depository Participants.
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID Numbers for identification.
6. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
8. 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.
9. 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.
10. Electronic copy of the Annual Report for 2013-14 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 2013-2014 is being sent in the permitted mode.

11. 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.

12. 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 20th 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) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Enter your User ID-For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DPID followed by 8 Digits Client ID, Members holding shares in physical form should enter Folio Number registered with the Company and then enter the Captcha code as displayed and click on login.
- (v) If you are holding shares in Demat form and have already voted earlier on www.evotingindia.co.in for a voting of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

* 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 sequence number (available in the Address Label pasted in the cover and/or in the e-mail sent to Members) 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. Eg. If your name is Varun with sequence number 1 then enter VA00000001 in the PAN field.

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id/folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the EVSN 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. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). 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. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- (ix) Click on the relevant EVSN on which you choose to vote.
- (x) 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.
- (xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xii) 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.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

(xv) 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.

(B) 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]:

(i) Please follow all steps from sl. no. (ii) to sl. no. (xiv) above, to cast vote.

(ii) Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorized to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.

(iii) The voting period begins on 25.09.2014 at 9.00 A.M. and ends on 26.09.2014 at 6.00.P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 29.08.2014, may cast their vote electronically. Members who have acquired shares after the despatch of the Annual Report and before the book closure may vote physically in the Annual General Meeting and approach the Company for copy of Annual Report.

(iv) 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.

13. Mr. Vivek Surana, Practicing Company Secretary, C.P. No.12901 has been appointed as the Scrutinizer to scrutinize the e-voting process.

14. 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.

15. 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.bnrsecurities.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.

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

**Sd/-
K. Sambasiva Rao
Managing Director
(DIN : 01363257)**

**Place: Hyderabad
Date: 14.08.2014**

EXPLANATORY STATEMENT

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

ITEM NO.4

Mr. K. Srinivasa Rao is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in August, 2013. Mr. K. Srinivasa Rao is the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

Mr. K. Srinivasa Rao is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. K. Srinivasa Rao being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. K. Srinivasa Rao as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. K. Srinivasa Rao fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K. Srinivasa Rao as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. K. Srinivasa Rao as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. K. Srinivasa Rao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

ITEM NO.5

Mr. M V S Ramesh Varma is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in August, 2013. Mr. M V S Ramesh Varma is the member of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

Mr. M V S Ramesh Varma is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. M V S Ramesh Varma being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. M V S Ramesh Varma as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. M V S Ramesh Varma fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. M V S Ramesh Varma as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. M V S Ramesh Varma as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. M V S Ramesh Varma, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No.6:

Due to the enactment of majority provisions of the Companies Act, 2013 certain changes are required to be made in the Articles of Association of the Company. Some new articles/clauses are proposed to be inserted in relation to use of electronic mode for voting by members, participation in meeting of the Board by Directors, service of documents and maintenance of registers and records.

A general clause is also proposed to be inserted to the effect that if any provision as mentioned in the articles is inconsistent with the provisions of the Companies Act, 2013 and Rules made therein, then the provisions of the Companies Act, 2013 and rules made therein shall override the provisions of these Articles.

The Board therefore recommends the resolution under section 14 of the Companies Act, 2013 as a special resolution for your approval.

None of the Directors or key managerial personnel of the Company or their relatives are concerned or interested in the resolution.

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

**Sd/-
K. Sambasiva Rao
Managing Director
(DIN : 01363257)**

**Place: Hyderabad
Date: 14.08.2014**

DIRECTORS' REPORT

To
The Members

We have pleasure in presenting the 14th Annual Report with Audited Statements of Accounts for the year ended 31st March 2014.

FINANCIAL HIGHLIGHTS FOR THE YEAR 2013-14:**On standalone basis**

(Rupees in Lakhs)

Particulars	2013-14	2012-13
Income		
-Software Development Services	909.37	2179.57
-Other Income	21.18	21.30
Total Income	930.55	2200.87
Expenditure	752.86	2189.66
Depreciation	351.68	348.71
Profit before Tax	(173.99)	(337.50)
Less: Provision for tax (including fringe benefit tax and deferred tax)	(38.53)	(127.24)
Profit / (Loss) after Tax	(135.46)	(210.26)

On Consolidated basis

(Rupees in Lakhs)

Particulars	2012-13	2012-13
Income		
-Software Development Services	1064.18	2182.83
-Other Income	21.18	21.30
Total Income	1085.36	2204.12
Expenditure	907.52	2192.56
Depreciation	351.69	(337.14)
Profit before Tax	(173.85)	
Less: Provision for tax (including fringe benefit tax and deferred tax)	(38.41)	(127.21)
Profit / (Loss) after Tax	(135.44)	(209.93)

PERFORMANCE REVIEW:

During the year under review the Company has generated a Total Income of Rs.930.55 Lakhs and reported net loss of Rs. 135.46 Lakhs on Stand-alone basis against total income of Rs. 2200.87 Lakhs and net loss of Rs. 210.26 Lakhs for the previous financial year 2012-13.

The Company on consolidated basis generated a total income of Rs. 1085.36 Lakhs and reported a net loss of Rs.135.44 Lakhs against Total Income of Rs. 2204.12 lakhs and net loss of Rs.209.93 Lakhs.

DIVIDEND:

Your Directors have expressed inability to recommend dividend for the year.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits falling within the meaning of Sec.58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, during the financial year under review.

LISTING/TRADING:

The equity shares of your company are listed on BSE Limited and Ahmedabad Stock Exchange Limited.

CAPITAL OF THE COMPANY:

The authorized capital of the company is Rs.11,00,00,000. The paid up capital of the company stands at Rs. 7,92,64,615/- divided into 1,58,52,923 equity shares of Rs.5 each.

SUBSIDIARY COMPANY:

Presently the company is having one subsidiary i.e. Infronics Inc. in USA.

INSURANCE:

The company's properties have been adequately insured against major risks. All the insurable interests of your Company including inventories, buildings, plant and machinery and liabilities under legislative enactments are adequately insured.

DIRECTORS:

In accordance with the Companies Act, 1956 read with Articles of Association of the company the Director namely Mr. M. Madhusudan Raju retires by rotation and is eligible for re-appointment. Your Board recommends the re-appointment of the Director.

Pursuant to the notification of Sec. 149 and other applicable provisions of Companies Act, 2013, your Directors are seeking appointment of Mr. K. Srinivasa Rao and Mr. M. V. S. Ramesh Varma as Independent Directors for five consecutive years for a term upto 31st March, 2019. Details of the proposal for appointment of Mr. K. Srinivasa Rao and Mr. M. V. S. Ramesh Varma are mentioned in the Explanatory Statement under Section 102 of Companies Act, 2013 of the Notice of 14th Annual General Meeting.

BRIEF PROFILE OF DIRECTORS:

Particulars	Mr. M. Madhusudan Raju	Mr. K. Srinivasa Rao	Mr. M V S Ramesh Varma
Date of Birth	19.11.1974	27.12.1987	01.04.1974
Date of Appointment	12.04.2000	13.08.2013	13.08.2013
Qualifications	MS Degree in Software Engineering	Graduate	PG in Computer Applications
No. of Shares held in the Company	14,63,330	500	48,208
Directorships held in other companies (excluding private limited and foreign companies)	2	NIL	NIL
Positions held in mandatory committees of other companies	NIL	NIL	NIL

DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000 your directors confirm

- i) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That 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.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO :

The required information as per Sec.217 (1) (e) of the Companies Act 1956 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. 71.39 Lakhs
Foreign Exchange Outgo	:	Rs. 8.05 Lakhs

PARTICULARS OF EMPLOYEES:

There is no employee who is falling under section 217 (2A). Therefore, the disclosures required to be made under section 217 (2A) of the Companies Act, 1956 and the rules made there under are not applicable.

CODE OF CONDUCT:

The Code of conduct has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given in Annexure.

AUDITORS:

Your directors recommend the appointment of M/s. M REDDY & CO, as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

CORPORATE GOVERNANCE:

As a listed company, necessary measures have been taken to comply with the listing agreements of Stock Exchanges. A report on Corporate Governance, along with a certificate of compliance from the Auditors, Forms part of this Report as Annexure.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed review of operations, performance and future outlook of your Company and its businesses is given in the Management Discussion and Analysis, which forms part of this Report.

ACKNOWLEDGEMENTS:

Your directors would like to express their grateful appreciation for assistance and co-operation received from clients, banks, investors, Government, other statutory authorities and all others associated with the company. Your directors also wish to place on record their deep sense of appreciation for the excellent contribution made by the employees at all levels, which enabled the company to achieve sustained growth in the operational performance during the year under review.

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

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

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

**Sd/-
K. Sambasiva Rao
Managing Director
(DIN : 01363257)**

Place: Hyderabad

Date: 14.08.2014

**MANAGEMENT DISCUSSION AND ANALYSIS
(Forming part of Directors' Report)**

1. Overview

A sustained revival is being witnessed in the Global Economy. Global trade and activity picked up in the second half of 2013. IMF has forecast the world output growth to reach 3.6% in 2014, up from 3% recorded in 2013. Strengthening of developed economies is likely to boost demand, which, in turn, will help emerging markets and developing economies strengthen further. Geopolitical uncertainties in some parts, though, remain a cause of concern.

Leading the growth revival of developed economies, the US has witnessed sustained strengthening in recording a GDP growth of 1.6% in 2013, which is projected to further rise to 2.8% in 2014. The Euro Zone appears to be transiting from recession to recovery with a projected GDP growth of 1% in 2014 as against a marginal de-growth of 0.4% recorded in 2013.

2. Industry Structure and Developments:

Enterprises are increasingly outsourcing their technology and IT services requirements to global IT service providers, leveraging their capability to deliver on a global scale and competitive prices. While global technology spending grew by 4.5% in 2013, global IT sourcing grew at almost double this rate to record 8.5% growth in 2013, according to 'Strategic Review Report 2014' of the National Association of Software and Service Companies (NASSCOM). Global IT service providers offer a range of end-to-end solutions including Software Development, IT Business Solutions, Research &

Development Services, Business Process Outsourcing (BPO), Consulting and related support functions.

As a result there is an increasing need for highly-skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology. At the same time, enterprises are reluctant to expand their internal IT department and increase costs. These factors have led to the increased reliance of corporations on their outsourcing providers and are expected to continue to drive future growth for outsourced technology services.

3. Opportunities and Threats

Though the overall scenario for the smaller companies is extremely competitive, there are some niche areas where there are some opportunities for growth. The management is exploring these areas to consider entering these areas and develop expertise in such areas.

4. Segment wise or Product wise Performance:

Not applicable since the Company operates in one segment only viz. software business

5. Outlook

The management is doing its best to forge relations with other companies and take the company forward in the new business lines. However, the outlook of the management is cautious in view of the competitive nature of the market.

6. Risks and Concerns

While venturing into new business lines, the company would need access to funds. The risk of not being able to raise funds at the timer needed is the biggest risk that the management foresees.

7. Internal Control Systems

The Company maintains a system of well established policies and procedures for internal control of operations and activities, and these are continually reviewed for effectiveness.

The internal control system is supported by qualified personnel and a continuous program of internal audit. The prime objective of such audits is to test the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements. We believe that the company's overall system of internal control is adequate given the size and nature of operations and effective implementation of internal control self assessment procedures and ensure compliance to policies, plans and statutory requirements.

The internal control system of the company is also reviewed by the Audit Committee periodically. The Management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit committee.

8. Discussion on financial performance with respect to operational performance

The performance of the Company for the financial year 2013-14 is not satisfactory as there were no projects. The company is striving hard to bag new projects and improve software technology of the company

9. Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factor.

Infronics has availed term loans for procurement of equipment required for Aadhar enrolments. The central government uncertain aadhar scheme has been a major concern for Infronics during 2013-14.

Problems faced due to delays in implementation of Aadhar project, arbitrary downward revision of rates and heavy penalties for delays in uploading data.

- SakalajanulaSamme
- SamikyandraBandh
- Heavy penalties leived by UIDAI
- Arbitrary downward revision of rates
- Delayed payments due to elections
- High interest rates by banks

Project Issues :

- Initially the project has not taken off as expected and it was kept on hold for quite some time. There was lot of delay in commencement of enrolments.
- Low per enrollment payments
- Many people got enrolled again and again till they got Aadhar number. Since there is no mechanism to find out if a person is already enrolled, there are several instances of duplication in enrolments. But the UIDAI is not paying for duplicate enrolments. Hence several enrolments made by us got rejected and no payment was made for such enrolments, whereas we have incurred costs to do all that is required for enrolments.

Penalties

- The UIDAI has proposed heavy penalties for certain factors like delay in uploading the data which is mainly due to Software issues, server downtimes and other reasons which are beyond our control. The rate per enrolment paid by UIDAI is around Rs. 30/-. Whereas the penalties proposed are in the range of Rs.100 to Rs.500. Citing penalties, the payments due to us were kept on hold.

Technical Issues

- Many reported technical issues were not fixed on time by the technical support team due to which delays occurred in uploading of data.
- Due to various issues as mentioned above, the operations of the Company were severely affected and the schedule of repayments could not be met as the cash flows are not even sufficient to meet recurring expenditure like salaries, rents etc.,

Note: REPRESENTATION TO UIDAI FROM AADHAR ENROLLMENT AGENCIES ENCLOSED BELOW

Aadhaar Enrollment Agencies Association (AEAA)

(Registration under process)

1-111/3/C, Subishi Plaza, Suite 302/C, Behind GEM Motors, Kondapur,
Hyderabad 500084

Letter No: AEAA/Penalty Policies/2014-15/1

Dated 12th June 2014

To,

Shri Vijay S Madan,

Director General,

Unique Identification Authority of India,

Planning Commission, GoI,
3rd Floor, Tower II, Jeevan Bharti Building,
Connaught Circus, New Delhi – 110 003

Respected Sir,

Sub: Penal Policies – Quality – Timeliness – Review of Irrational Penal Policies – Save Enrollment Agencies – Save Aadhaar Project - Facilitate Availability of Enrollment Services to the Citizens of India – Req. – Reg.

Ref: 1. Policies on Penalties on EA's

2. Penalties for Demographic Errors, Bio-Metric Errors, Process Errors
3. Penalties for Delay Upload of EIDs
4. Revised Penalty Policy for Delay Upload, DE, BE and PE Cases

* ****

This is with reference to referenced polices implemented for Penalties recovery from the Enrollment Services delivered to UIDAI through the appointed Registrars. We, Group of Enrollment Agencies empanelled with UIDAI to take up Aadhaar Enrollment Services would like to present our concerns related to penalties imposed on us.

With good faith and understanding of the prevailing policies and practices we purchased all Imported Kits for execution of Aadhaar Enrollment work in 2011. These kits were purchased at around Rs.2 Lakhs to 2.25 Lakhs each (One Kit) and these kits do not have alternative usage or resale value. The capacities were built keeping the service requirements to cover 120 Crore Population at the rate of Rs.50/- per enrollment.

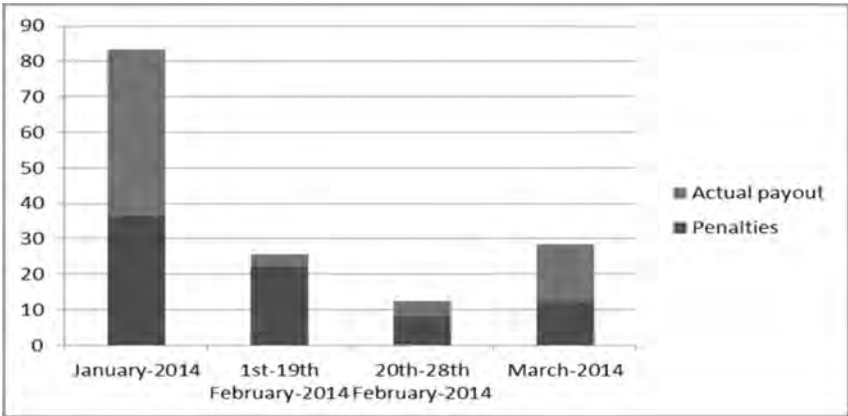
The evolving systems, procedures, practices, eco-system partners contributed more than 70 crores enrollments and 12 digit Unique ID to more than 61 crores population. All the stake holders are part of this mega mass project and UIDAI could meet the set enrollment targets and got recognition for successful management of project.

Being a partner of UIDAI eco system, we are proud to be part of Nation Citizen ID building process as well as delivering services at affordable prices with reasonable margins. At the same time frequent changes in Policies, subsequent to EAs financial commitments towards specific requirement of enrollment project resulted in distrust, solvency issues, viability issues, unhealthy competition etc which normally work against the objective of quality and effective service delivery to citizens.

Abnormal delays and uncertainties in payments pushed small and medium companies into unmanageable financial crunch situation.

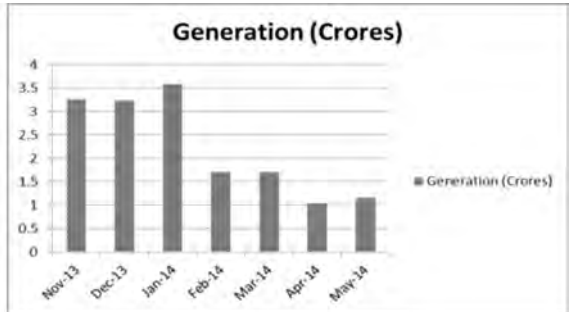
Below is the table showing overall picture of total bill, Penalties and actual payments to Registrars to understand severity of penalties imposed by UIDAI on EA's. Out of total Bill from Jan 2014 to March 2014, whopping fifty two percent is deducted as penalties. This unusual penalty rates from 340 percent to 1600 percent of the unit price is not at all rational from any prospective. This is just going to kill the total project motive and objective.

UIDAI Sanctions from January 2014 to March 2014			
Total payment released details across India (Rs in Crores)			
Month	Total Generation Bill	Penalties	Actual payout
January-2014	83.31	36.48	46.82
1st-19th February-2014	25.66	22.18	3.48
20th-28th February-2014	12.38	7.99	4.39
March-2014	28.46	12.1	16.36
Total	149.81	78.75	71.05
Percentage %	100	52.57	47.43



Below generation figures show the impact on the project by imposing penalties on EA's. Most of EA's exit the project and were ready to give up their Bank Guaranties with Registrars due to impractical and irrational penalties. Since the hefty penalties imposed, we can see generation figures drastically reduced to 30 percent of earlier production. We may see generation will further go down in June and following months if corrective actions are not taken by UID immediately.

Aadhaar Generation Report	
Month	Generation (Crores)
Nov-13	3.26
Dec-13	3.23
Jan-14	3.58
Feb-14	1.7
Mar-14	1.7
Apr-14	1.03
May-14	1.15
June-14	??



Points given below give high level summary of challenges faced by EAs due to penalties imposed by UIDAI.

- 1) Project policies:
 - a) Decision to keep the project on hold after completion of 20 Crores enrollments back in 2011 and delay in commencement of enrollments with refresh system.
 - b) Unilateral reduction of Enrollment Price from Rs.50/- to Rs.40/- to registrars and registrar lowering the price to EA to about Rs 30/ only. This resulted in

only about Rs 5/- margin to EAs for each successful enrolment.

- c) Parallel enrollments of NPR and UIDAI in the same areas resulted in duplicates
- d) Delay in payments by UIDAI and further delays in realization from Registrars.
- e) Unilateral imposition of Penal Policies imposed by UIDAI has impacted only EAs irrespective of the reason for the issue type.
- f) EA was not given access to audit the packet done by operator to view and fix the enrolment on spot as packet is encrypted.
- g) Many people get enrolled again and again till they get Aadhaar. There is no way for operation to know if the person came for registration had already been enrolled. But UID is not paying for duplicate packet even though EA has done their 100 percent job of enrolling the person. Either there should be an option in the software to verify at the time of registration or there should be full payment to EA for every enrolment irrespective of whether new or duplicate.
- h) Only EA got SLA requirement and no other party in whole project need to follow SLA. Mistakes from other parties do not have any penalties or those penalties are also been applied to EAs.
- i) Operator/Supervisor average life time in this project is hardly six months due to low salaries, working conditions in locations and etc. We need to expect two to five percent of cushion in their quality of work in the first month.
- j) These penalties were reported to EA at much later time after uploading the packet. By the time the issues from same operator were reported to us, operator is no longer working in the project. Because of this delay from UIDAI, there is no way to punish the operator or correct his work in reasonable time. It would be wise to inform us within one month after the packet upload to take action on operator and to avoid further issues with such operators.
- k) Need to understand challenges in managing this kind of huge project and should have at least two to five percent of error tolerance cushion in the project. We just cannot expect ZERO TOLERANCE in this kind of huge project.
- l) This clearly explains that the rules were made without considering the

ground reality. If the issues are with one operator or EA then it should be understandable that the issues could with from the EA. But, in this scenario, every EA has been impacted with these penalties. That shows that the rules were not been practical and realistic. Or the project definition or process might be incorrect. UIDAI should review this more carefully to avoid this project get killed.

2) Penalties:

- a) Penalties are meant for fixing the errors but not to kill the project. These kinds of penalties were not seen by any EA in any project in entire world. Their Actual receipt for successful packet is approx.. Rs 30 and Penalties are Rs 100 (340 percent) to Rs 500 (1600 percent). Penalties earlier to February 2014 have paralyzed the system for EA as the penalties are much more than the margin of Rs 5/- and thrown EA's in to debt trap, which will consequently bankrupt most of EA's very soon. This will not only kill the EA, but also AADHAAR project if action is not taken immediately for removing penalties.
- b) These heavy penalties resulted in drastic reduction of daily enrollment production compared to earlier daily figures due to cash flow issues and financial situation of EAs. This will slow the overall AADHAAR project progress.
- c) Instead of alerting the EA on operator mistakes within reasonable time, UIDAI has taken around one year to report issues without any prior warnings on rejections.
- d) Irrecoverable damages to EA's by too much delay in communication on penalized EID to take corrective action on operators/supervisors.

3) Technical Issues:

- a) Many software versions are not being tested thoroughly before releasing onto field. For updating software in each system takes at least three to four days as systems are spread across many locations. This resulted in so much damage to EA by the time systems are updated.
- b) Until recently many patches are been released by Tech Support, but UID held EA responsible for all rejections due to technical errors.
- c) Many reported technical Issues were not fixed on time by Tech Support. Various instances are reported by many EA's earlier. There were no minutes of the meeting on EA reported issues in weekly meetings to track the issues progress.

- d) UID clearly accepted in Biometric Standard Committee Report released by UIDAI in 2009 the missing biometric ratio is between 2% to 5% in the pilot project due to poorly designed processes and accepted standard of devices. But there is no cushion for EA on error percentage.
- e) Manufacturers of biometric devices also agreed to expect two to five percent biometric errors with the quality of UID approved standard devices in considering Indian conditions.
- f) Software issues, server downtimes and other reasons beyond EA control, for delay in uploading packets on time. It is not rational to punish EA for reasons not with in EA control.
- g) Children EID rejections: When guardian EID is rejected all the children EIDs are also being rejected. In such cases, EA who has successfully completed children EID should be paid in full as the guardian EID could be done elsewhere.

UIDAI implemented penal policies without consultation with EAs, these policies are unilateral, arbitrary, against the natural justice, impractical, unbearable, and discriminatory in nature. The policies also implemented improperly and with huge time delays without giving any opportunity to EAs, resulting defeating the very purpose of the Penal Policies. The penal policies used as financial tool to squeeze the EAs consequently deny/delay enrollment services to the Citizens. We are not in a position to accept imposed irrational penalties imposed on EA's.

Many EA's are on the verge of bankruptcy and if no response on removal of penalties from UIDAI, their survival is a big question now.

We humbly request for set aside these policies on penalties with the approval of competent authority and request to remove earlier and new penalty clauses completely. We further request to constitute a committee with representation from all the stakeholders including Enrollment Agencies to formulate implementable and comprehensive service levels, penal policies covering all ecosystem partners. Further we humbly request to initiate approvals from competent authority to release retained amounts on account of upload delays, demographic errors, biometric errors and process errors based on the impractical policies without any further delay. The kind gesture of competent authority of UIDAI will only boost morale of EAs which is severely affected, further it shall ensure sustainability of the project and availability of quality enrollment services to the citizens.

Suggested Solutions from the EAs:

1. **Penalty removal:** Remove all previous penalties imposed till date and pay back total dues to EA. Note that when 100% of EAs in these projects are hit with high penalties, that implies that the process and penalty clause itself is questionable and not all EAs can go wrong in same way. Also note that the many reasons for these errors including software bugs from UIDAI. Additionally registrars have been deducting additional penalties for other reasons, which should be avoided.

In future maximum penalty for each packet should be limited to 10% of what EA is getting instead of 350% to 1,600% as imposed currently.

2. **Payment for duplicate enrollments:** Pay for all the successful enrollments including duplicates. Note that EA has done his job of enrollment and duplicate rejection is not EAs responsibility as there is no tool given by UIDAI to verify the duplicate status at the time of enrollment.
3. **Acceptable tolerance:** Projects of this size, which involves multiple resources and complex in nature, should have some acceptable error rate instead of expecting "Zero" tolerance.
4. **Delay in rejection information:** UIDAI should intimate EA on any errors within one month from the date of upload instead of informing after much more months delay. Also at least three months' time should be given to fix the rejected packets.
5. **Time limit to UIDAI:** There should be time limit for UIDAI for generating EID after EA has uploaded the packet. In many cases EA is getting delayed payment due to delay in EID generation. In some cases UIDAI has taken more than year or two to generate EID.
6. **Payment Cycle:** There has been extended delay in payments to EA from multiple stages. Payment should be made before 10th of every month for the previous month's generation. And

UIDAI should make sure Registrars should transfer the amount to EA within a week from their receipt. There are many cases where there is an extended delay from UIDAI as well as Registrar, which caused cash flow issues to EA.

7. **Accountability of Registrars:** At present, the UIDAI is not seeking any reports pertaining to timely disbursement of funds to EAs and their own penalty structure mostly in case of state registrars. Going forward, UIDAI should ensure that Registrars disburse the payments in timely manner so

as to ensure smooth operations and reduce cash flow issues to EAs.

8. Future policy changes: All eco partners including EA should be part of policy making team to take inputs on ground realities while making new policies.

Thanking you.

Yours Sincerely,

ON BEHALF OF AADHAAR ENROLMENT AGENCIES ASSOCIATION
(AEAA)

Jaipal Reddy
National Coordinator

Aadhaar Enrollment Agencies Association (AEAA) +91-7799040888

Copy to:

1. Chairman, UIDAI
2. Planning Commission of India
3. Finance Ministry
4. Prime Minister's Office
5. Concerned DDG's (RO)

REPORT ON CORPORATE GOVERNANCE

(Forming part of Directors' Report)

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Infronics Systems Limited is committed to conducting its business in accordance with applicable laws, rules and regulations. Your Company which follows the highest standards of business ethics and ethical conduct is known for adopting corporate best practices. In line with this approach, your Company has been complying with Clause 49 of the Equity Listing Agreement on Corporate Governance framed by the Securities and Exchange Board of India (SEBI).

Adherence to the highest standards of integrity, transparency, fair practice and ethical behavior are fundamental to your Company's business model.

Governance Philosophy

The Company consciously follows the best governance practices to make it acceptable and respectable in the society in which it functions. The management is proactive in meeting mandated standards and practicing Corporate Governance in spirit and not just the letter of law. Realizing that the company is a perpetual organization, the management tries to enhance the long-term value for shareholders without ignoring their short-term expectations.

Your Company's philosophy on Corporate Governance is based on following principles:

- i. To uphold ethical values in day-to-day management and conduct the business of the company with transparency and integrity.
- ii. To safeguard the interests of all stakeholders and also serve the society at large to the extent possible within its limits.
- iii. To protect environment for its own benefit and the benefit of the members of the society at large.
- iv. To emphasize on research to find new products and processes to keep the company as a front-runner in technological applications.

II. BOARD OF DIRECTORS

The Board of Directors consists of 4 Members of whom 3 are Non-Executive Directors.

The details of the Directors being appointed/ re-appointed on retirement by rotation at the ensuing Annual General Meeting, as required pursuant to Clause 49(IV)(G) of the Listing Agreement, are mentioned in the Notice to the Annual General Meeting, forming part of the Report.

The Board of Directors met 7 times during the year on 08.05.2013, 30.05.2013, 13.08.2013, 25.09.2013, 13.11.2013, 01.12.2013 and 13.02.2014 and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

The details of Composition of Board of Directors, directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

S.No	Name of the Directors	Category	Attendance Particulars					
			No. of Board meetings held during the tenure of the director		Last AGM	Other Director ships	Committee Memberships	No. of shares held
			Held	Attended				
1.	Mr. Mudunuru Madhusudan Raju	Promoter & Non – Executive Director	7	7	Yes	2	NIL	14,63,330
2.	Mr. K. Sambasiva Rao	Promoter, Executive & Managing Director	7	7	Yes	NIL	NIL	NIL
3.	Mr. K.Srinivas Rao	Independent & Non- Executive Director	5	5	Yes	1	NIL	500
4.	Mr. M.V.S.Ramesh Varma	Independent & Non- Executive Director	5	5	Yes	NIL	NIL	48,208

There is no relationship between the Directors inter-se.

Board’s Procedure:

Agenda papers along with explanatory statements were circulated to the directors in advance for each of these meetings. All relevant information as per Clause 49 of the Listing Agreement was placed before the Board from time to time.

Committees of the Board:

Currently, there are three (3) Committees of the Board, namely: Audit Committee, Nomination & Remuneration Committee (Remuneration Committee), Stakeholders Relationship Committee (Shareholders/ Investors Grievance Committee and Share Transfer Committee). The Board decides the terms of reference for these Committees. The minutes of the meetings of the Committees are placed before the Board for information. The details as to the composition, terms of reference, number of meetings and related attendance, etc., of these Committees are provided hereunder:

III. AUDIT COMMITTEE

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013.
- b) The terms of reference of the Audit Committee include a review of;
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
 - Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
 - Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
 - Reviewing with management the annual financial statements before submission to the Board, focusing on:
 1. Any changes in accounting policies and practices;
 2. Qualification in draft audit report;
 3. Significant adjustments arising out of audit;
 4. The going concern concept;
 5. Compliance with accounting standards;
 6. Compliance with stock exchange and legal requirements concerning financial statements;
 7. Any related party transactions
 - Reviewing the company's financial and risk management's policies.
 - Disclosure of contingent liabilities.
 - Reviewing with management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - Reviewing compliances as regards the Company's Whistle Blower Policy.
- c) The previous Annual General Meeting of the Company was held on 30th September, 2013 and Mr. K.Srinivasa Rao, Chairman of the Audit Committee, attended previous AGM.
- d) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2013-14, (4) four meetings of the Audit Committee were held on the 30.05.2013, 13.08.2013, 13.11.2013 and 13.02.2014.

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

Name	Designation	Category	No. of meetings attended
Mr. K.Srinivas Rao	Chairman	NED (I)	3
Mr. M.V.S.Ramesh Varma	Member	NED (I)	3
Mr. M Madhusudan Raju	Member	NED (P)	4

NED (I): Non Executive Independent Director

NED (P): Non Executive Director Promoter

The necessary quorum was present at all the meetings.

IV. NOMINATION & REMUNERATION COMMITTEE (REMUNERATION COMMITTEE):

The details of composition of the Committee are given below:

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

NED (I): Non Executive Independent Director

NED (P): Non Executive Director Promoter

Terms of reference:

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

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

Remuneration Policy:

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

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

The details of remuneration paid to the Executive Directors for the financial year 2013-14 are given below:

Name of the Director	Designation	Salary (Rs in Lakhs)	Commission (Rs in Lakhs)	Perquisites (Rs in Lakhs)	Retirement Benefits (Rs in Lakhs)
Mr. K. Sambasiva Rao	Managing Director	13.96	Nil	Nil	Nil
		13.96			

NED (I): Non Executive Independent Director

NED (P): Non Executive Director Promoter

V. STAKEHOLDER RELATIONSHIP COMMITTEE (SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE):

A). Composition:

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non receipt of Annual Reports, and non receipt of Dividend and other allied complaints.

The Details of composition of the Committee of the members at the meetings are given below:

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

B.) Powers:

The committee has been delegated with the following powers:

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

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

The Board has designated Mrs. Parul Agarwal Company Secretary of the Company as the Compliance Officer.

The Company has designated an exclusive e-mail ID info@infronics.com for redressal of shareholders' complaints/grievances.

Complaints received and redressed by the Company during the financial year:

During the year no complaints were received.

S.No.	Particulars	Remarks
1.	At the beginning of the year	Nil
2.	Received during the year	Nil
3.	At the end of the year	Nil

VI. GENERAL BODY MEETINGS:

Financial Year	Date	Time	Venue	Special Resolution
13th AGM 2012-13	30.09.2013	11.00 AM	Honey Berg Resort, Near Shameerpet, Karimnagar Highway, Secunde -rabad-500078	1) Appointment of Mr. K. Srinivasa Rao as Director of the company. 2) Appointment of Mr. M V S Ramesh Varma as Director of the company.
12th AGM 2011-2012	22.09.2012	9.30 AM	Aditya Sarovar Premiere, Crystal 1, HITEC City Gachibowli, Hyderabad	1) Employee stock option scheme 2012. 2) Grant of options to the employees of subsidiary and step down subsidiary under Employee stock option scheme 2012. 3) Allotment of Equity Shares Exceeding 1% of the Paid Up Capital of the Company under Employee Stock Option Scheme 2012. 4) Amendment of Articles of Association. 5) Allotment of equity shares exceeding 1% of the paid up share capital of the ESP scheme -2011.

Financial Year	Date	Time	Venue	Special Resolution
11th AGM 2010-2011	30.09.2011	4.00 PM	Aditya Sarovar Premiere, Crystal 1, HITEC City Gachibowli, Hyderabad.	1) Increase the remuneration of Mr. M. Madhusudan Raju. 2) Issue of warrants on preferential basis to promoters and others. 3) Employee stock option scheme 2011. 4) Grant of options to the employees of subsidiary and step down subsidiary under Employee stock option scheme 2011. 5) Employee stock purchase scheme 2011. 6) Allotment of equity shares to the employees of subsidiary and step down subsidiary company under ESP Scheme. 7) Allotment of equity shares exceeding 1% of the paid up share capital of the ESP scheme -2011. 8) Consent of the members under Section 293(1) (a) for creation of charges. 9) Authorization to borrow in excess of the paid up capital and free reserves of the company.

VII. OTHER DISCLOSURES

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) The Company has complied with the non –mandatory requirements to relating to remuneration committee and Whistle Blower policy to the extent detailed above.

- (e) Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

VIII. MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same and these results will also be published in one English newspaper and in one vernacular newspaper. These financial statements, press releases are also posted on the company's website, at www.infronics.com.

IX. GENERAL SHAREHOLDERS INFORMATION**a) 14th Annual General Meeting:**

Date and Time	Tuesday, the 30th day of September, 2014 at 9.00 a.m.
Venue	Plot No.16, Srila Realty Layout, Near Landmark Towers, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad-500049, Andhra Pradesh. Email: Info@infronics.com

b) Book Closure Date : 27.09.2014 to 30.09.2014 (Both days inclusive)

c) Financial Year and Calendar (Tentative) 2014-15:

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as follows:

Financial Reporting for 2014-2015 (tentative)	On or before
The First Quarter results	14.08.2014
The Second quarter results	14.11.2014
The Third quarter results	14.02.2015
The Fourth quarter results	30.05.2015

d) Listing on Stock Exchanges:

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

e) Listing Fees : Listing fee for the year 2014-15 has been paid

f) Stock Code : For equity shares: - BSE: 537985

g) ISIN No. : For equity shares: - INE463B01028

h) Stock Price Data : The monthly high / low prices of shares of the Company from April, 2013 to March, 2014 at BSE Limited .The Company's shares are not traded on Ahmedabad Stock Exchange.

Month	High (Rs.)	Low (Rs.)
April, 2013	9.45	6.42
May, 2013	6.68	6.50
June, 2013	6.20	6.20
July, 2013	0.00	0.00
August, 2013	0.00	0.00
September, 2013	0.00	0.00
October, 2013	6.00	6.00
November, 2013	0.00	0.00
December, 2013	0.00	0.00
January, 2014	8.16	6.30
February, 2014	7.35	6.67
March, 2014	7.98	6.66

h) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

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

j) Share Transfer System:

The Physical shares transfers are processed and the share certificates are returned to the Shareholders within a maximum period of Fifteen Days from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and

Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

j) Shareholding Pattern as on 31st March, 2014:

Particulars	Category	No. of shares held	Percentage of shareholding
A.	Shareholding of Promoter and promoter group		
1.	Promoters & Persons acting in concert	4140985	26.12
	Sub- Total A	4140985	26.16
B.	Public Shareholding		
1.	Institutions	NIL	NIL
2.	Non-Institutions		
a.	Indian public and others	11711938	73.88
b.		11711938	73.88
	Grand Total (A+B)	15852923	100.00

k) Distribution of shareholding of the Company by number of shares held as on 31st March, 2014 is as follows:

SL NO	Particulars	HOLDERS	HOLDERS %	SHARES	AMOUNT	AMOUNT %
1	1 - 5000	439	63.81	113621	568105	0.72
2	5001 - 10000	56	8.14	93241	466205	0.59
3	10001 - 20000	35	5.09	99976	499880	0.63
4	20001 - 30000	28	4.07	142950	714750	0.9
5	30001 - 40000	12	1.74	85517	427585	0.54
6	40001 - 50000	22	3.2	210828	1054140	1.33
7	50001 - 100000	30	4.36	438825	2194125	2.77
8	100001 & Above	66	9.59	14667965	73339825	92.53
	Total:	688	100	15852923	79264615	100

l) Dematerialization of Shares:

Trading in Company's shares is permitted only in dematerialized form. The ISIN allotted to the Company's scrip is INE463B01028. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Over 75.46% of the Company's shares up to 31st March 2014 are now held in electronic form. Shares of the Company are actively traded on Bombay Stock Exchange.

Particulars	No. of Shares	% of Share Capital
NSDL	96,18,656	60.67
CDSL	23,44,535	14.79
Physical	38,89,732	24.54
Total	1,58,52,923	100.00

m) Address for Investors Correspondence:

The Shareholders may correspond with the Company for the redressal of their grievances, if any to the registered office of the company.

Plot No. 16, Srila Realty Layout,
Near Landmark Towers,
Madinaguda, Miyapur, Serilingampally Mandal,
Hyderabad-500049
Ph.Nos.040-40038888
Fax: 040-40038901
Email: Info@infronics.com

n) CEO/MD Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate is attached below here in the annual report.

o) Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

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

**Sd/-
K. Sambasiva Rao
Managing Director
(DIN : 01363257)**

**Place: Hyderabad
Date: 14.08.2014**

DECLARATION

To
The Members of Infronics Systems Limited

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

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

**Sd/-
K. Sambasiva Rao
Managing Director
(DIN : 01363257)**

**Place: Hyderabad
Date: 14.08.2014**

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

MANAGING DIRECTOR CERTIFICATE

I, K. Sambasiva Rao, Managing Director of M/s Infronics Systems Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
 - (a) Significant changes in internal controls over financial reporting during the year;
 - (b) Significant changes in the accounting policies during the year;
 - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.However, during the year there were no such changes and instances.

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

**Sd/-
K. Sambasiva Rao
Managing Director
(DIN : 01363257)**

**Place: Hyderabad
Date: 14.08.2014**

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Infronics Systems Limited

We have examined the compliance of conditions of Corporate Governance by M/s Infronics Systems Limited, for the period of 12 months ended on 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges of India.

The compliance condition of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation 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 statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that the Company has certified that as on 31st March, 2013 there were no investor grievances remaining unattended/ pending for a period exceeding one month. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For Ramana Reddy & Associates
Chartered Accountants
Firm Registration No.: 003246S**

**Place: Hyderabad
Date: 14.08.2014**

**(CA. Ramana Reddy A.V.)
Partner
M.No: 024329**

INDEPENDENT AUDITOR'S REPORT

To

**The Members of
M/s.INFRONICS SYSTEMS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s.INFRONICS SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the 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 the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act we report in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 2. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No.003246S**

**PLACE : HYDERABAD
DATE : 28.05.2014**

**(CA. RAMANA REDDY A. V.)
PARTNER
Membership No. 024329**

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, during the year, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.

2. (a) The stock of goods has been physically verified by the management during the year, in our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.

3. (a) According to the information and explanation given to us, the company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained u/s.301 of the Act.

(b) In our opinion and according to the information and explanations given to us, the company has taken loans secured or unsecured to companies, firms or other parties listed in the register maintained u/s. 301 of the Companies Act, 1956

Sl. No.	Name of the Party	Op. Balance Rs.	Amount taken During the year Rs.	Amount Repaid Rs.	Year end Balance Rs.
1.	M. S. Raju	3000000	--	3000000	-
2.	D. V. Raju	599840	--	-	599840
3.	K. S. Rao	2633906	--	-	2633906

- (b) According to the information and explanation given to us, the terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
- (c) Since the loans taken are repayable on demand, the provisions of clause 4(iii)(g) of the Companies (Auditor's Report) Order, 2003, as amended, is not applicable to the company.
2. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of Computers & Accessories, Equipment and other assets and in respect of services rendered. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
3. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 of Act, have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the company has made contracts or arrangements that need to be entered in the register maintained under section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party during the year. However, the terms and conditions are not prejudicial to the interest of the company.
4. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are applicable.
5. The company has an internal audit system within the organization commensurate with the size and nature of its business.
6. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 to this company.

7. (a) The company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable except the following.

Sl. No.	Particulars	Overdue more than six months Rs.
1.	Service Tax	5377245
2.	Sales Tax	610763
3.	TDS	793903
	Total	6781911

- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute.
2. The company has neither accumulated losses as on 31.03.2014 nor it has incurred any cash losses during the year ended on that date or in the **immediately preceding financial year**.
3. In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of term loan dues to banks and such default amount as on 31st March, 2014 is Rs.39,40,387/- (including interest).
4. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
5. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
6. The company has maintained proper records of transactions and contracts in respect of investment and timely entries have been made therein. All the investments have been held by the company in its own name.
7. According to the information and explanations given us, the company has not given any guarantees for loans taken by others, from banks or financial institutions,
8. In our opinion and according to the information and explanations given to us and on an

overall examination, the term loans have been applied for the purpose for which they were raised.

9. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investments.
10. According to the information and explanations given to me, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
11. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
12. The company has not raised any money by public issue, during the year.
13. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No.003246S**

**PLACE : HYDERABAD
DATE : 28.05.2014**

**(CA. RAMANA REDDY A. V.)
PARTNER
Membership No. 024329**

BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in Rs.)

Particulars	Note No.	As at	
		31-03-2014	31-03-2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	79264615	79264615
(b) Reserves and Surplus	3	152005997	165552371
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	28599776	12007097
(b) Long-Term Provisions	5	224688	1654062
(3) Current Liabilities			
(a) Short-Term Borrowings	6	48892741	64589821
(b) Trade Payables	7	45623394	70041853
(c) Other Current Liabilities	8	87439086	115029231
TOTAL		442050297	508139050
II.Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	124911852	156946113
(b) Non-Current Investments	10	106991120	106991120
(c) Deferred Tax Asset (Net)		4768239	915152
(d) Long Term Loans and Advances	11	3726750	5859970
(2) Current Assets			
(a) Inventories	12	77235652	75690122
(b) Trade Receivables	13	60865880	85573792
(c) Cash and Cash Equivalents	14	6795169	21774203
(d) Short-Term Loans and Advances	15	56755635	54388578
TOTAL		442050297	508139050
Notes forming part of the financial statements	1-34		

**VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S
(CA.RAMANA REDDY A.V)**

PARTNER

Membership No. 024329

PLACE : HYDERABAD

DATE : 28.05.2014

FOR AND ON BEHALF OF THE BOARD

**(K.S.RAO)
MANAGING DIRECTOR
(DIN: 01363257)
(M.MADHUSUDHAN RAJU)**

**CHAIRMAN
(DIN: 00471678)**

**(SHWETHA R.ANTHAPUR)
COMPANY SECRETARY**

INFRONICS SYSTEMS LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

(Amount in Rs.)

Particulars	Note No.	Year Ended	
		31-03-2014	31-03-2013
I. Revenues			
(a) Revenue from operations	16	90936906	217956646
(b) Other Income	17	2118531	2129852
Total Revenue		93055437	220086498
II. Expenses:			
(a) Operation and other expenses	18	52342316	171545069
(b) Employee benefit expenses	19	7917252	26712145
(c) Finance costs	20	15026535	20709163
(d) Depreciation and amortization expenses	9	35168795	34870903
Total Expenses		110454898	253837280
V.Loss before exceptional and extraordinary items and tax (III - IV)		(17399461)	(33750782)
VI.Exceptional Items		0	0
VII.Loss before extraordinary items and tax (V - VI)		(17399461)	(33750782)
VIII.Extraordinary Items		0	0
IX.Loss before tax (VII - VIII)		(17399461)	(33750782)
X.Tax expense:			
(1) Current tax		0	0
(2) Deferred tax		(3853087)	(12723581)
XI.Profit/(Loss) from continuing operations (IX - X)		(13546374)	(21027201)
XII.Profit/(Loss) from discontinuing operations		0	0
XIII.Tax expense of discontinuing operations		0	0
XIV.Profit/(Loss) from Discontinuing operations (XII - XIII)		0	0
XV.Profit/(Loss) for the year (XI + XIV)		(13546374)	(21027201)
XVI.Earning per equity share:			
(1) Basic		(0.85)	(1.33)
(2) Diluted		--	--
Notes forming part of the financial statements	1 - 34		

**VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S
(CA.RAMANA REDDY A.V)
PARTNER**

**Membership No. 024329
PLACE : HYDERABAD
DATE : 28.05.2014**

FOR AND ON BEHALF OF THE BOARD

**(K.S.RAO)
MANAGING DIRECTOR
(DIN: 01363257)
(M.MADHUSUDHAN RAJU)**

**CHAIRMAN
(DIN: 00471678)**

**(SHWETHA R.ANTHAPUR)
COMPANY SECRETARY**

INFRONICS SYSTEMS LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2014**

(Amount in Rs.)

Particulars	As at	
	31-03-2014	31-03-2013
Cash Flow From Operations		
(Loss) / Profit Before Tax	(17399461)	(33750782)
Depreciation and Depletion	35168795	34870903
Decrease(increase) in Inventories	(1545530)	259198853
Decrease(increase) in Trade Receivables	24707912	32418862
Decrease(increase) in Loans & Advances	(233837)	31091670
Increase (Decrease) in Current Liabilities	(52008604)	(79004707)
Increase (Decrease) in Long Term Provisions	(1429374)	0
Income tax paid	0	(7400026)
Sub-Total - A	(12740099)	237424773
Cash Flows From Financing		
Share Application Money	0	(2466700)
Long Term Borrowings Received	16592679	(27265268)
Other Long Term Liabilities	0	(85260833)
Short Term Borrowings Received	(15697080)	195348
Sub-Total - B	895599	(114797453)
Cash Flows from investing		
Purchase of Fixed Assets	(3134534)	(1940346)
Increase in Investments	0	(106781800)
Sub-Total - C	(3134534)	(108722146)
Cash Equivalents (A+B+C)	(14979034)	13905174
Add: Opening Cash and Cash Equivalents	21774203	7869029
Closing Cash and Cash Equivalents	6795169	21774203

VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S
(CA.RAMANA REDDY A.V)

PARTNER

Membership No. 024329

PLACE : HYDERABAD

DATE : 28.05.2014

FOR AND ON BEHALF OF THE BOARD

(K.S.RAO)
MANAGING DIRECTOR
(DIN: 01363257)
(M.MADHUSUDHAN RAJU)

CHAIRMAN
(DIN: 00471678)

(SHWETHA R.ANTHAPUR)
COMPANY SECRETARY

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**NOTE NO. 1****Significant Accounting Policies:****a) Basis of Preparation of Financial Statements:**

- i) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.
- 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 at the rates specified in Schedule XIV of the Companies Act, 1956 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 difference 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 31-3-2014	As at 31-3-2013		
NOTE NO. 2				
Share Capital				
(a) Authorised 2,20,00,000 equity shares of Rs.5/- each	110000000	110000000		
(b) Issued, subscribed & fully paid share capital 158,52,923 equity shares of Rs.5/- each (including 20,00,000 equity shares of Rs.5/- each allotted on amalgamation)	79264615	79264615		
	<u>79264615</u>	<u>79264615</u>		
Reconciliation of number of shares	No. of shares	Amount Rs.	No. of shares	Amount Rs.
Opening balance	15852923	79264615	15852923	79264215
Changes during the year	0	0	0	0
Closing balance	15852923	79264615	15852923	79264215

Terms attached to equity shares

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

List of Shareholders who holds more than 5%:

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

	As at 31-3-2014	As at 31-3-2013
NOTE NO. 3		
Reserves and Surplus		
Securities Premium		
- Opening Balance	101876228	101876228
Surplus in the Statement of Profit & Loss		
- Opening Balance	63676143	84703344
Add: Surplus for the year	<u>-13546374</u>	<u>-21027201</u>
	50129769	63676143
Total	<u><u>152005997</u></u>	<u><u>165552371</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO. 4		
Long-term Borrowings		
Secured		
Term Loans from Banks	27999936	5773351
(Secured by fixed assets and guaranteed by directors and others)		
Unsecured		
Loans from Directors	599840	6233746
Total	<u>28599776</u>	<u>12007097</u>
 NOTE NO. 5		
Long-term Provisions		
Provision for Gratuity	224688	1654062
Total	<u>224688</u>	<u>1654062</u>
 NOTE NO. 6		
Short - term Borrowings		
Secured		
Loans repayable on demand		
Cash Credit from State Bank of India	48892741	64589821
(secured by inventories & receivables and guaranteed by directors and others)		
Total	<u>48892741</u>	<u>64589821</u>
 NOTE NO. 7		
Trade Payables		
Creditors for Supplies	45623394	70041853
Total	<u>45623394</u>	<u>70041853</u>
 NOTE NO. 8		
Other Current Liabilities		
Current maturities of long term debt	21873556	41714856
Interest accrued and due on borrowings	375178	692682
Sundry Creditors for Expenses	54353822	69081808
Sundry Creditors for Others	2140825	3015229
Total	<u>87439086</u>	<u>115029231</u>

NOTE NO. 9

TANGIBLE ASSETS

Description of the Asset	GROSS CARRYING AMOUNT		DEPRECIATION BLOCK				NET CARRYING AMOUNT	
	As on	Adds/Deds	As on	For the	As on	As on	As on	As on
	01.04.13	during the	31.03.14	Period	31.03.14	31.03.14	31.03.14	31.03.13
	year							
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	9213144	29302	9242446	1546307	437856	1984163	7258283	7666837
Computers & Accessories	200564056	3105232	203669288	74939275	32607413	107546688	96122600	125624781
Lab Equipment	83466	0	83466	29418	5283	34701	48765	54048
Tools & Spares	101816	0	101816	17636	4836	22472	79344	84180
Furniture & Fixtures	27524140	0	27524140	6594391	1742278	8336669	19187471	20929749
Vehicles	3906625	0	3906625	1320107	371129	1691236	2215389	2586518
TOTAL	241393247	3134534	244627781	84447134	35168795	119615929	124911652	156946113

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO.10		
Non-current Investments		
Investments in Equity Instruments (Investment in 100% foreign subsidiary)		
Infronics Inc., USA	209320	209320
Biomorf Systems Ltd (1,00,74,800 equity shares of Rs.4/- each)	60448800	60448800
Mobiprise Systems Ltd (1,15,83,250 equity shares of Rs.1/- each)	46333000	46333000
Total	<u><u>106991120</u></u>	<u><u>106991120</u></u>
NOTE NO.11		
Long Term Loans and Advances		
Unsecured, considered good		
Capital Advances:		
Advance for Land	3269976	3269976
Security Deposits	456774	2589994
Total	<u><u>3726750</u></u>	<u><u>5859970</u></u>
NOTE NO.12		
Inventories		
Software & Hardware	18282199	17807982
Work in progress	31884102	31922969
Products under development	27069351	25959171
Total	<u><u>77235652</u></u>	<u><u>75690122</u></u>
NOTE NO.13		
Trade Receivables		
(Unsecured and Considered Good)		
- Debtors outstanding for a period exceeding 6 months	32549891	26764205
- Other Debts	28315989	58809587
Total	<u><u>60865880</u></u>	<u><u>85573792</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO.14		
Cash and Cash Equivalents		
Balances with banks	127372	13039908
Cash on hand	424297	896295
Balances against Margin Money	6243500	7838000
Total	<u>6795169</u>	<u>21774203</u>

NOTE NO.15

Short Term Loans and Advances		
Unsecured, considered good		
Deposits	5274589	9774589
Salary & Other Advances to Employees	1112577	1160417
Advance to Supplies	37366686	35125391
Interest Receivable	1609904	1022210
I.T. Refund Receivable (AY: 2013-14)	4602966	0
TDS Receivable	4630752	4602966
Other Amounts Receivable	2158161	2703005
Total	<u>56755635</u>	<u>54388578</u>

NOTE NO.16**Revenue from Operations**

Revenue from - Sale of products	14512200	84674801
Sale of services	76424706	133281845
Total	<u>90936906</u>	<u>217956646</u>

NOTE NO.17

Othe Income		
Interest income	689157	710445
Gratuity written back	1429374	1419407
Total	<u>2118531</u>	<u>2129852</u>

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO.18		
Operation and Other Expenses		
Software, Hardware & Material costs	9456067	111801901
Project Expenses	29098542	29573989
Professional & Consultancy	437969	2543703
Equipment Hire Charges	2276312	2905182
Internet Expenses	156424	315120
Travelling & Conveyance	2926481	7889923
Rent	1512902	5489710
Rates and Taxes, excluding taxes on income	113605	355284
Power and Fuel	226642	733026
Office Maintenance	459476	974894
Computer Maintenance	64806	930167
Vehicle Maintenance	84580	490852
Insurance	137377	438003
Directors' Remuneration	1396482	3933122
Printing & Stationery	84122	379874
Postage & Telegrams	36838	203116
Registration, Licence & Filing Fee	181364	100110
Business & Sales Promotion	4000	782402
Selling Expenses	903848	1116614
Audit Fee	200000	250000
Telephone Charges	368592	1121436
Security Charges	19754	237048
Miscellaneous Expenditure	41349	145451
Foreign Exchange Loss / (Gain)	2036891	(1433242)
Bank Charges	81990	267384
Interest on TDS	35903	0
Total	<u>52342316</u>	<u>171545069</u>

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO.19		
Employee Benefit Expenses		
Salaries and Wages	7334971	25059412
Contribution to provident and other funds	364230	995737
Staff welfare expenses	218051	656996
Total	<u><u>7917252</u></u>	<u><u>26712145</u></u>

NOTE NO.20

Finance Costs		
Interest expenses	15026535	20024582
Other borrowing costs	0	684581
Total	<u><u>15026535</u></u>	<u><u>20709163</u></u>

NOTE NO. 21

Particulars of Employees required in pursuant to the Provisions of Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 - Nil.

NOTE NO. 22**Contingent Liabilities not provided for:**

Particulars	2013-14 Rs.	2012-13 Rs.
Bank Guarantees	7457000	7838000

NOTE NO. 23**Managerial Remuneration:**

Particulars	2013-14 Rs.	2012-13 Rs.
Managing Director	1396482	1414470
Whole Time Directors	NIL	2518652
TOTAL	1396482	3933122

NOTE NO. 24**Auditors' Remuneration:**

Description	2013-14 Rs.	2012-13 Rs.
- Audit Fee	150000	150000
- Tax Audit Fee	40000	80000
- Other services	10000	20000
- Certification Fees	12000	12000
TOTAL	212000	262000

NOTE NO. 25

Segment Reporting

There are no separate reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting', notified in the companies (Accounting Standards) Rules 2006.

NOTE NO. 26

Transactions with the Related Parties pursuant to Accounting Standard 18

a) List of Related Parties

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

b) Transactions with the Related Parties

Details	Associate Companies / Concerns	Key Management Personnel	Associate Companies / Concerns	Key Management Personnel
	2013-14 Rs.	2013-14 Rs.	2012-13 Rs.	2012-13 Rs.
Remuneration	--	1396482	--	3933122
Sales	--	--	41606250	
Purchases	10080000		7865200	--
Advance for Supplies	14308884	--	77523086	--

c) Balance as at 31st March, 2014

Details	Associate Companies / Concerns	Key Management Personnel	Associate Companies / Concerns	Key Management Personnel
	2013-14 Rs.	2013-14 Rs.	2012-13 Rs.	2012-13 Rs.
Remuneration	--	846410	--	3933122
Sales	496150	--	17718950	--
Advance for Supplies	14308884	--	-1236615	--

NOTE NO. 27

Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE NO. 28

Deferred Tax

In compliance with the Accounting Standard "AS-22 Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognized Rs. 38,53,087/- towards deferred tax asset in the year 2013-14. The major components of deferred tax asset / liability is on account of timing differences in carried forward losses and depreciation

NOTE NO. 29

Sundry Debtors, Sundry Creditors and advances are subject to confirmation with the respective parties.

NOTE NO. 30**Imports on CIF Basis**

Year ended 31st March	2013-14 Rs.	2012-13 Rs.
Capital Goods	--	--
Purchases	--	1240811

NOTE NO. 31**Expenditure in foreign currency**

Year ended 31st March	2013-14 Rs.	2012-13 Rs.
Purchases	804506	3508922

NOTE NO. 32**Earnings in foreign exchange**

Year ended 31st March	2012-13 Rs.	2011-12 Rs.
Receipts from Software development	7139165	104409770

NOTE NO. 33**Earning Per Share**

Particulars	Year ended 31.03.14	Year ended 31.03.13
a) Profit available to the Equity Shareholders (Rs.)	-13546375	-21027200
b) No. of Equity Shares	15852923	15852923
c) Weighted Average No. of Shares	15852923	15852923
d) Nominal value of Share (Rs.)	5	5
e) Earning per Share	-0.85	-1.33

NOTE NO. 34

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

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

SIGNATURES TO NOTES - 1 TO 34

VIDE OUR REPORT OF EVEN DATE

**for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S**

**(CA.RAMANA REDDY A.V)
PARTNER
Membership No. 024329**

**PLACE : HYDERABAD
DATE : 28.05.2014**

FOR AND ON BEHALF OF THE BOARD

**(K.S.RAO)
MANAGING DIRECTOR**

**(M.MADHUSUDHAN RAJU)
CHAIRMAN**

**(SHWETHA R.ANTHAPUR)
COMPANY SECRETARY**

**KRISHNAN COMPANY
CERTIFIED PUBLIC ACCOUNTANT**

June 09 2014

Infronics Inc.
5755 North Point Parkway,
Alpharetta, GA 30022

We have compiled the accompanying Balance sheet on accrual basis for Infronics Inc., as of March 31, 2014 and Income statement on accrual basis for the fiscal year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Regards,

Krishnan Company, P.C., CPA

INFRONICS INC.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014**

NOTE A- SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

Infronics Inc. was incorporated on November 7, 2011 under the laws of State of Georgia. It is the Company's policy to apply generally accepted accounting principles in presenting its financial position and related statements of operations. In this connection, the more significant accounting accounting policies of the Company are described below:

Use of Estimates

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

Revenue recognition policy

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

**Infornics Inc.
Balance Sheet
As of March 31, 2014**

Mar 31, 14

ASSETS

Current Assets

Checking/Savings

Bank Of America-Checking 1,371.55

Total Checking/Savings 1,371.55Total Current Assets 1,371.55**TOTAL ASSETS** 1,371.55**LIABILITIES & EQUITY**

Equity

Opening Balance Equity 100.00

Owner Equity 4,150.00

Retained Earnings -2,927.25

Net Income 48.80

Total Equity 1,371.55**TOTAL LIABILITIES & EQUITY** 1,371.55

**Infornics Inc.
Profit & Loss
April 2013 through March 2014****Apr '13 - Mar 14**

Ordinary Income/Expense

Income

Products Devepoment Income 257,589.91

Total Income 257,589.91

Cost of Goods Sold

Project related Cost- COGS 255,741.00

Total COGS 255,741.00

Gross Profit 1,848.91

Expense

Bank Service Charges 374.19

Professional Fees

Accoutning & Legal Expenses 500.00

Attorney fees 730.92

Total Professional Fees 1,230.92

Tax 195.00

Total Expense 1,800.11

Net Ordinary Income 48.80

Net Income 48.80

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,
1956 RELATING TO SUBSIDIARY COMPANIES**

Name of the Subsidiary		
S.No.	Particulars	Rs.
1	Name of the subsidiary	INFRONICS INC.
2	Financial Year of the Subsidiary ended on	31st March 2014
3	Infronics Systems Ltd., Interest	100%
4	Capital	255424
5	Reserves & Surplus	(172994)
6	Total assets	82430
7	Total Liabilities	82430
8	Investments	-
9	Revenues	-
10	Net aggregate profit/ (loss) before taxation	14652
11	Provision for taxation	11719
12	Profit (loss) after taxation	2933
13	Proposed Dividend	-
14	Net aggregate profit / (loss) of the Subsidiary for the above financial year of the subsidiary so far as they concern members of holding company a) Dealt within the accounts of the Company as on 31st March 2014. b) Not dealt within the accounts of the Company as on 31st March 2014.	2933
15	Net aggregate profit / (loss) of the Subsidiary for the previous financial year of the subsidiary so far as they concern members of holding company a) Dealt within the accounts of the Company as on 31st March 2013. b) Not dealt within the accounts of the Company as on 31st March 2013.	33700

For and on behalf of the Board**(K.SAMBASIVA RAO)
MANAGING DIRECTOR****Place : Hyderabad
Date : 28.05.2014****(M.MADHUSUDAN RAJU)
CHAIRMAN**

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in Rs.)

Particulars	Note No.	As at	
		31-03-2014	31-03-2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	79264615	79264615
(b) Reserves and Surplus	3	151879107	165414994
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	4	28599776	12007097
(b) Long-Term Provisions	5	224688	1654062
(3) Current Liabilities			
(a) Short-Term Borrowings	6	48892741	64589821
(b) Trade Payables	7	45623394	70041853
(c) Other Current Liabilities	8	87439086	115029231
TOTAL		441923407	508001673
II.Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	124911852	156946113
(b) Non-Current Investments	10	106781800	106781800
(c) Deferred Tax Asset (Net)		4768239	915152
(d) Long Term Loans and Advances	11	3726750	5859970
(2) Current Assets			
(a) Inventories	12	77235652	75690122
(b) Trade Receivables	13	60865880	85573792
(c) Cash and Cash Equivalents	14	6877599	21846146
(d) Short-Term Loans and Advances	15	56755635	54388578
TOTAL		441923407	508001673
Notes forming part of the financial statements	1-34		

**VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S
(CA.RAMANA REDDY A.V)
PARTNER
Membership No. 024329
PLACE : HYDERABAD
DATE : 28.05.2014**

FOR AND ON BEHALF OF THE BOARD

(K.S.RAO)
MANAGING DIRECTOR
(DIN: 01363257)
(M.MADHUSUDHAN RAJU)

CHAIRMAN
(DIN: 00471678)

(SHWETHA R.ANTHAPUR)
COMPANY SECRETARY

INFRONICS SYSTEMS LIMITED**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

(Amount in Rs.)

Particulars	Note No.	Year Ended	
		31-03-2014	31-03-2013
I. Revenues			
(a) Revenue from operations	16	106418008	218282982
(b) Other Income	17	2118531	2129852
Total Revenue		108536539	220412834
II. Expenses:			
(a) Operation and other expenses	18	67808766	171834985
(b) Employee benefit expenses	19	7917252	26712145
(c) Finance costs	20	15026535	20709163
(d) Depreciation and amortization expenses	9	35168795	34870903
Total Expenses		125921348	254127196
V.Loss before exceptional and extraordinary items and tax (III - IV)		(17384809)	(33714362)
VI.Exceptional Items		0	0
VII.Loss before extraordinary items and tax (V - VI)		(17384809)	(33714362)
VIII.Extraordinary Items		0	0
IX.Loss before tax (VII - VIII)		(17384809)	(33714362)
X.Tax expense:			
(1) Current tax		11719	2719
(2) Deferred tax		(3853087)	(12723581)
XI.Profit/(Loss) from continuing operations (IX - X)		(13543441)	(20993500)
XII.Profit/(Loss) from discontinuing operations		0	0
XIII.Tax expense of discontinuing operations		0	0
XIV.Profit/(Loss) from Discontinuing operations (XII - XIII)		0	0
XV.Profit/(Loss) for the year (XI + XIV)		(13543441)	(20993500)
XVI.Earning per equity share:			
(1) Basic		(0.85)	(1.33)
(2) Diluted		--	--
Notes forming part of the financial statements	1 - 34		

**VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S
(CA.RAMANA REDDY A.V)**

PARTNER**Membership No. 024329****PLACE : HYDERABAD****DATE : 28.05.2014****FOR AND ON BEHALF OF THE BOARD**

**(K.S.RAO)
MANAGING DIRECTOR
(DIN: 01363257)
(M.MADHUSUDHAN RAJU)**

**CHAIRMAN
(DIN: 00471678)**

**(SHWETHA R.ANTHAPUR)
COMPANY SECRETARY**

INFRONICS SYSTEMS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in Rs.)

Particulars	As at	
	31-03-2014	31-03-2013
Cash Flow From Operations		
(Loss) / Profit Before Tax	(17384809)	(33750782)
Depreciation and Depletion	35168795	34870903
Decrease(increase) in Inventories	(1545530)	259198853
Decrease(increase) in Trade Receivables	24707912	32418862
Decrease(increase) in Loans & Advances	(233837)	31091670
Increase (Decrease) in Current Liabilities	(52008604)	(79004707)
Increase (Decrease) in Long Term Provisions	(1429374)	0
Income tax paid	(11719)	(7353823)
Sub-Total - A	(12737166)	237470976
Cash Flows From Financing		
Share Application Money	0	(2466700)
Capital Reserve on Consolidation	7554	0
Long Term Borrowings Received	16592679	(27265268)
Other Long Term Liabilities	0	(85260833)
Short Term Borrowings Received	(15697080)	195348
Sub-Total - B	903153	(114797453)
Cash Flows from investing		
Purchase of Fixed Assets	(3134534)	(1940346)
Increase in Investments	0	(106781800)
Sub-Total - C	(3134534)	(108722146)
Cash Equivalents (A+B+C)	(14968547)	13951377
Add: Opening Cash and Cash Equivalents	21846146	7894769
	6877599	21846146

**VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 003246S
(CA.RAMANA REDDY A.V)**

PARTNER

Membership No. 024329

PLACE : HYDERABAD

DATE : 28.05.2014

FOR AND ON BEHALF OF THE BOARD

**(K.S.RAO)
MANAGING DIRECTOR
(DIN: 01363257)
(M.MADHUSUDHAN RAJU)**

**CHAIRMAN
(DIN: 00471678)**

**(SHWETHA R.ANTHAPUR)
COMPANY SECRETARY**

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

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

Fixed Assets

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

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.

Foreign Currency Transactions:

In the case of sales made to clients outside India for the parent, income is accounted on the basis of the exchange rate as on the date of transaction. Adjustments are made for any variations in the sale proceeds on conversion into Indian currency upon actual receipt. In the case of expenditure in foreign currency, the expenses are accounted on the basis of exchange rate as on the date of the transaction.

The transactions of the subsidiary are in US dollars and GBP. There is no foreign currency transaction per se. But on account of consolidation all the outstanding entries of subsidiary as on March 31, 2013 have been converted into Indian rupees and consolidation was affected.

Foreign currency translations:

The accompanying financial statements of WOS are reported in US Dollars. The functional currency of the parent company in India is the Indian rupee (INR). Hence translation of US Dollars to INR is performed for the balance sheet account using the exchange rate prevailing as at the balance sheet date, and for revenue and expense accounts using a quarterly average exchange rate for respective quarters. The gains or losses resulting from such translation are reported as "Exchange Conversion Reserve", a separate component of reserves and surplus head in the consolidated accounts. The method of translating expenses of overseas operations depends upon the timing of the funds used.

Other Accounting Policies and Notes:

There are set out under Significant accounting policies and notes as given in the standalone financial statements of Infronics Systems Limited.

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014	As at 31-3-2013		
NOTE NO. 2				
Share Capital				
(a) Authorised 2,20,00,000 equity shares of Rs.5/- each	110000000	110000000		
(b) Issued, subscribed & fully paid share capital 158,52,923 equity shares of Rs.5/- each (including 20,00,000 equity shares of Rs.5/- each allotted on amalgamation)	79264615	79264615		
	79264615	79264615		
Reconciliation of number of shares	No. of shares	Amount Rs.	No. of shares	Amount Rs.
Opening balance	15852923	79264615	15852923	79264215
Changes during the year	0	0	0	0
Closing balance	15852923	79264615	15852923	79264215

Terms attached to equity shares

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

List of Shareholders who holds more than 5%:

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

Particulars	As at 31-3-2014	As at 31-3-2013
NOTE NO. 3		
Reserves and Surplus		
Securities Premium		
- Opening Balance	101876228	101876228
Surplus in the Statement of Profit & Loss		
- Opening Balance	63528401	84521901
Add: Surplus for the year	-13543441	-20993500
	49984960	635284041
Total	151879107	165414994

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO. 4		
Long-term Borrowings		
Secured		
Term Loans from Banks (Secured by fixed assets and guaranteed by directors and others)	27999936	5773351
Unsecured		
Loans from Directors	599840	6233746
Total	<u>28599776</u>	<u>12007097</u>
NOTE NO. 5		
Long-term Provisions		
Provision for Gratuity	224688	1654062
Total	<u>224688</u>	<u>1654062</u>
NOTE NO. 6		
Short - term Borrowings		
Secured		
Loans repayable on demand		
Cash Credit from State Bank of India (secured by inventories & receivables and guaranteed by directors and others)	48892741	64589821
Total	<u>48892741</u>	<u>64589821</u>
NOTE NO. 7		
Trade Payables		
Creditors for Supplies	45623394	70041853
Total	<u>45623394</u>	<u>70041853</u>
NOTE NO. 8		
Other Current Liabilities		
Current maturities of long term debt	21873556	41714856
Interest accrued and due on borrowings	375178	692682
Sundry Creditors for Expenses	54353822	69081808
Sundry Creditors for Others	2140825	3015229
Total	<u>87439086</u>	<u>115029231</u>

**NOTE NO. 9
TANGIBLE ASSETS**

Description of the Asset	GROSS CARRYING AMOUNT				DEPRECIATION BLOCK				NET CARRYING AMOUNT			
	As on	Adds/Deds	As on		As on	For the	As on		As on	As on	As on	
	01.04.13	during the	31.03.14	year	01.04.13	Period	31.03.14		31.03.14	31.03.14	31.03.13	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Office Equipment	9213144	29302	9242446	1546307	437856	1984163	7258283	7666837				
Computers & Accessories	200564056	3105232	203669288	74939275	32607413	107546688	96122600	125624781				
Lab Equipment	83466	0	83466	29418	5283	34701	48765	54048				
Tools & Spares	101816	0	101816	17636	4836	22472	79344	84180				
Furniture & Fixtures	27524140	0	27524140	6594391	1742278	8336669	19187471	20929749				
Vehicles	3906625	0	3906625	1320107	371129	1691236	2215389	2586518				
TOTAL	241393247	3134534	244527781	84447134	35168795	119615929	12491852	156946113				

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO.10		
Non-current Investments		
Investments in Equity Instruments		
Biomorf Systems Ltd (1,00,74,800 equity shares of Rs.4/- each)	60448800	60448800
Mobiprise Systems Ltd (1,15,83,250 equity shares of Rs.1/- each)	46333000	46333000
Total	<u><u>106781800</u></u>	<u><u>106781800</u></u>

NOTE NO.11

Long Term Loans and Advances		
Unsecured, considered good		
Capital Advances:		
Advance for Land	3269976	3269976
Security Deposits	456774	2589994
Total	<u><u>3726750</u></u>	<u><u>5859970</u></u>

NOTE NO.12

Inventories

Software & Hardware	18282199	17807982
Work in progress	31884102	31922969
Products under development	27069351	25959171
Total	<u><u>77235652</u></u>	<u><u>75690122</u></u>

NOTE NO.13

Trade Receivables		
(Unsecured and Considered Good)		
- Debtors outstanding for a period exceeding 6 months	32549891	26764205
- Other Debts	28315989	58809587
Total	<u><u>60865880</u></u>	<u><u>85573792</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO.14		
Cash and Cash Equivalents		
Balances with banks	209802	13111851
Cash on hand	424297	896295
Balances against Margin Money	6243500	7838000
Total	<u>6877599</u>	<u>21846146</u>
NOTE NO.15		
Short Term Loans and Advances		
Unsecured, considered good		
Deposits	5274589	9774589
Salary & Other Advances to Employees	1112577	1160417
Advance to Supplies	37366686	35125391
Interest Receivable	1609904	1022210
I.T. Refund Receivable (AY: 2013-14)	4602966	0
TDS Receivable	4630752	4602966
Other Amounts Receivable	2158161	2703005
Total	<u>56755635</u>	<u>54388578</u>
NOTE NO.16		
Revenue from Operations		
Revenue from - Sale of products	14512200	84674801
Sale of services	91905808	133608181
Total	<u>106418008</u>	<u>218282982</u>
NOTE NO.17		
Othe Income		
Interest income	689157	710445
Gratuity written back	1429374	1419407
Total	<u>2118531</u>	<u>2129852</u>

NOTES TO THE FINANCIAL STATEMENTS

Particulars	As at 31-3-2014 Rs.	As at 31-3-2013 Rs.
NOTE NO.18		
Operation and Other Expenses		
Software, Hardware & Material costs	24826050	111801901
Project Expenses	29098542	29573989
Professional & Consultancy	481897	2809416
Equipment Hire Charges	2276312	2905182
Internet Expenses	156424	315120
Travelling & Conveyance	2926481	7889923
Rent	1512902	5489710
Rates and Taxes, excluding taxes on income	113605	355284
Power and Fuel	226642	733026
Office Maintenance	459476	974894
Computer Maintenance	64806	930167
Vehicle Maintenance	84580	490852
Insurance	137377	438003
Directors' Remuneration	1396482	3933122
Printing & Stationery	84122	379874
Postage & Telegrams	36838	203116
Registration, Licence & Filing Fee	211414	105549
Business & Sales Promotion	4000	782402
Selling Expenses	903848	1116614
Audit Fee	200000	250000
Telephone Charges	368592	1121436
Security Charges	19754	237048
Miscellaneous Expenditure	41349	145451
Foreign Exchange Loss / (Gain)	2036891	-1433242
Bank Charges	104479	286148
Interest on TDS	35903	0
Total	<u>67808766</u>	<u>171834985</u>
NOTE NO.19		
Employee Benefit Expenses		
Salaries and Wages	7334971	25059412
Contribution to provident and other funds	364230	995737
Staff welfare expenses	218051	656996
Total	<u>7917252</u>	<u>26712145</u>
NOTE NO.20		
Finance Costs		
Interest expenses	15026535	20024582
Other borrowing costs	0	684581
Total	<u>15026535</u>	<u>20709163</u>

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 14th Annual General Meeting of the company, to be held on the Tuesday day of 30th, September, 2014 at 9.00 a.m. at Plot No.16, Srila Realty Layout, Near Landmark Towers, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad ,Telangana-500049 and at any adjournment thereof in respect of such resolutions as are indicated below:

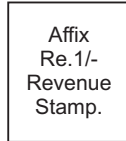
Resolution No.

- 1 Approval of financial statements for the year ended 31.03.2014
- 2 Appointment of Mr. M Madhusudan Raju as Director who retires by rotation
- 3 Appointment of statutory auditors and fixation of their remuneration
- 4 Appointment of Mr. K. Srinivasa Rao as Independent Director
- 5 Appointment of Mr. M V S Ramesh Varma as Independent Director

Signed this day of..... 2014

Signature of shareholder

Signature of Proxy holder(s)



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

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INFRONICS SYSTEMS LIMITED

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

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 14th Annual General Meeting of the members of the company to be held on Tuesday, the 30th September 2014 at 9.00 A.M. at Plot No.16, Srila Realty Layout, Near Landmark Towers, Madinaguda, Miyapur, Serilingampally Mandal, Hyderabad ,A.P- 500049.

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.

PRINTER MATTER
BOOK - POST

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