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Book - Post



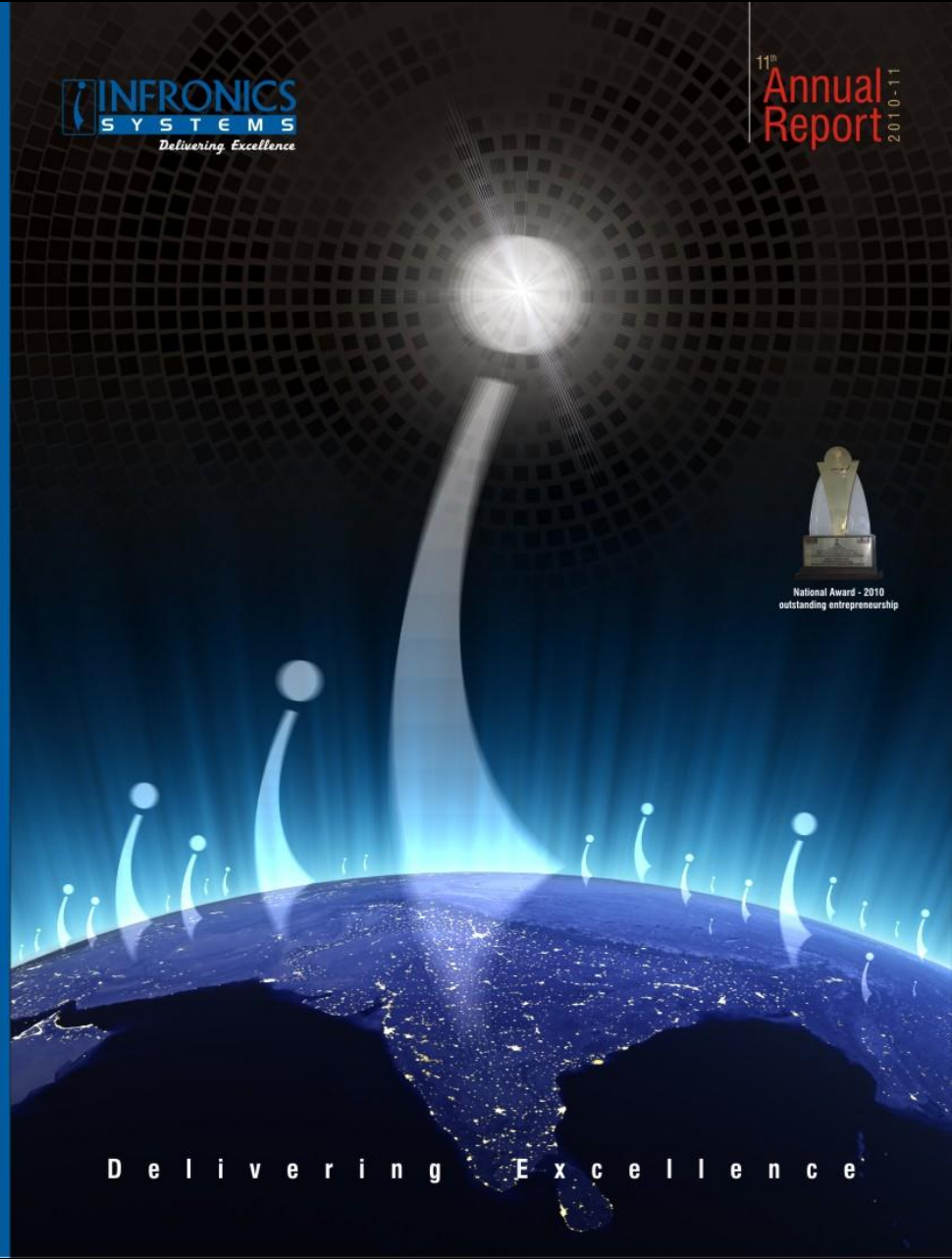
Corporate Office : 2nd Floor, Ektha Towers, Plot No. 2 & 3,
White Fields, Kondapur, Hyderabad – 500 084, Andhra Pradesh, India
Ph:040-40038888, Fax:040-40038901 Email: info@infronics.coms



11th Annual Report 2010-11



National Award - 2010
outstanding entrepreneurship



Delivering Excellence

Annual report 2011

Awards and Appreciations



FAPCCI Award



FAPCCI Award



National Award



Award by AIEE



Memento from AP Police

Infronics at a glance



BIO Coasta



BioMorf enrollment station - GSM



BioRF Enrollment Station - TCP/IP



BioFire



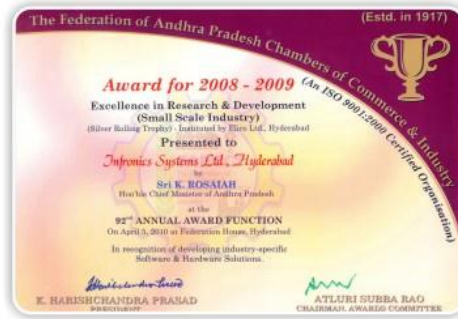
National award for outstanding entrepreneurship



M. S. Raju
Chairman & Managing Director



National Award



FAPCCI Award



Best R&D company for the year 2008-09



National Award



Award for Secured Ticketing Solution by AIIE (First time to any pvt. company)



Smart document launch by Cabinet Minister Shri P. Chidambaram



ITSAP Award

Infronics at a glance



BioMoRF



BioMoRF422



BioMoRF GSM



BioMoRF TCP/IP

Infronics at a glance



eZSMS USB



eZSMS Series



eZSMS Plus



Infronics Hardware

Infronics at a glance



BioMoRF launch by Madhya Pradesh Chief Minister for Indore Municipal Corporation



Infronics at a glance



ePest Launch



ePest in demonstration in East Africa Summit



BioMoRF launch by Karnataka Education Minister for Primary Shools in Bijapur



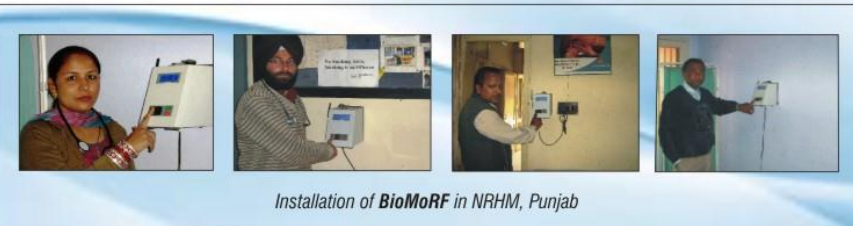
Exclusive BioMoRF terminal for NRHM



Sponser to UK Football club - eZSMS



Field offer, Kephis Kenya



Installation of BioMoRF in NRHM, Punjab



Sponser to UK Football club - eZSMS.



Training at Kephis, Kenya

INFRONICS SYSTEMS LIMITED

11th ANNUAL REPORT

2010-2011

CORPORATE INFORMATION

Board of Directors

Mr. M.Madhu Sudan Raju	-	Managing Director
Mr. D.V. Raju	-	Whole time Director
Mr. N. Natarajan	-	Director
Mr. A. Lakshmanamohan	-	Director
Mr. K. Tejesh Kumar	-	Director

Company Secretary

Ms. Parul Agarwal

Auditors

M/s. Ramana Reddy & Associates.
Chartered Accountants, Hyderabad

Bankers

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

Registered office

2nd Floor, Ektha Towers,
Plot No.2&3, White Fields, Kondapur,
Hyderabad – 500 084,
Andhra Pradesh,
Ph:040-40038888
Fax:040-40038901
Email:info@infronics.com

Registrars And Share Transfer Agents

Aarathi Consultants Pvt. Limited
1-2-285, Domalguda,
Hyderabad - 500029
Ph.Nos. 040-27638111/27634445

Delivering Excellence

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of the Company will be held on Friday, 30th September, 2011 4.00 P.M., at Aditya Sarovar Premiere, Crystal 1, Hitec City, Gachibowli, Hyderabad, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Balance Sheet as at 31st March 2011, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in the place of Mr. Akella Lakshmana Mohan, who retires by rotation and expressed his willingness for reappointment.
- 3) To re-appoint M/s. Ramana Reddy & Associates, Chartered Accountants as Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. APPROVAL TO INCREASE THE REMUNERATION OF MR. M. MADHUSUDAN RAJU, MANAGING DIRECTOR:

"RESOLVED THAT pursuant to Sections 198, 269, 302, 309, 310 and 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or enactment(s) thereof, for the time being in force, subject to the approval of the Central Government and shareholders and such other approvals as may be required, the consent and approval of the Directors be and is hereby accorded to the payment of remuneration to Mr. M. Madhusudan Raju, Managing Director in whole time employment of the Company w.e.f. 01.04.2011 as has been set out below:

- a. Basic Salary: Rs. 2,00,000/- per month (Rupees Two lakhs only)
- b. Performance allowance: Maximum of Rs. 2,00,000/- per month based on the quarterly performance evaluated by the remuneration committee.

c. House Rent Allowance : Maximum of Rs.1,00,000/- per month

d. Perquisites:

- (a) Contribution to provident Fund, Superannuation Fund to the extent of these either single or put together are not taxable under the Income Tax Act 1961.
- (b) Gratuity payable at a rate not exceeding half a month's salary, for each completed year of salary.
- (c) Leave encashment as per the Company's rules,
- (d) Leave travel concession for self and family as per actuals.
- (e) Medical reimbursement as per actuals.

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or Schedule XIII of the Companies Act, 1956, the Board of Directors be and hereby authorised to vary or increase the remuneration including Basic Salary, Commission, Perquisites, Allowances etc. within such prescribed limits.

Where in any Financial Year comprised by the period of appointment, the Company has no profit or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to the incumbent in accordance with the approval of the Central Government, wherever required.

Adequate Profits

Where in any Financial Year, during the tenure of Mr. M. Madhusudan Raju, the Company has adequate profits, the Company shall pay to Mr. M. Madhusudan Raju, remuneration by way of Basic Salary, Commission, Perquisites and Allowance exceeding the amount approved by the Central Government and Which shall not exceed the limits prescribed from time to time under sections 198, 309 read with Schedule XIII to the Companies Act 1956 for the time being in force.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution."

5) INCREASE IN AUTHORISED SHARE CAPITAL:

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"Resolved that pursuant to Section 16 and Section 94 of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, the authorised share capital of the company be and is hereby increased from Rs. 9,00,00,000 (Rupees Nine crores) divided into 1,80,00,000 equity shares of Rs. 5/- (Rupees five) each to Rs.11,00,00,000 (Rupees Eleven crores) divided into 2,20,00,000 equity shares of Rs. 5/- (Rupees five) each and consequently the existing Clause V of the Memorandum of Association of the company be and is hereby altered by deleting the same and substituting in its place and instead thereof, the following as new Clause V:

"The authorised share capital of the Company is Rs.11,00,00,000 (Rupees Eleven Crores) divided into 2,20,00,000 equity shares of Rs. 5/- (Rupees five) each with the rights, privileges, and conditions attaching thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify, or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company."

"Further Resolved that the Board of Directors or its committee thereof be and is hereby authorised to take all such necessary steps / actions as may be deemed expedient to give effect to this resolution including signing all such necessary documents as may be required in this regard."

6) TO CONSIDER THE ISSUE OF WARRANTS ON PREFERENTIAL BASIS TO THE PROMOTERS AND THE OTHERS:

To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory

modification(s) or re-enactment thereof, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with Ahmedabad Stock Exchange where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be applicable to the preferential issue of Equity Shares and other applicable regulations of SEBI, if any, and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any committees thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, Government of India or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches up to 20,00,000 convertible warrants to the promoters and the others namely Mrs. K. Kanaka Durga and Mrs. M.Vindhya, at a price including such premium as may be decided as per SEBI (ICDR) Regulations, 2009 convertible into equal number of Equity Shares within a period not exceeding 18 months from the date of allotment of warrants at a price of Rs. 5/- per Equity Share with such premium as determined in accordance with the preferential issue regulations given in chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments thereto:

"RESOLVED FURTHER THAT the pricing of the warrants to be allotted shall be calculated in accordance with the SEBI's Preferential Issue Regulations with reference to the 'Relevant Date'".

The "relevant date" for the purpose of pricing of the resultant share is **31.08.2011** i.e. thirty days prior to the date on which this General Meeting is held in terms of Section 81(1A) of the Companies Act, 1956. (AGM will be held on **30.09.2011**).

“RESOLVED THAT the Equity Shares issued on conversion of warrants shall rank pari-passu with the existing Equity Shares of the Company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares.”

“RESOLVED FURTHER THAT the aforesaid warrants shall be in accordance with the following terms and conditions:

A warrant by itself shall not give to a warrant holder thereof, any rights of the shareholder of the company.

In the event, the equity share of the company are either sub-divided or consolidated before the conversion of the warrants into equity shares of the company, then the face value, the number of equity shares to be acquired on conversion of the warrants and the warrant issue price shall automatically stand adjusted in the same proportion, as the present value of the equity shares of the company bears, to the newly sub-divided / consolidated equity shares without affecting any right or obligation of the said warrant holders: and

In the event the company's equity capital is affected or changed due to any other corporate actions such as a merger, demerger, consolidation of business, or other reorganization of the company, tender offer for equity shares of sale of undertaking, necessary adjustments with respect to the terms of the aforesaid warrants shall be made by the company and such other action as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustment of the warrant issue price, subject to necessary approvals.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of the warrants, if necessary, keeping in view the provisions of various Acts and Guidelines in force from time to time. However, the issue price shall in no case be less than the price determined as per the Preferential Issue Regulations as provided in

Chapter VII of (ICDR) Regulations, 2009.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in this regard to implementation of this Resolution, issue and allotment of warrants and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Company do apply for listing of the new equity shares.”

“RESOLVED FURTHER THAT the Company do make an application to the Depositories for admission of the new equity shares.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.”

7) EMPLOYEE STOCK OPTION SCHEME – 2011:

To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock

Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue, in one or more tranches, to such permanent employees (including joining employees) of the Company whether working in India or out of India and directors of the company whether whole-time directors or otherwise (hereinafter collectively referred as the "Employees") who are eligible to participate as per the Guidelines and as may be decided by the Board/Committee, under a plan titled "INFRONICS SYSTEMS LIMITED EMPLOYEES STOCK OPTION SCHEME - 2011" (hereinafter referred to as "the Scheme") the salient features of which are detailed in the explanatory statement, such number of options which could rise to the issue of equity shares of the Company not exceeding 4,00,000 equity shares at such price and on such terms and conditions as may be determined by the Board/Committee in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the notice and to make any modification(s), change(s), variation(s), alternation(s) or revision(s) in the terms and conditions of Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan.

"Resolved further that the approval be and is hereby accorded for issue and allotment of equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the employees for their outstanding performance / contribution at the time of allotment of options / equity shares".

"RESOLVED FURTHER THAT any new equity shares to be issued and allotted as aforesaid shall Rank pari passu inter se with the then existing equity shares of the Company in all respects.

"Resolved further that in case Infronics Systems Limited's equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board / Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected".

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Scheme on the Stock Exchanges where the shares of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

8. GRANT OF OPTIONS TO THE EMPLOYEES OF SUBSIDIARY AND STEP DOWN SUBSIDIARY COMPANY UNDER EMPLOYEE STOCK OPTIONS SCHEME – 2011

To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to extend the benefits of the “EMPLOYEE STOCK OPTION SCHEME - 2011” referred to in the resolution under item No.7 in this Notice and duly passed at this meeting, also to such permanent employees (including joining employees) of the subsidiary companies including step down subsidiary companies whether working in India or out of India and directors of the company whether whole-time directors or otherwise, as may be decided by the Board and / or Committee or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board”.

“Resolved further that the approval be and is hereby accorded for issue and allotment of equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the employees for their outstanding performance / contribution at the time of allotment of options / equity shares”.

“Resolved further that in case Infronics Systems Limited’s equity share capital or its valuation is affected due to any corporate action like issue of bonus shares/rights issue, stock split, merger, restructuring or any such event happening subsequent to the Grant of option, the Board /

Compensation Committee shall have the discretion to make appropriate amendments to the scheme, including changes in the number of options, the Exercise Price or floating a new Scheme / extending the applications of the existing scheme or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with Law, as deems fit, while striving to ensure that the rights of the employees are not adversely affected”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/ Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

9. EMPLOYEE STOCK PURCHASE SCHEME - 2011:

To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter

referred to as "the Board" which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue and allot, in one or more tranches, to such permanent employees including joining employees of the Company whether working in India or out of India or otherwise (hereinafter collectively as the "Employees") who are eligible to participate as per SEBI (ESPS) Guidelines and as may be decided by the Board/Committee under a plan titled "INFRONICS SYSTEMS LIMITED EMPLOYEES STOCK PURCHASE SCHEME – 2011" (hereinafter referred to as "the scheme") the salient features of which are detailed in the explanatory statement, to subscribe to such number of equity shares not exceeding 20,00,000 equity shares at such price and on such terms and conditions as may be determined by the Board/Committee in accordance with the Guidelines or any other application provisions as may be prevailing at that time.

"RESOLVED FURTHER THAT any new equity shares to be issued and allotted as aforesaid shall rank pari passu inter se with the then existing shares of the Company in all respects.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Plan on the Stock Exchanges where the shares of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

10. ALLOTMENT OF EQUITY SHARES TO THE EMPLOYEES OF SUBSIDIARY AND STEP

DOWN SUBSIDIARY COMPANY UNDER ESP SCHEME:

To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to extend the benefits of the "ESOP AND/OR ESPS PLAN – 2011" referred to in the resolution under item No.9 in this Notice and duly passed at this meeting, also to such permanent employees (including joining employees) of the subsidiary companies/ step down subsidiary company whether working in India or out of India or otherwise, as may be decided by the Board and / or such other persons, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board".

"Resolved further that the approval be and is hereby accorded for issue and allotment of equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the key global sales personnel for their outstanding performance / contribution at the time of allotment of equity shares".

"RESOLVED FURTHER THAT any new equity

shares to be issued and allotted as aforesaid shall rank pari passu inter se with the then existing shares of the Company in all respects.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Plan on the Stock Exchanges where the shares of the Company are listed as per the provisions of the Listing Agreement with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

11. ALLOTMENT EQUITY SHARES EXCEEDING 1% OF THE PAID UP CAPITAL OF THE COMPANY UNDER ESP SCHEME – 2011:

To consider and if thought fit, to pass, with or without modification, the following resolution as a special resolution:

“RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such

approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board/Committee of Directors to grant, offer and issue, in one or more tranches, the benefits of the Employees Stock Purchase Scheme-2009 referred to in the Resolution under item nos. 9 and 10 in this notice and duly passed at this meeting, to such permanent employees (including joining employees) of the Company including subsidiary company and step down subsidiary company whether working in India or out of India and Directors of the Company whether Whole-time Directors or otherwise (hereinafter collectively as the “Employees”) who are eligible to participate as per SEBI (ESPS) Guidelines and as may be decided by the Board/Committee, Options exercisable by the Employees under a plan titled “INFRONICS SYSTEMS LIMITED EMPLOYEES STOCK PURCHASE SCHEME – 2011”, as may from time to time, be allowed under prevailing laws and regulations on such terms and conditions as may be decided by the Board (hereinafter referred to as “the scheme”) the salient features of which are detailed in the explanatory statement.

“Resolved further that the approval be and is hereby accorded for issue of options or equity shares equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company to the key global sales personnel as may be identified by the Compensation Committee for their outstanding performance / contribution at the time of grant of options”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

12. CONSENT OF THE MEMBERS UNDER SECTION 293(1) (a) FOR CREATION OF CHARGES:

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

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) to the Board of Directors of the Company for creation of the mortgage/charge on the Company's immovable and movable properties, wheresoever situated, present and future, such charge to rank either pari passu with or second, subsequent, subservient and subordinate to all the mortgages/charges created / to be created by the Company for all existing and future borrowing and facilities whatsoever in favour of the lender(s).

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution”.

13. AUTHORISATION TO BORROW IN EXCESS OF THE PAID UP CAPITAL AND FREE RESERVES OF THE COMPANY

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

“RESOLVED THAT pursuant to clause (d) of sub-section (1) of section 293 and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent be and is hereby accorded to the Board of Directors for borrowing for and on behalf of the Company, from time to time, any sum or sums of moneys, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say,

reserves not set apart for any specific purpose, but so that total amount up to which moneys to be so borrowed under the said clause (d) of sub-section (1) of section 293 shall not at any time exceed Rs. 150 crores (Rupees One hundred and fifty crores).”

“FURTHER RESOLVED THAT the Board of Directors or its committee thereof be and is hereby authorised to take all such necessary steps/actions as may be deemed expedient to give effect to this resolution including signing all such necessary documents as may be required in this regard.”

NOTES:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM SELF/HER SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the Proxy should however be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. Members/Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M on any working day prior to the date of the meeting and also at the meeting.
5. Member intending to require information about Accounts to be explained at the meeting are requested to write to the company at least ten days in advance of the Annual General Meeting.
6. Register of Members and share Transfer Books remain closed from 28.09.2011 to 30.09.2011 (Both days inclusive).
7. As part of Green Initiative in Corporate Governance, the Ministry of Corporate Affairs (MCA), Government of India vide its Circular has allowed paperless compliances by Companies inter-alia stating that if the Company sends official documents to their shareholders electronically, it will be in compliance with the provisions of Section 53 of the Companies Act, 1956. Keeping in view shareholders are requested to update their E-Mail ID with their DP.

For and on behalf of the Board
Infronics Systems Limited

Mudunuru Madhusudan Raju
Managing Director

Place: **Hyderabad**
Date : 25.08.2011

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item 4:

Increase in Remuneration of Mr. M. Madhusudan Raju, Managing Director.

The Board recognized the significant contribution made by Mr. M. Madhusudan Raju for developing the company. He has over fifteen years of experience in Information Technology (both Software and Hardware). He has been Instrumental in creation of three verticals in the Company and in demerging as separate entities like Biomorf Enterprises Limited and Mobiprise Systems Limited. The Company has achieved tremendous growth under his leadership and guidance. He has devoted more time and attention to bring up the company to the present level apart from ensuring international standards for the products produced by the Company so far.

His previous stint includes working for companies clients like GE, Wipro, Allied signals Inc., Tufts Health Care, Enpia Systems (Research Department), Hanwha (Research Department). He is constantly striving to improve the software capabilities of the company.

One of the founding members of Infronics, M S Raju has been leading the company and responsible for bringing all the world class talent to Infronics. Being an entrepreneur at heart, with sheer focus, determination and a go-getter attitude he has taken Infronics to the heights where it stands today. He holds MS degree in software engineering from BITS, Pilani.

Therefore, the Board has decided to recommend the revision in remuneration with effect from 01.04.2011 on such terms and conditions as set out in the proposed resolution. Under the provisions of Section 198, 310, 311, and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the members of the company is required for increase in remuneration payable to Mr. M. Madhusudan Raju.

The Board of directors based on the recommendation of Remuneration Committee is of the view that the remuneration package is

commensurate with the operations of the Company, the industry standards and the contribution made by Mr. M. Madhusudan Raju.

Further the same be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

An application to the Central Government will be made for obtaining the approval.

Accordingly, the Board commends the resolution for approval of the Members.

None of the directors of the company except Mr. M. Madhusudan Raju, may be deemed to be concerned or interested in the resolution.

Item No. 5 :

Increase in Authorised Share Capital

The present authorised share capital of the company is Rs.9,00,00,000 divided into 1,80,00,000 equity shares of Rs. 5/- each. The company is proposing to issue further shares on preferential basis to the promoters. Considering the further issue, the Board has approved, subject to the shareholders' approval, an increase in the authorised share capital to Rs.11,00,00,000 divided into 2,20,00,000 equity shares of Rs.5/- each.

Pursuant to the provisions of Sections 16 and 94 of the Companies Act, 1956, an increase in the authorised share capital of the company and consequent amendments in the capital clause of the Memorandum of Association of the company requires approval of the members. Approval of the members is, therefore, sought in terms of the said sections.

None of the directors of the company is in any way concerned or interested in the resolution.

Item No. 6

Issuance of convertible warrants on preferential basis:

Disclosures which are required to be given in terms

of clause 73(1) of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009

(1) Objects of the issue through preferential offer:

The purpose of the issue of convertible Warrants is to aid the Company to raise the funds to finance the expansion plans of the Company, working capital requirements, meeting other General Corporate purposes etc including acquisition of other companies.

(2) The Proposal of the Promoters, Directors or Key Management personnel of the Issuer to subscribe to the offer:

The proposed allottees for preferential issue of 20,00,000 (Twenty Lakhs only) Convertible

Warrants are Mrs. K. Kanaka Durga (public group) and Mrs. M. Vindhya (promoters' group), as referred to in the resolution.

Keeping in view of the present market conditions, the said allottees propose to subscribe for the total 20,00,000 (Twenty Lakhs only) Convertible Warrants. The objects of the Company are already mentioned and hence, the requirement of issue of securities on preferential basis is necessitated.

3) Shareholding Pattern of the Company before and after proposed preferential issue:

Sl. No	CATEGORY	Pre issue holding details		Post issue holding details*	
		No. of Shares	% to capital	No. of Shares	% to capital
A	Promoter Share Holding				
1	Indian Promoters	5168653	36.62	5568653	34.56
2	Foreign Promoters	-	-	-	-
	Sub-Total (A)	5168653	36.62	5568653	34.56
B	Public Share holding				
1	Institutions	-	-	-	-
2	Non-Institutions				
a)	Bodies Corporate	901160	6.39	901160	5.59
b)	Individuals	7888055	55.89	9488055	58.89
c)	NRIs	300	0.00	300	0.00
d)	Employees	154320	1.09	154320	0.96
f)	Others (Clearing Member)	85	0.00	85	0.00
	Sub-Total (B)	8943920	63.38	8943920	65.51
	Grand Total (A+B)	14112573	100.00	16112573	100.00

* Assuming that all warrants are converted into equity shares

(4) Proposed time within which the Preferential Issue shall be completed:

The Board may allot Convertible Warrants at a price not being less than the price as decided as per the SEBI (ICDR) Regulations, 2009.

The allotment of Convertible Warrants shall be completed, within a period of 15 days from the date of passing of the resolution by the Members provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable on allotment of the warrants. The warrants would be allotted on the following terms:

a. The holder of Warrants will have an option to apply for and be allotted 1 (one) Equity Share of the Company per warrant, any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches.

b. Upon receipt of the payment as above, the Board shall allot one Equity Share per Warrant by appropriating Rs. 5/- towards Equity Share Capital

and the balance amount paid against each Warrant, towards the Securities Premium.

c. If the entitlement against the warrants to apply for the Equity Share is not exercised within the period specified, the entitlement of the Warrant holder to apply for Equity Shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.

d. The warrant holder shall also be entitled to any future bonus/rights issue(s) of equity shares or other securities convertible into Equity Shares by the Company, in the same proportion and manner as any other Members of the Company for the time being.

e. The warrants by themselves do not give to the holder thereof any rights of the Members of the Company.

(5) Identity of the proposed allottees and percentage of Pre and Post Preferential issue capital that may be held by them:

	Name of the proposed allottee	Pre issue holding details		Warrants proposed to be allotted*	Post issue holding details	
		No. of Shares	% to capital		No. of Shares	% to capital
1	Mrs K Kanaka Durga (public)	-	-	1600000	1600000	9.93
2	Mrs M Vindhya (promoter group)	1200000	8.50	400000	1600000	9.93
	TOTAL	1200000		2000000		

*Assuming that all warrants are converted into equity shares.

(6) Change in Control:

As a result of the proposed preferential allotment of Convertible Warrants, there will be no change in the control of the Company.

(7) Pre-issue holding of shares, non disposal of shares by the proposed allottees and Lock-in Period of shares:

- a. The shareholders who have sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of shares on preferential basis.
- b. The Convertible Equity Warrants allotted to the proposed allottee shall be subject to 'lock-in' for a period of one year/ three years from the date of allotment as the case may be as per Clause 78(1) of Chapter VII of SEBI (ICDR) Regulations, 2009.
- c. Pre-issue holding, if any, of the proposed allottees shall be kept in lock-in from the relevant date and six months from the date of allotment.

(8) Pricing of the issue and Relevant Date:

The issue price of the Convertible Equity Warrants shall be as per the SEBI (ICDR) Regulations, 2009.

The price of the convertible warrants will be as per the SEBI (ICDR) Regulations, 2009 based on the relevant date being **31.08.2011** and calculated in the manner specified for pricing of shares to be allotted as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

For this purpose, the share price quotations available at the Bombay Stock Exchange Limited, Mumbai, will be considered and the issue price will be determined as per SEBI (ICDR) Regulations, 2009. The minimum issue price will not be less than the price determined as per the SEBI (ICDR) Regulations, 2009. A Certificate from the Statutory Auditors of the Company confirming the minimum price for the preferential issue as per Preferential Issue Guidelines and showing the calculation thereof will be made available for inspection at the Registered Office of the Company.

(9) Auditor's Certificate:

M/s.M.M. Reddy & Co, Chartered Accountants will provide Auditor's Certificate confirming that the

proposed issue of convertible warrants is in accordance with the SEBI (ICDR) Regulations / Guidelines, and will be made available for inspection up to the date of the Annual General Meeting at the Registered Office of the Company on any working day and also at the place of the meeting on the meeting day.

(10) Compliances:

The company has complied with the requirements of listing agreement including clause 40A i.e., maintaining a minimum of 25% of the paid up capital in the hands of public.

(11) Approval under the Companies Act, 1956:

Section 81(1A) of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be first offered to the existing shareholders of the Company in the manner laid down in the said section, unless the Members decide otherwise in general meeting by way of special resolution.

Accordingly, the consent of the Members is being sought pursuant to the provisions of section 81(1A) and all other applicable provisions of the Companies Act, 1956, SEBI Regulations and the provisions of the Listing Agreement with the Stock Exchanges for authorizing the Board to offer, issue and allot Convertible Warrants as stated in the resolution, which would result in a further issuance of securities of the Company to the promoters group on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in the Notice.

Managing Director of the company Mr. M. Madhusudan Raju may be deemed as concerned or interested in the above said resolution to the extent of issue of Equity Shares to the promoters under promoters' category.

Item Nos. 7 and 8 :

ESOP scheme and grant of options to the

employees of subsidiary and step down subsidiary company under employee stock options scheme – 2011

The main objectives of these scheme are to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance, thereby acting as a retention tool and to attract best talent available in the market. The Employees Stock Option Scheme 2011(The Scheme) will be administered by the Compensation Committee of the Board or the Board in terms of the Employee Stock Option Guidelines.

A Special Resolution was also passed for issuing/ granting of options to the employees of the subsidiary and step down subsidiary to Infronics Systems Limited. The Board / Compensation Committee will formulate inter alia the detailed terms and conditions of the Scheme including:

The tranches within which the options are to be granted in accordance with the Eligibility Criteria. The terms and conditions subject to which the options granted would vest in the respective employees. The terms and conditions subject to which the options vested would be exercised by the employees. The right of the employees to Exercise all the options vested in him at one time or at various points of time within the Exercise Period; Conditions under which the options vested in the employees may lapse. The procedure for making fair and reasonable adjustment to the number and options and exercise price in case of any corporate actions, such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Board / compensation committee:

1. The number and the price of options shall be adjusted in a manner such that total value of the options remains the same after the corporate action. For this purpose global best practice in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
2. The Vesting Period and the life of the options shall be left unaltered as far as possible to protect the rights of the Option holders.

3. The procedure for cashless exercise of options, if any.
4. Obtaining permission from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with all rules and SEBI ESOP Guidelines applicable to the "INFRONICS SYSTEMS LIMITED EMPLOYEES STOCK OPTION SCHEME - 2011"; framing suitable policies and systems to ensure that there is no violation by any person of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and any statutory modifications and re-enactments thereof.
5. Framing appropriate procedure for granting, vesting and exercising of options.

SALIENT FEATURES OF INFRONICS SYSTEMS LIMITED EMPLOYEES STOCK OPTION SCHEME – 2011:

(a) The total number of options to be granted:-

The total number of options that may in the aggregate, be granted, shall be up to 4,00,000 options that shall be converted into 4,00,000 fully paid up equity shares of the face value Rs.5/- each of the Company. Any vested option(s) that lapse due to non-exercise or unvested option(s) that do not vest due to any reasons whatsoever would be available for re-grant at a future date.

(b) Identification of classes of employees entitled to participate in EMPLOYEES STOCK OPTIONS SCHEME- 2011

Persons who are "permanent employees" of the Company, subsidiary company and step down subsidiary company including joining employees, as defined in the ESOP Guidelines (including any statutory modification(s) or enactment of the Act or the Guidelines for the time being in force), and as may be decided by the ESOP Compensation Committee, from time to time will be entitled to

participate in the Scheme based on annual appraisal process.

An employee who is a promoter or belongs to the promoter group and a director who either by himself or through his relative or through anybody corporate, directly or indirectly holds more than 10 % of the outstanding equity shares of the company shall not be eligible to participate in the ESOP scheme.

The options granted under the scheme shall not be renounced, transferred, pledged, hypothecated, mortgaged or otherwise alienated, other than the manner specified in the Scheme.

(c). Requirement of vesting, period of vesting including maximum period within which options shall be vested:

- i). Continuation of employment is the requirement for vesting of Options.
- ii). There shall be a minimum period of one year between the grant of options and vesting of options.
- iii). Vesting of options will commence after a period of 1 year from the date of grant, and may extend up to 5 years from the date of grant.
- iv). The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the ESOP Compensation Committee, in its discretion, and which will include performance appraisal of the employee and achievement of other performance milestones.

(d) Exercise price or pricing formula:

The exercise price for the purpose of grant of options shall be the price as defined in the SEBI Guidelines/Regulations on the date of grant of options or the price equal to the closing price of the equity shares a day prior to the date of the meeting of the Board of Directors or Compensation Committee, in which the options are granted, on the Stock Exchanges where the equity shares of the company are listed and traded with highest trading volume on the said date or such other price as decided by the ESOP compensation committee

which shall not be less than the face value of the equity share of the company.

(e) Exercise Period and the process of Exercise:

The Exercise Period has been defined in the EMPLOYEE STOCK OPTIONS SCHEME- 2011 as the period of 4 years from the date of Vesting of the options, within which period the Option Grantee should exercise the options vested in him. The options will be exercisable by the option grantee(s) by a written application to the Company to exercise the options in such manner and on execution of such documents, as may be prescribed by the compensation committee from time to time.

(f) Appraisal process of determining the eligibility of employees to the ESOP, 2011:

The Company has a formal performance appraisal system established wherein the performance of the employee is assessed each year on the basis of various parameters. The appraisal process is reviewed at regular intervals. In determining the number of options to be granted, the Compensation Committee shall consider the following:

1. Performance of the employee.
2. Position, seniority and responsibilities of the employee.
3. Nature & value of the eligible employee's services & accomplishments, whether direct or indirect, to the company.
4. The employee's present and potential contribution to the success of the company or its Subsidiary or Holding Company.
5. Gap in compensation package as per market, if any.
6. Such other factors as the compensation committee may deem relevant.

(g) Maximum number of options to be issued per employees and in the aggregate:

- i) The maximum number of options granted to Eligible Employees will depend upon the Rank / designation of the employee as on the date of grant of options.
- ii) The ESOP Committee shall decide on the number of options to be granted to each Employee within the limit.

(h) Accounting Policies:

The company will conform to the accounting policies specified in Clause 13.1 of the ESOP Guidelines and/or such other guidelines as may be applicable from time to time.

(i) Method of Valuation:

The Company shall use the intrinsic value method prescribed under the ESOP Guidelines to value its options. In case the company calculates the employees compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Director's Report and also the impact of this difference on profits and on EPS of the company shall be disclosed in the Director's Report. The Company shall disclose in its Directors' Report, the difference between the employee compensation cost computed using the intrinsic method of valuation of options and the employee compensation cost that shall have been recognized if it had used the fair value of the options and also the impact of this difference on profits and the EPS (Earning Per Share) of the Company.

Resolution

Your Directors recommend the resolutions as set out in Item Nos. 7 and 8 for the approval of the members as Special Resolutions. None of the Directors is concerned or interested in the resolution apart from the Directors of the Company who may be deemed to be interested in this resolution to the extent of their entitlement of shares under the Scheme.

Item No. 9, 10 and 11:

Intellectual capital is the source of competitive advantage for any organization and especially for organizations in the IT industry. The success of the organizations to a large extent depends on its ability to attract, retain and motivate its human resources. Stock Options have long been recognized as an effective instrument to attract talent and align the interest of employees with those of the Company and its shareholders, providing an opportunity to employees to share the growth of the Company and to create long-term wealth in the hands of employees. Stock Purchase Schemes also create a common sense

of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholder value. The main objective of such schemes is to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance, thereby acting as a retention tool and to attract best talent available in the market.

The ESPS 2011 (The Scheme) will be administered by the Compensation Committee of the Board in terms of the ESPS Guidelines either directly or through the trust.

A Special Resolution was also passed for obtaining approval under SEBI (ESOS & ESPS) Guidelines, 1999 for issue and allotment of equity shares exceeding 1% of the issued capital of the Company under ESP Scheme, 2011 and for issuing and allotting of options to the employees of the subsidiary and step down subsidiary to Four Soft Limited.

The Compensation Committee will formulate inter alia the detailed terms and conditions of the Scheme including:

- The tranches within which the equity are to be allotted in accordance with the Eligibility Criteria and the number of equity shares to be allotted in each such tranche;
- The quantum of options to be granted under the STOCK PURCHASE SCHEME 2011 in the aggregate.
- The procedure for making fair and reasonable adjustment to the number and equity shares and exercise price in case of any corporate actions, such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the compensation committee:
 - i) The number and the price of equity shares shall be adjusted in a manner such that total value of the equity shares remains the same after the corporate action.
 - ii) For this purpose global best practice in this area including the procedures followed by the derivative markets in India and abroad shall be considered.

- The procedure for cashless exercise of equity shares, if any.
- Obtaining permission from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with all rules and SEBI ESPS Guidelines applicable to the STOCK PURCHASE SCHEME 2011;
- Framing suitable policies and systems to ensure that there is no violation by any person of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, Securities and Exchange Board of India(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and any statutory modifications and re-enactments thereof:

Salient features of INFRONICS SYSTEMS LIMITED EMPLOYEES STOCK PURCHASE SCHEME – 2011

QUANTUM AND PRICING

The total number of Equity shares proposed to be issued under the Scheme is 20,00,000. The equity shares shall be issued at such price as may be determined by the Board/ compensation committee.

ELIGIBILITY TO PARTICIPATE IN THE ESP SCHEME - 2011

Permanent Employees including joining employees of the company and its subsidiaries including step down subsidiary and are continuing in the employment of the company or its subsidiary including step down subsidiary company, as the case may be, on the date of allotment of shares, shall be eligible for shares under the scheme.

However, employees of the company and its subsidiaries who belong to the Promoters group of the respective company in which the employee is employed and directors of the company and its subsidiaries who individually either by themselves or through their relatives or through any body corporate, directly or indirectly hold more than 10% of the equity shares of the company or its

subsidiary in which they are a Director, shall not be eligible for equity shares under the Scheme.

The minimum and maximum number of shares an employee would be entitled to is 500 and 20,00,000 Equity shares respectively, depending upon the cadre the individual belongs to.

APPRAISAL PROCESS OF DETERMINING THE ELIGIBILITY OF EMPLOYEES TO THE ESPS - 2011

The Company has a formal performance appraisal system established wherein the performance of the employee is assessed each year on the basis of various parameters. The appraisal process is reviewed at regular intervals.

In determining the number of equity shares to be allotted, the Compensation Committee shall consider the following:

- Performance of the employee in terms of predetermined targets.
- Position, seniority and responsibilities of the employee
- Nature & value of the eligible employee's services & accomplishments, whether direct or indirect, to the company.
- The employee's present and potential contribution to the success of the company or its Subsidiary or Holding Company.
- Gap in compensation package as per market, if any.
- Such other factors as the compensation committee may deem relevant

MAXIMUM NUMBER OF EQUITY SHARES TO BE ALLOTTED PER EMPLOYEES AND IN THE AGGREGATE:

The maximum number of equity shares granted to Eligible Employees, other than key and/or top level employees as identified by the Compensation Committee, in a financial year, shall not exceed 1% of the number of issued equity shares of the company at the time of allotment of equity shares.

The Company proposes to allot key and/or top employees as identified by the compensation committee to get shares aggregating to more than 1% of the total issued capital of the company at the time of allotment. There is no proposal to grant any equity shares under this scheme to any non-executive director, whether independent or not.

LOCK-IN

The shares issued to the employees under the Scheme shall be under lock-in period of 1 (one) year from the date of allotment. Such shares cannot be pledged / hypothecated by the employees during the lock-in period.

PAYMENT

Full payment of the issue price per share would have to be made at the time for applying for Equity shares.

GOVERNMENT REGULATIONS

The Scheme will be subject to all applicable laws & guidelines of Securities and Exchange Board of India, as amended from time to time.

The company will conform to accounting policies as specified in clause 19.2 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Resolution in terms of Clause 17.5 of the ESPS Guidelines

Clause 17.5 (a)(b) of the ESPS Guidelines requires the approval of the shareholders by way of a separate resolution for the grant of equity shares to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of allotment of equity shares and also for allotment of shares to the employees of subsidiary and step down subsidiary company.

Approval of shareholders by way of separate resolution is being sought as the Company proposes to allot to the key/top level employees more than 1 % of the outstanding issued capital in any year. The rationale for grant of more than 1 % to the employees will be decided by the Board or Compensation Committee.

The ESPS 2011 seeks to reward the employees

who do not currently propose to take or have adequate remuneration as per the industry standards from the Company and has expressed their willingness to be compensated for their efforts by the issue of equity shares.

Resolutions

Your Directors recommend the resolutions as set out in Item Nos. 9, 10 and 11 for the approval of the members as Special Resolutions.

None of the Directors is concerned or interested in the resolution apart from the Directors of the Company who may be deemed to be interested in this resolution to the extent of their entitlement of share under the Scheme.

Item 12:

As per Section 293(1)(a) of the Companies Act, 1956 consent of the members in General Meeting is required to enable the Board of Directors to create charge or mortgages of the assets of the company for the borrowings for the project. Hence this resolution is proposed for approval of the members.

None of the directors of the Company is in any way concerned or interested in the above resolution.

Item 13:

Section 293(1) (d) of the Companies Act, 1956 requires that the Directors of the Company should obtain the consent of the Shareholders in the General Meeting to enable them to borrow moneys where the amount to be borrowed together with the amount already borrowed by the Company will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes.

In view of the increase in the volume of business and taking into account the requirement of additional funds, your Directors felt that they should obtain consent from the Shareholders to borrow more funds. Accordingly, it is decided to obtain the consent of the Shareholders pursuant to section 293(1)(d) of the Companies Act, 1956 to authorise Board of Directors for the borrowing powers upto 150 crores, as is now proposed under the Ordinary Resolution and to give the necessary

powers to Board of Directors as required under section 293(1)(d) of the said Act with reference to such enhanced limit. The Directors recommend the resolution for the approval of the Shareholders thereto.

None of the directors of the Company is in any way concerned or interested in the above resolution.

For and on behalf of the Board
Infronics Systems Limited

Mudunuru Madhusudan Raju
Managing Director

Place: **Hyderabad**
Date : 25.08.2011

DIRECTORS' REPORT

To,
The Members of Infronics Limited

Your Directors have pleasure in presenting the Eleventh Annual Report on the business and operations of your company and the Audited Financial Results for the year ended on 31st March 2011.

FINANCIAL HIGHLIGHTS FOR THE YEAR 2010-11:

Particulars	Rs. in lacs Year ended 31 st March 2011	Rs. in lacs Year ended 31 st March 2010
Income		
- Software Development Services	4095.97	1258.57
- Other income	13.42	1.14
Total Income	4109.39	1259.71
Total Expenditure	3583.10	976.98
Depreciation	95.50	75.57
Net Profit/ (Loss) before Tax	430.79	207.15
Provision for Tax (including fringe benefit tax and deferred tax)	137.20	(9.58)
Profit/ (Loss) after Tax	293.59	216.74

OPERATIONS:

The Company has recorded a turnover of Rs. 4095.97 lacs in the current year against the turnover of Rs. 1258.57 lacs in the previous financial year ending 2010. The Company has earned net profit of Rs. 293.59 lacs against the profit of Rs. 216.74 lacs in the previous year.

CAPITAL OF THE COMPANY:

During the period, the company has allotted 37,63,633 equity shares including 10,00,000 warrants on preferential basis to the promoters and the others at an issue price of Rs.15/- each. As a result the paid up capital of the company stands at 1,39,12,573 equity shares of Rs. 5/- each. Authorised capital of the company stands at Rs. 7,00,00,000 divided into 1,40,00,000 equity shares of Rs.5/- each.

DIVIDEND:

Your Directors do not recommend any Dividend for the current Financial Year 2010-11.

DIRECTORS:

In accordance with the Companies Act, 1956 read with Articles of Association of the Company the Director namely Mr. Akella Lakshman Mohan retires by rotation and is eligible for reappointment.

Your Board recommends the re-appointment of the Director above in the best interests of the company.

BRIEF PROFILE:

Mr. Akella Lakshman Mohan, Professional in Mathematics, worked as principal of degree and postgraduate colleges in Maharashtra and Andhra Pradesh for 25 years. Taught mathematics from PUC to MSc for 25 years. Worked as Manager administration in Voice gate Technology India Ltd. Also served as UGC expert on committees granting affiliation and autonomy of colleges in Maharashtra, Orissa, Haryana and Andhra Pradesh.

PUBLIC DEPOSITS:

Your Company has not accepted any deposits during the year under review.

GLOBAL EXPANSION:

Presently the Company is having one subsidiary Infronics Technologies Limited in UK. During the year under review, no business operations are conducted by the subsidiary. Considering the global opportunities, the Company intends to expand its operations into other geographies by way of establishment of subsidiary companies / joint ventures.

DIRECTORS' RESPONSIBILITY STATEMENT:

Directors hereby confirm:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

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

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 217(1) (e) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed to and forms part of this Report.

AUDITORS:

M/s. Ramana Reddy & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and they have opted for reappointment.

CODE OF CONDUCT:

The code 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.

PREFERENTIAL ALLOTMENT:

During the year the company has allotted 27,63,333 equity shares and converted 12,00,000 warrants into 12,00,000 equity shares of Rs.5/- each to the promoters and public on preferential basis.

The company could raise about Rs.1,88,16,665 from the above issue and spent the same towards purposes as mentioned in the respective explanatory statement. As a result the paid up capital stands at 1,39,12,573 of Rs. 5/- each aggregating to Rs.6,95,62,865.

PARTICULARS OF EMPLOYEES:

There are no employees, whose particulars are required to be furnished under Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS:

During the current year, your Directors continued adopting the code of Corporate Governance. A separate report on the Corporate Governance and Management Discussion and Analysis is attached as part of the Annual Report. An Auditors' Certificate regarding compliance of conditions of Corporate Governance is also annexed.

LISTING:

The Company's present Equity shares are listed in Ahmedabad Stock Exchange and the company has a trading platform in Bombay Stock Exchange Limited under Indonext Model.

ACKNOWLEDGEMENT:

Directors wish to place on record their deep appreciation of the services rendered by the staff for the smooth functioning during the year. They also express their thankfulness to both Central and State Government authorities for their cooperation, bankers to the Company, and all of its employees.

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

The shareholders,

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

For and on behalf of the Board
Infronics Systems Limited

Mudunuru Madhusudan Raju
Managing Director

Place: **Hyderabad**
Date : 25.08.2011

Delivering Excellence

ANNEXURE TO DIRECTORS REPORT:

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTOR'S REPORT IN TERMS OF SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, AND RULES MADE THEREUNDER.

CONSERVATION OF ENERGY:

The range of activities of your company requires minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve as far as possible.

TECHNOLOGY ABSORPTION:

There were no instances that arose in the financial year, which could give rise to technological absorption. Thus this clause is not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings : Rs. 362.06 lacs

Foreign Exchange Outgoing : Rs. 694.14 lacs

There were no imports / exports, thus the foreign exchange earnings / outgo was nil, during the financial year.

For and on behalf of the Board
Infronics Systems Limited

Mudunuru Madhusudan Raju
Managing Director

Place: **Hyderabad**

Date : 25.08.2011

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

INFRONICS SYSTEMS LIMITED has been committed to the compliance of Corporate Governance practices in the entire gamut of its business philosophy. The guiding forces of Corporate Governance are its core values – Quality operations, Customer satisfaction, Shareholders' value, Belief in people. The Company believes that a strong Corporate Governance policy is indispensable to healthy growth of business and resilient and vibrant capital markets, besides being an important instrument of investor protection. In this direction, Southern Online endeavors in true spirit, to adopt the best global practices in Corporate Governance.

2. BOARD OF DIRECTORS:

A. Composition:

- a. The Company has 5 Directors, out of which 2 are Executive and 3 are non executive - Independent Directors. The composition

of the Board is in conformity with clause 49 of the Listing Agreements entered into with the Stock Exchanges and meets the stipulated requirements.

- b. None of the Directors on the Board is a Member of more than 10 committees or Chairman of more than 5 companies across all the Companies in which he is a Director. The Directors have made necessary disclosures regarding Committee positions in other public companies as on March 31, 2011.
- c. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies is given below. Other Directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholders / Investors Grievance Committees.

Composition and category of Directors on the Board are given below:

Name of the Director	Category	Number of Directorships in other Companies	Number of Board Committee memberships held in other Companies
Mr. Mudunuru Madhusudan Raju	Promoter, Executive	2	NIL
Mr. D. V. Raju	Executive Director	2	NIL
Mr. K. Tejesh Kumar	Independent Director	4	NIL
Mr. N.Natarajan	Independent Director	NIL	NIL
Mr. Akella Lakshmana Mohan	Independent Director	NIL	NIL

- a. Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company. None of the Non-Executive Directors has any pecuniary relationship or transactions with the Company.
- b. During the Financial Year 2010 - 11 the Board of Directors met 8 times on the following dates: 30.04.2010, 08.05.2010, 14.08.2010, 28.10.2010, 12.11.2010, 28.01.2011, 11.02.2011 and 31.03.2011.
- c. The time gap between any two Board Meetings did not exceed three months.

Attendance of Directors at Board Meetings held during the financial year 2010-11

Name of the Director	No. of Board Meetings held during the tenure of the director	No. of board meetings attended	Whether attended the last AGM
Mr. Mudunuru Madhusudan Raju	8	8	Yes
Mr. D V Raju	8	8	Yes
Mr. K Tejesh Kumar	8	8	Yes
Mr. N Natarajan	8	8	Yes
Mr. Akella Lakshmana Mohan	8	8	Yes

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.

1. AUDIT COMMITTEE:

I) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292 A of the Companies Act, 1956.

II) 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 debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - Reviewing compliances as regards the Company's Whistle Blower Policy.
- III) The previous Annual General Meeting of the Company was held on 30th September 2010 and, Chairman of the Audit Committee, attended previous AGM.
- IV) The composition of the Audit Committee and the attendance of each member of the Audit Committee are given below:

Composition:

The Company has constituted an Audit Committee comprising the following three Non-Executive Independent Directors.

S.No	Name of the Director	Designation	Nature of Directorship
1.	Mr. Akella Lakshmana Mohan	Chairman	Independent, non-executive
2.	Mr. N. Natarajan	Member	Independent, non-executive
3.	Mr. K. Tejesh Kumar	Member	Independent, non-executive
4.	Mr. Mudunuru Madhusudan Raju	Member	Promoter, Executive

V) Four Audit Committee meetings were held during the year. The dates on which the said meetings were held are as follows: 30.04.2010, 14.08.2010, 12.11.2010 and 11.02.2011.

The necessary quorum was present at all the meetings.

Attendance during the year 2010-2011:

S. No	Name of the Director	Number of meetings held during the tenure of the director	Number of meetings attended
1.	Mr. Akella Lakshmana Mohan	4	4
2.	Mr. N. Natarajan	4	4
3.	Mr. K. Tejesh Kumar	4	4
4.	Mr. Mudunuru Madhusudan Raju	4	4

CEO/CFO Certification:

The Board has recognized Managing Director of the Company as CEO for the limited purpose of Compliance under the Listing Agreement. The Managing Director has certified, in terms of revised clause 49 of the listing agreement, to the Board that the financial statements present a true and fair view of the company's affairs and are in compliance with existing accounting standards, internal control and disclosures. It should be as per BSE's advice.

1. REMUNERATION COMMITTEE:

The Company has constituted Remuneration Committee to decide, fix the remuneration payable to the Managing / Whole-time Directors of the Company.

However, the remuneration of the Managing / Whole-time Director is subject to approval of the Board, and of the Company in the General Meeting and such approvals as may be necessary. The remuneration structure of Managing / Whole-time Director comprises salary only.

A. Composition:

The Remuneration Committee consists of the following Directors:

S.No	Name of the Director	Designation	Nature of Directorship
1.	Mr. Akella Lakshmana Mohan	Chairman	Independent, non-executive
2.	Mr. N. Natarajan	Member	Independent, non-executive
3.	Mr. K. Tejesh Kumar	Member	Independent, non-executive
4.	Mr. Mudunuru Madhusudan Raju	Member	Promoter, Executive

B. Brief description of terms of reference:

The Remuneration Committee shall function in accordance with the terms of reference made by the Board of Directors, which are given as follows:

1. To fix the remuneration packages of Executive Directors i.e., Managing Director, Whole-time Directors, etc.,
2. To decide on the elements of remuneration package of all the Directors i.e., salary, benefits, bonuses, stock options, pension etc.

The Non-executive Directors are not paid any sitting fees for attending the Board & Committee meetings.

None of the directors have been paid any remuneration for the year 2010-11.

The Company does not have any stock option scheme to the Whole-time Directors. The appointments are made in accordance with the terms and conditions specified in the respective resolutions passed by the members in the General Meetings.

5. INVESTORS' GRIEVANCE COMMITTEE:

A. Composition:

Your Company has constituted an Investors' Grievance Committee consisting of the following Directors:

S.No	Name of the Director	Designation	Nature of Directorship
1.	Mr. Akella Lakshmana Mohan	Chairman	Independent, non-executive
2.	Mr. N. Natarajan	Member	Independent, non-executive
3.	Mr. K. Tejesh Kumar	Member	Independent, non-executive
4.	Mr. Mudunuru Madhusudan Raju	Member	Promoter, Executive

The Board has designated Ms. Parul Agarwal, Company Secretary as the compliance officer.

The company has designated an exclusive e-mail ID called **info@infronics.com** for redressal of shareholders compliances/greivances.

B. Powers:

The Committee has been delegated with the following powers:

1. To redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
2. To approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)

3. Consolidate and sub-division of share certificates etc.

4. To redress, approve and dispose of 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 lodgement in the case of shares held in physical form.

During the period under review no complaints are received from the shareholders and there are no pending Share Transfers / Complaints as on date of this report.

Financial Year	Date	Time	Venue	Special resolutions passed
10th AGM 2009-10	30.09.2010	10.00 AM	Pride INN Guest Rooms, 8-2-289/1/B, Banjara Hills, Rd. No. 14, Beside BN Reddy Colony, Opp. Walden Street, Hyderabad - 500 034	Preferential Issue of equity shares and convertible warrants.
9th AGM 2008-09	30.09.2009	2.30 PM	Registered Office, 2nd Floor, Ektha Towers, Plot No.2&3, White Fields, Kondapur, Hyderabad - 500 084	1) Mudunuru Madhusudan Raju appointed as Managing Director for a period of 5 years. 2) Preferential Issue of 700,000 equity shares at a issue price of 30 which include a premium of Rs.20.
8 th AGM2007- 08	29.09.2008	10.00 AM	Pride INN Guest Rooms, 8-2-289/1/B, Banjara Hills, Rd. No. 14, Beside BN Reddy Colony, Opp. Walden Street, Hyderabad - 500 034	Nil

Postal ballot: The Company has not passed any resolution by postal ballot

8. Disclosures:

- The Company has not entered into any transaction of material nature with related parties i.e., Directors, Management, their relatives conflicting with the Company's interest.

- **Whistle Blower Policy:**

We have established a mechanism for employees to report concerns about unethical behavior, fraud or violation of code of conduct of the Company. The mechanism provide direct access to the Chairman of the Audit Committee for exceptional cases. All employees can also directly meet the Audit Committee members of the Company.

- **Compliance with non-mandatory requirements of clause 49 of the listing agreement:**

The Company has complied with the non-mandatory requirements to relating to remuneration committee and Whistle Blower policy to the extent detailed above and is in the process of complying with other non-mandatory requirements.

- **Management Discussion and Analysis:**

This is given as a separate section in the Annual Report.

9. 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 prominent daily newspapers, viz. Business Standard and Andhra Prabha. As the financial performance of the Company is well published, individual communication of half yearly results are not sent to the shareholders.

The Management Discussion and Analysis Report forms part of the annual report, which is posted to the shareholders of the Company.

10. General Shareholder Information:

The following information would be useful to the shareholders:

a) Eleventh Annual General Meeting:

Date and Time : Friday, 30.09.2011 at 4 P.M.

Venue : Aditya Sarovar Premiere, Crystal 1
HITEC City, Gachibowli,
Hyderabad.

b) Financial Calendar 2011-12 (Tentative Schedule):

Adoption of Quarterly results for the Quarter ending

Quarter ended	Date
30 th June 2011	On or before 14.08.2011
30 th September 2011	On or before 14.11.2011
31 st December 2011	On or before 14.02.2012
31 st March 2011	On or before 15.05.2012

Book Closure (25.09.2011 to 28.09.2011)

c) Listing on Stock Exchanges :

The Company is listed on Bombay (Indonext Model) Ahmedabad Stock Exchange Limited

d) ISIN:

Demat ISIN number in NSDL & CDSL :
INE463B01028

e) Stock Market Data:

The monthly high / low prices of shares of the Company from April, 2010 to March, 2011 at Bombay Stock Exchange are:

Date	High (₹)	Low (₹)	No. of Shares
April 2010	Nil	Nil	Nil
May 2010	Nil	Nil	Nil
June 2010	Nil	Nil	Nil
July 2010	Nil	Nil	Nil
August	Nil	Nil	Nil
September 2010	50.00	28.00	61875
October 2010	90.45	46.20	141239
November 2010	66.20	47.70	119897
December 2010	50.05	34.05	41387
January 2011	49.25	36.15	9450
February 2011	41.50	33.50	8853
March 2011	44.00	27.40	51002

f) Registrars and Transfer Agents:

Aarathi Consultants Pvt. Limited
1-2-285, Domalguda, Hyderabad-500 029
Ph.Nos.040-27638111/27634445

g) Share Transfer System:

SEBI has vide its circular dated 27-12-2002, directed that all work relating to share registry, both physical and demat should be maintained at a single point. Accordingly, the Share Transfers, both

physical and demat form, are done by the Registrar and Share Transfer Agents i.e., Aarathi Consultancy Private Limited. The requests received for transfer of shares in physical form are generally completed within the stipulated time.

11. (A) Shareholding pattern as on 31.03.2011:

SHARE HOLDING PATTERN AS ON 31/03/2011

CATEGORY	No. of Shares Held	% of Share Holding
A. Promoters Holding		
1. Promoters & group		
- Indian Promoters	4968653	35.71
- Foreign Promoters	0	0
Sub Total A	4968653	35.71
B. Public Share Holding		
2. Institutional Investors		
a. Mutual Funds/UTI	Nil	
b. Banks, FIs, Insurance Companies	Nil	
c. FIs	Nil	
3. Others	163320	1.17
a. Body Corporate	318555	2.29
b. Indian Public (Holding more than 1 lac)	7465172	53.66
c. Indian Public (Holding less than 1 lac)	996438	7.16
d. NRIs/s	Nil	
e. Employees	163320	1.17
f. Clearing Member	435	0
Sub Total B	8943920	64028
Grand Total	13912573	100.00

12. Dematerialisation of Shares:

Trading in Company's shares is permitted only in dematerialised form for all investors. 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.

Particulars	No. of Shares	% Share Capital
NSDL	54,69,648	39.31
CDSL	22,71,607	16.33
PHYSICAL	61,71,318	44.36
Total	1,39,12,573	100.00

13. Address for correspondence :

Registered office : 2nd Floor, Ektha Towers, Plot No.2&3, White Fields,
Kondapur, Hyderabad – 500 084

R & T Agent : Aarhi Consultancy Private Limited,
1-2-285, Domalguda, Hyderabad-500029
Ph. Nos. 040-27638111 / 27634445

For and on behalf of the Board
Infronics Systems Limited

Mudunuru Madhusudan Raju
Managing Director

Place: **Hyderabad**

Date : 25.08.2011

Delivering Excellence

Dear Shareholder,

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

Managing Director's Certificate

I, Mudunuru Madhusudan Raju, Managing Director of Infronics System 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 omitted 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.

Place: **Hyderabad**
Date : 25.08.2011

Mudunuru Madhusudan Raju
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

History & Performance:

Infronics Systems Limited (ISL) is an IT Products and Solutions company. Infronics was formerly known as suchinfotech and the company has been rebranded as Infronics systems to project its line of activities in Information Technology and Electronics Hardware.

The following are the activities of the company.

Software

- Product Development
- Solution Development
- Systems Integration

Hardware

- Hardware Design & Development
- Hardware Production
- Firmware and SDK Development

Embedded Systems

- Design and Prototyping of embedded Systems
- Firmware Development

Infronics has crossed 10 Years of Operations with footprints across globe. We are pleased with progress to date and completed foundations of a big take off. Our integrated Hardware/Software model is working well and we have Healthy pipeline of opportunities. We have spent huge amounts in R&D for developing various products in last few years which will be leveraged in the year 2011 onwards.

Clients

- Clients spread across various industries like Banks, Manufacturing facilities, Defence Establishments and Textile industry and Oil Refineries including TOP 10 IT companies of India.
- Key customers include about 15 State Governments in India and
- Top 20 IT houses are our customers/bidding partners.

- Chennai Port- Largest Port , is using our RFID Vehicle tracking system, first of its kind for Sea Ports in India.
- One of the Largest Refineries, BPCL, is using our RFID technology, first of its kind for Refineries in India.
- Delhi Airport - is using our RFID driver management system, first of its kind for Airports in India.
- Largest SEZ Complex, Magarpatta - is using our RFID Parking management system, first of its kind for SEZs in India
- CISCO Systems is using our RFID tracking technology for their Bangalore facility
- Won the Police modernization tender from NEPAL
- Bagged Contract for Unique ID enrolment and eligible to do 1.25 crore enrolments per year.
- Agriculture based solutions in India, Kenya and Rwanda

Awards

Infronics is primarily focused on achieving technological leadership through greater emphasis on R&D and In-house software development, hardware design and manufacturing facility catering to domestic and overseas market.

- Received MSME National award in entrepreneurship for the year 2010
- Received Appreciation and Invitation 3 times from USA Federal Government to showcase our Handheld terminal Innovation
- Received Best Research and Development Company award from FAPCCI For the year 2008 and 2009.
- Received Special Jury Award for 2009 from Software Association of Hyderabad (ITsAP)

Infronics Presence & Expansion Plans

Development Centre – I

Hyderabad – India

Development Centre – II

Visakhapatnam, Visakhapatnam

USA Subsidiary:

Atlanta, USA

Manufacturing and Hardware Production Unit:

Kondapur, Hyderabad

Planning for a fully functional State-of-the-Art Hardware Manufacturing Unit

Global Expansion Plans

Mauritius and South Korea

Vision, Mission and Core Values:

Vision

To be one of the leading IT Products and Solutions companies in the World by 2015.

Mission

To achieve Technological, Operational and Performance Excellence through innovation.

Core Values

Team Work – Believe in “together we achieve more”

Respect – Value the individual, others and our diversity

Trust - Keep our promises

Integrity – Conduct ourselves honestly, professionally and ethically

Quality – Employ quality conscious processes

Community – Believe in corporate social responsibility

Caption & Its Significance – ‘Delivering Excellence’

It signifies the mission statement in Delivering

- Technological Excellence
- Operational Excellence
- Performance Excellence

Infrastructure

We are proud that all our centers boast of state-of-art infrastructure. In the next two years, we plan to build a campus at Visakhapatnam, Andhra Pradesh, India to house our corporate, Product Development and Global Delivery Services center. To this effect, we have requested the Government of Andhra Pradesh to allot 5 acres of land.

We intend to continue investments in physical and technological infrastructure to support our growing worldwide development and sales operations and to increase our productivity. To enhance our ability to hire and successfully deploy increasingly greater numbers of technology professionals, we intend to continue investing in recruiting, training and maintaining a challenging and rewarding work environment.

Support/Administration

Today, some of the best and brightest minds of the country powers the Infronics Team. The team has industry experience comprising many man-years and are the alumni of the prestigious educational institutions like BITS - Pilani and IITs. Some of the Key people include:

Team

- 180 plus Dedicated, Qualified and experienced team of engineers from some of the best Universities and 800 plus contract workers for Unique ID enrolment

Board of Directors

M S Raju

Chairman & Managing Director

M S Raju has over 12 years of experience working on various software projects in India and Abroad. He has vast experience and specialization in various software domains and platforms. He worked on all types of computers ranging from Mainframes, Midrange, and PCs.

His previous stint includes working for companies clients like GE, Wipro, Allied signals Inc., Tufts Health Care, Enpia Systems (Research Department), Hanwha (Research Department). He is constantly striving to improve the software capabilities of the company.

One of the founding members of Infronics, M S Raju has been leading the company and responsible for bringing all the world-class talent to Infronics. Being an entrepreneur at heart, with sheer focus, determination and a go-getter attitude, he has taken Infronics to the heights where it stands today.

M S RAJU holds MS degree in software engineering from BITS, Pilani



D V Raju

Director

He has two decades of experience in operational and administration. His prior entrepreneurial experience in his own establishments, prior to joining Infronics Systems Ltd. is a definite value addition in operations and administrative activities.



K Tejesh Kumar

Director

Mr. K Tejesh Kumar, has earned MBA from Andhra University. He has executed several consulting and software development projects. He assists the Company in technical and managerial development. He is also a director of Global IT Inc., a software Company in Chicago, USA. Tejesh Kodali is endowed with more than 15 years of experience in Information Technology, Finance and environment Industries. An entrepreneur and an environmentalist he has the distinction of promoting Technology, Infrastructure and alternative fuel companies.



N Natarajan

Independent Director

Electronics Engineer graduated in the year 1972, from Institution of Electronics and Telecommunication Engineers, New Delhi. Holds a PG Diploma in production management from Annamalai University.

Significant portion of his career is centered around Development of Embedded System Solutions and Technology Training.

Worked for Indian Space Research Organization in TERLS and SHAR Center; Ministry of Planning, Government Computer Center at New Delhi; Department of Electronics, National Informatics Center at New Delhi. Served Corporate R&D of CMC Ltd for fourteen Years.

Mr. Natarajan was associated with an ODC of NRIs as General Manager. He established a System Software School to train fresh engineers to suit System Software Developers. He was also the CEO of a Software Development and Training Company called Sophists Technologies at Hyderabad and was consultant to M/s. Robert Bosch, India for over one year.



A L Mohan
Independent Director

Professional in Mathematics, worked as principal of degree and postgraduate colleges in Maharashtra and Andhra Pradesh for 25 years. Taught mathematics from PUC to MSc for 25 years. Worked as manager administration in Voice gate Technology India Ltd. Also served as UGC expert on committees granting affiliation and autonomy of colleges in Maharashtra, Orissa, Haryana and Andhra Pradesh.



Top Management

K S Rao (Chief Executive Officer)

An Electronics & Communications Engineer with 30+ years of experience in the IT industry in various capacities. Played the roles of MD, CEO, Country Manager, Entrepreneur, Business Head and Project Head; taking care of complete business, operations, both technical and administrative. Taken up projects from concept stage and successfully implemented, taking overall responsibilities. Major thrust in to BFSI, Government, Corporate, Telecom Industry verticals in selling hardware, software, product and solutions selling.



M Chandra Sekhar (Advisor - Executive Council)

Chandrashekar has over 2 decades experience in the IT industry having worked for leading multi-national companies. His expertise covers all areas of business operations including heading Strategic Business Units/Projects, Project and Organizational Management, Business Development and Marketing. He has written several articles on technology related issues that have been published in leading newspapers and journals. He also regularly writes on current affairs. Chandrashekar has done his Master of Science in Computer Engineering from Wayne State University, USA and Bachelor of Engineering in Electronics & Communication from Osmania University, India.



V V Rama Rao (Director – Research and development)

A Graduate from JNTU, Hyderabad, has over 20 years of experience in various companies including ET&T, IRIS Smart Cards and Danlaw Technologies. A specialist in design and development of embedded systems pertaining to Biometrics, RFID and Smart card technologies. He underwent special training on behalf of Government of India on High Secure Voice Communication at Motorola, USA. He was also In-Charge of installation and commissioning of various IC manufacturing equipment at DPR Korea on a UNDP assignment.



M N Krishna (Sr Vice President - Sales & Marketing)

M N Krishna an Electronics engineering graduate with diploma in business management has vast experience of over 36 years in IT and Networking field. His previous working experience includes ECIL, ESPL, Bay Datacom solutions and ACS Technologies. A promotor and first Director of Bay Datacom Solutions Pvt.Ltd. having over 4000 certified networking installations. He is a recipient of "RAJIV GANDHI SHIROMANI AWARD" for outstanding Achievements and Services for Individuals who have excelled in their Chosen field during 1998. He is also a GLG Consulting Management member of Gerson Lehrman Group - Tech Media & Telecom Council.



Simon Holland (Advisor Executive Council)

Dr Simon M Holland has vast industry experience in strategy and operations consulting across the US, Europe, Latin America and Asia. He has been a lead member of the Strategic Research Group for CapGemini which was the leading think tank and analysis group for the CapGemini group in the telecoms and media sectors and worked on leading strategy and market analysis reports for Europe and Globally. He has since been working in Agriculture Consulting and knowledge services and was the only foreign representative to be invited to be a committee member for the 11th 5-Year Plan in "IT in Agriculture Marketing". As well as working in the agriculture sector Dr Holland headed the Telecoms & Media Strategic Research Team in London for Gemini Consulting which he recreated in Mumbai. He also worked in Telecoms and ICT companies across Europe and the US on strategy and operations projects.



V Venugopal (Sr Vice President - Sales & Marketing)

Holds a Bachelors Degree in Mechanical Engineering, 1976, from Osmania University. Over 35 years of Experience from a government organization in Customer support and Marketing and project execution verticals. Organized customer support activity across the country for 4000+ customers with planned spare parts and technical support through systems and procedures. Concept visualization, solution design and project execution of Biometric and Access control, e-governance and Health care segments for vital government, corporate and private customers. Citizen centric e-governance applications, public interactive Transport solutions like Check gates & Driving Licence and RC, Technology oriented Biometric & RFID and Multi - technology Hospital management projects form the core of the experience.



P Uday Bhaskar (Head International Operations)

With over a decade's experience in Indian Corporates and Multi-National Companies in India, he has vast experience in the verticals of Business Development, Finance & Banking Operations. His previous assignments include Merchant Operations and ATM Management and Retail Banking Operations in Citigroup. He holds both an MBA degree as well as Post Graduate Diploma in Human Resource Management from Andhra University. Apart from much recognition in the career, he was awarded best student for the academic year during MBA program. He has been one of the driving forces in strategic building of the organization over the last three years.



K R K Reddy (Chief Operations Officer)

A versatile individual with an accomplished and proven career with exceptional performance and profitable delivery of the assigned role in the areas of operations, support/shared serves, setting up new units and building the teams.

Self-motivated with internal excellence and ethics in achieving more than expectations and outperform the role. Highly customer focused with inbuilt cost leadership. Exposed to various quality and profitability programs including ISO 9001:2008, 14000, BS7799, Six Sigma Green Belt and Lean etc. MCA graduate with 16 years of experience out of which 12 years in Indian premium corporate houses with 8 Years in Tata Group and 4 years in Essar group. The experience includes both IT & ITES industries apart from Technical Education. With never say "NO" attitude, firm believer of only results than reasons. Enjoys new challenges and expanding horizons, building teams, Passionate about delivery. Improvisation is the key.



Mohin Syed (Vice President – Sales and Marketing – International)

Mohsin Syed -a BITS,Pilani alumnus with an undergraduate degree in operations engineering and a specialization in Footwear Technology. After graduating from BITS,Pilani in 1999,he joined Zazsons Exports Ltd., a footwear export house in Kanpur and moved to the ranks of Project Manager - International Business in 2001 . In 2002, he joined University of Florida,Gainesville,USA and graduated with an MBA in 2004, with specializations in Supply Chain Management & Finance. He served as the Senior Marketing Manager with Enterprise Rent A Car in Jacksonville, Florida and then after 3 years moved to Blue Cross & Blue Shield of Florida as it Marketing Manager-Key Accounts. He decided to return to India in Jul 2007 and has been serving in the Capacity of Head-Client Services with Pan Power Group,New Delhi. He also holds a P.G.Diploma in Global Sales & Marketing Management from National Institute of Sales, and has completed German Intermediate Level-III from Goethe Institute Chennai.



V V Ratnam (Asst Vice President - Finance & Accounts)

Cost Accountant with 25+ years experience in various organizations.



Research and Development (R & D)

Infronics high investment in Research and Development enables us to offer the kind of future-ready technology and services for businesses of today and technology demands of tomorrow.

The company deals with successfully Designed, Developed and commercialized many indigenous innovative products involving Both Software and Hardware and filed four patent applications.

Infronics continues to focus on R & D activities for developing and improving the quality and enhancing the benefits of its software products.

Benefits derived as a result of the R & D Research and development of new services & processes will continue to be of importance to your company.

Strategic Initiatives

We have put up lot of strategic initiatives to transform our firm to meet the changes in business environment for the next five years. Some of them are :

We have a Mission and vision in place for the next five years and to achieve the same we had laid a

strategic Initiative plan and clear road map was drawn for all the departments.

- Important Strategic Initiatives for the next five years
- Strategic planning for the introduction of New products & solutions into the market to increase our product base
- Planning for the upgradation of robotic manufacturing facility to industry standards.
- Planning for Expansion of our marketing network to International Markets
- Strategic plans on Acquisition, Association and Subsidiary growth driven companies

We have a clear vision and Mission to be achieved in the next five years and all the employees of the company are educated and trained to achieve our goals and every employee is geared up to transform themselves in achieving our vision and mission. We have laid a clear Growth plan for the next 5 years in terms of sales to be achieved, products to be released into the market, profits to be achieved and all the personnel transformation to meet the market challenges.

Global Expansion Plans

Overseas Operations: Geographical expansion to fuel to future growth

Infronics today has a bouquet of world-class products and services and is geared up to launch them in a big way in the International Markets. Infronics has established a presence in UK and plans to enter the US, Korea and Middle East markets in the year 2010-11. We are confident that through our expansion, the company will increase not only its geographic footprint but also expand its market and revenues while de-risking its business model.

The parent company, Infronics Systems Limited is a listed company headquartered in Hyderabad, Andhra Pradesh, India. Infronics Systems is planning to start offices and Joint ventures in South Korea , Mauritius, Dubai and in African Region.



Delivering Excellence

WE HAVE SUCCESSFULLY

Designed, developed and commercialized many indigenous innovative products involving both software and hardware

TEAM AND RESOURCES:

To realize the vision, Infronics has a strong growing team of highly qualified technical and administrative resources from some of the best universities of India. The team consists of technology and functional experts in the respective technologies and application domains.

OPERATIONAL AND FINANCIAL PERFORMANCE:

- **Sales:** During the year under review, Net Sales and Operational Income stood at Rs. 4095.97 lakhs and Rs. 526.29 lakhs as against Rs.1258.57 lakhs and Rs.282.72 lakhs in previous year, registering an increase in Sales by 225%.
- **Net Profit:** During the year, the Company has achieved a Net Profit of Rs. 293.59 lakhs as against Rs 216.74 lakhs, during the corresponding period in the previous year.
- **Net Worth:** The Net Worth of the Company increased to Rs.1729.22 Lakhs from Rs. 830.29 Lakhs during the previous year. The increase has been primarily on account of profit earned by the Company during the year under review and securities premium.
- **Net working Capital:** The net current assets of the Company increased from Rs. 789.92 lakhs in previous year to Rs. 1380.99 lakhs.
- **Fixed Assets:** During the year, under review, additions to fixed assets amounted to Rs. 1572.70 lakhs. The amount has primarily been used in up-gradation and modernization of the manufacturing facilities including set-up of ETP facility.

INTERNAL CONTROL SYSTEMS:

The Company has adequate internal control systems commensurate with the size and the nature of business of the Company.

The internal control system is constantly assessed and strengthened with tighter control procedures.

The internal control systems ensure effectiveness of operations, compliance with internal policies and applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions.

The audit committee periodically reviews the adequacy and efficiency of the said internal control systems. All the issues relating to internal control systems are resolved by the audit committee.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

The Company recognizes the importance and contribution of the employees. Human Resource is viewed to be as one of the most important factors in the growth process. With a view to crossing further frontiers in business performance, the Company strives to organize training modules for understanding and improving the core skills of the employees. It is the continuous effort by the Company that helps to provide the right environment in order to maximize team efforts while exploiting individual growth potential in the right manner.

The Directors record their appreciation of the support and continued contribution of all employees towards the growth of the Company.

AUDITORS' REPORT

The Members of
INFRONICS SYSTEMS LIMITED,
HYDERABAD.

1. We have audited the attached Balance Sheet of M/s. INFRONICS SYSTEMS LIMITED as at 31st March, 2011 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 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 2011;
 - (b) In the case of the Profit and Loss account, of the Profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

PLACE : HYDERABAD
DATE : 25.08.2011

(CA. KISHORE KUMAR K.)
PARTNER

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph (3) 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) According to the information and explanation given to us, the company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained u/s.301 of the Act.
4. 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.
 - (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 not made any 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.
6. 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 thereunder are applicable.
7. The company has an internal audit system commensurate with the size and nature of its business.
8. 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.

9. (a) The company is generally 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, 2011 for a period of more than six months from the date they became payable.
(c) 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.
10. The company has neither accumulated losses as on 31.03.2011 nor it has incurred any cash losses during the year ended on that date or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any banks / financial institutions.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. 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.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 (as amended) are not applicable to this company.
15. 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,
16. 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.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.
18. According to the information and explanations given to me, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised any money by public issue, during the year.
21. 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 : 25.08.2011

(CA. KISHORE KUMAR K.)
PARTNER
Membership No. 215459

BALANCE SHEET AS ON 31ST MARCH, 2011

Particulars	Sche- dules	As at 31.03.11 Rs.	As at 31.03.10 Rs.
SOURCES OF FUNDS:			
1. SHARE HOLDERS FUNDS			
(a) Share Capital	A	69562865	48683600
(b) Share Application Money		1440000	1207198
(c) Reserves & Surplus	B	103359247	34345402
2. LOAN FUNDS			
(a) Secured Loans	C	139654900	26642873
(e) Unsecured Loans	D	0	1127000
3. Deferred Tax Liability (Net)		6113242	1298303
TOTAL		<u>320130254</u>	<u>113304376</u>
APPLICATION OF FUNDS:			
1. FIXED ASSETS			
(a) Gross Block	E	198494060	41224692
(b) Less: Depreciation		<u>17423050</u>	<u>7872296</u>
(c) Net Block		181071011	33352396
2. INVESTMENTS			
	F	959774	959774
3. CURRENT ASSETS, LOANS & ADVANCES			
(a) Cash & Bank Balances		5417705	536085
(b) Inventories		203644324	10786025
(c) Products under development		33535108	31375693
(d) Sundry Debtors		161354316	41939025
(e) Loans & Advances		48185215	9244250
		<u>452136668</u>	<u>93881078</u>
Less: Current Liabilities & Provisions	H		
(a) Current Liabilities		305132373	11214336
(b) Provisions		8904826	3674536
		<u>314037199</u>	<u>14888872</u>
NET CURRENT ASSETS		138099469	78992206
TOTAL		<u>320130254</u>	<u>113304376</u>
NOTES ON ACCOUNTS	K		

VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No.003246S

FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
DIRECTOR

(CA.KISHORE KUMAR K.)
PARTNER
Membership No.215459

(M.MADHUSUDAN RAJU)
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 25.08.2011

Ms. PARUL AGARWAL
COMPANY SECRETARY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Sche- dules	Current Year Rs.	Previous Year Rs.
INCOME:			
- Revenue from Software Services & Products		409596789	125857019
- Other Income		1342267	113853
TOTAL		<u>410939056</u>	<u>125970872</u>
EXPENDITURE:			
- Software Development & Administrative Expenses	I	123356288	73514279
- Cost of Sales		222410185	19686054
- Financial Charges	J	12542900	4498097
- Depreciation		9550752	7556903
TOTAL		<u>367860125</u>	<u>105255333</u>
Net Profit for the year before tax		43078931	20715539
Less: Provision for Taxation			
Current Tax		8904826	3674536
Deffered Tax Liability/Asset		<u>4814939</u>	<u>-4633071</u>
		13719765	-958535
Net Profit after tax		<u>29359167</u>	<u>21674074</u>
Add: Balance brought forward from previous year		31555402	9881328
Balance carried to Balance Sheet		<u>60914569</u>	<u>31555402</u>

NOTES ON ACCOUNTS

K

VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
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FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
DIRECTOR

(CA.KISHORE KUMAR K.)
PARTNER
Membership No.215459

(M.MADHUSUDAN RAJU)
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 25.08.2011

Ms. PARUL AGARWAL
COMPANY SECRETARY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	2010-2011 Rs.	2009-2010 Rs.
Cash Flow From Operations		
Profit Before Tax and Interest	43078931	20715539
Depreciation and Depletion	9550752	7556903
Decrease(increase) in Inventories	(192858299)	(3577417)
Decrease(increase) in Products under development	(2159415)	(11005340)
Decrease(increase) in Sundry Debtors	(119415291)	55947568
Decrease(increase) in Loans & Advances	(38940965)	(3848950)
Increase (Decrease) in Current Liabilities	293918039	(598926)
Income tax paid	(3674536)	(1966674)
Sub-Total - A	(10500784)	63222703
Cash Flows From Financing		
Cash Received from issuance of share capital	20879265	(21190531)
Decrease in Reserves by demerger and merger	0	(9274255)
Share Application Money	232802	0
Securities Premium	39654678	(60221880)
Secured Loans Received	113012027	7507673
Unsecured Loans Received	(1127000)	(483000)
Sub-Total - B	172651772	(83661993)
Cash Flows from investing		
Purchase of Fixed Assets	(157269368)	20112273
Sub-Total - C	(157269368)	20112273
Cash Equivalents (A+B+C)	4881620	(327017)
Add: Opening Cash and Cash Equivalents	536085	863102
Closing Cash and Cash Equivalents	5417705	536085

VIDE OUR REPORT OF EVEN DATE
for RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
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FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
DIRECTOR

(CA.KISHORE KUMAR K.)
PARTNER
Membership No.215459

(M.MADHUSUDAN RAJU)
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 25.08.2011

Ms. PARUL AGARWAL
COMPANY SECRETARY

SCHEDULES TO ACCOUNTS	As at 31.03.11 Rs.	As at 31.03.10 Rs.
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SCHEDULE - A

SHARE CAPITAL

- Authorised: 140,00,000 Equity Shares of Rs.5/- each (Previous year 100,00,000 Equity Shares of Rs.5/- each)	<u>70000000</u>	<u>50000000</u>
- Issued, subscribed and paid up: 1,39,12,573 Equity Shares of Rs.5/- each fully paid up (previous year 77,36,720 Equity Shares of Rs.5/- each fully paid up)	69562865	38683600
- Share Capital Suspense (20,00,000 Equity Shares of Rs.5/- each pending for allotment to the shareholders of Instrument and Defence Technologies (India) Pvt Ltd)	0	10000000
	<u>69562865</u>	<u>48683600</u>

SCHEDULE - B

RESERVES & SURPLUS

- Profit & Loss Account	60914569	31555402
- Securities Premium	42444678	2790000
	<u>103359247</u>	<u>34345402</u>

SCHEDULE - C

SECURED LOANS:

- SBI Term Loan	57375758	0
- SBI Cash Credit	53081757	0
- Andhra Bank Term Loan	0	2709079
- Andhra Bank Cash Credit	0	22730615
- Hire Purchase Finance	29197385	1203179
TOTAL	<u>139654900</u>	<u>26642873</u>

SCHEDULE - D

UNSECURED LOANS:

- From Directors	0	1127000
TOTAL	<u>0</u>	<u>1127000</u>

SCHEDULE - E

FIXED ASSETS

Description of the Asset	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	As on 01.04.10 Rs.	Adds/Deds during the year Rs.	As on 31.03.11 Rs.	As on 01.04.10 Rs.	For the year Rs.	As on 31.03.11 Rs.	As on 31.03.11 Rs.	As on 31.03.10 Rs.
Office Equipment	2869305	6001048	8870353	464343	221006	685349	8185004	2404962
Computers & Accessories	20035413	139361696	159397109	5168707	7622349	12791056	146606053	14866706
Lab Equipment	83466	0	83466	14886	3965	18851	64615	68580
Tools & Spares	27040	74776	101816	7083	1284	8367	93449	19957
Furniture & Fixtures	15448968	11831848	27280816	1825383	1439900	3265283	24015533	13623585
Vehicles	2760500	0	2760500	391894	262248	654144	2106357	2368606
TOTAL	41224692	157269368	198494060	7872296	9550752	17423050	181071011	33352396

SCHEDULES TO ACCOUNTS		As at 31.03.11	As at 31.03.10
	Rs.	Rs.	Rs.
SCHEDULE - F			
INVESTMENTS			
Long Term - Unquoted			
Investment in 100% Subsidiary - Infronics Technologies Ltd (UK)		959774	959774
		<u>959774</u>	<u>959774</u>
TOTAL		<u>959774</u>	<u>959774</u>
SCHEDULE - G			
CURRENT ASSETS, LOANS AND ADVANCES:			
(a) Cash & Bank Balances:			
- Cash Balance	418103		398721
- Balance with Scheduled Banks Current Account	4999602		137364
		5417705	536085
(b) Inventories (As certified by the Management)			
- Materials	194525312		10786025
- Work-in-Process	9119012	203644324	0
			10786025
(c) Products under development (Expenditure incurred for development of products)			
		33535108	31375693
(d) Sundry Debtors (Unsecured and Considered Good)			
- Debtors outstanding for a period exceeding 6 months	25702107		5491620
- Other Debts	135652209		36447405
		161354316	41939025
(e) Loans & Advances:			
- Deposits	11985391		2988311
- TDS Receivable	1873369		333811
- Other Advances	34326455		5922128
		48185215	9244250
TOTAL		<u>452136668</u>	<u>93881078</u>
SCHEDULE - H			
CURRENT LIABILITIES AND PROVISIONS:			
a) CURRENT LIABILITIES:			
- Creditors for Supplies	220891315		3078346
- Creditors for Capital Equipment	40472970		0
- Creditors for Expenses	41738890		5855819
- Creditors Others	2029197		2280171
		305132373	11214336
b) PROVISIONS:			
- for Tax		8904826	3674536
TOTAL		<u>314037199</u>	<u>14888872</u>

	Current Year Rs.	Previous Year Rs.
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SCHEDULE - I

**SOFTWARE DEVELOPMENT &
ADMINISTRATIVE EXPENSES**

- Rent	2222600	1569618
- Rates & Taxes	1400740	227927
- Salaries & Other Benefits to Employees	16241167	8429333
- Staff Welfare	1209113	358144
- UID Project Expenses	7107690	0
- Overseas Development Expenses	69418623	47900920
- Professional & Consultancy	8487798	2024437
- Directors' Sitting fee	0	11667
- Computer Maintenance	495736	39949
- Web Registration & Hosting Charges	335913	415161
- Job Work Charges	294564	266870
- Internet Expenses	243068	583832
- Donations	0	6000
- Equipment Hire Charges	3205718	517612
- Electricity Charges	263437	316677
- Directors' Remuneration	2112000	2688000
- Printing & Stationery	366323	254041
- Books & Periodicals	34735	113747
- Postage & Telegrams	79050	60027
- Registration, License & Filing Fee	774574	912459
- Office Maintenance	1119860	590952
- Vehicle Maintenance	316855	171197
- Insurance	214508	505052
- Business & Sales Promotion	62060	29350
- Miscellaneous Expenditure	105411	81430
- Advertisement	939720	1524334
- Audit Fee	200000	150000
- Travelling & Conveyance	5336377	3074716
- Telephone Charges	724455	461666
- Security Charges	24693	0
- Membership fees	10000	213566
- General Meetings Expenses	9500	15595
TOTAL	123356288	73514279

SCHEDULE - J

FINANCIAL CHARGES

- Interest on Cash Credit	5183926	3161967
- Interest on Term Loan	2140747	159169
- Interest HP Loans	1638603	223955
- Interest - Others	616971	810030
- Bank Charges	510698	142976
- Loan Processing Charges	2451955	0
TOTAL	12542900	4498097

SCHEDULE - K

NOTES ON ACCOUNTS:

1. Disclosure of 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 are 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:

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

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".

2. 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.

3. Expenditure incurred for overseas software development has been shown under the head "Overseas Development Expenses" in the financial statements.

4. Contingent Liabilities not provided for:

Bank Guarantees (2010 – 11) – Rs.39.38 lakhs

5. Secured Loans:

During the year, the company has availed Working capital and Term Loan facilities from State Bank of India. The term loan and cash credit from State Bank of India are secured by fixed assets, stocks, debtors and personal guarantees of directors.

6. Computation of Net Profit u/s. 198/349 of the Companies Act, 1956 and commission payable to managerial Personnel.

	2010-11 in Lakhs
Profit Before Tax and Exceptional Items	430.79
Add: Managerial Remuneration	21.12
Net Profit as per Section 198 of Companies Act, 1956	451.91
Maximum permissible managerial remuneration as per Sec. 349 of the Companies Act, 1956	45.19

7. Managerial Remuneration:

Description	2010-11 Rs.	2009-10 Rs.
Managing Director	1800000	1800000
Whole Time Directors	312000	888000
TOTAL	2112000	2688000

8. Auditor's Remuneration

Description	2010-11 Rs.	2009-10 Rs.
- Audit Fee	120000	80000
- Tax Audit Fee	60000	50000
- Other services	20000	20000
- Certification Fees	19500	25000
TOTAL	219500	175000

9. 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.

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

Sno.	Description	2010-11 Rs.	2009-10 Rs.
A	Availment / (Repayment) of Unsecured Loans	-- (1127000)	(-) (-)

11. 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, 2011. 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.

12. Income Tax:

a) Current Tax

Provision for current tax has been made as per the provisions of Sec. 115JB of the Income Tax Act, 1961.

b) 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 additionally provided Rs. 48,14,939/- towards deferred tax liability in the year 2010-11. The major components of deferred tax asset / liability is on account of timing differences in depreciation

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

14. Imports on CIF Basis

Year ended 31 st March	2010-11 Rs.	2009-10 Rs.
Capital Goods	95257082	--
Purchases	232529587	11411895

15. Expenditure in foreign currency

Year ended 31 st March	2010-11 Rs.	2009-10 Rs.
Expenditure	69414376	12907058

16. Earnings in foreign exchange

Year ended 31 st March	2010-11 Rs.	2009-10 Rs.
Receipts from Software development	36206248	46232751

17. Earning Per Share

The numerators and denominators used for calculation of EPS

	Year ended 31.03.11	Year ended 31.03.10
a) Profit available to the Equity Shareholders (Rs.)	29359167	21674074
b) No. of Equity Shares	13912573	7736720
c) Weighted Average No. of Shares	11283973	7352821
d) Nominal value of Share (Rs.)	5	5
e) Earning per Share	2.60	2.80
f) Earning per Share- considering share capital suspense	--	2.23

18. Paise have been rounded off to the nearest rupee. Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings.
19. The company is engaged in the software development. The production and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and the Information required pursuant to paragraphs 3, 4C and 4D of Part II of Schedule - VI of the Companies Act, 1956.

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

SIGNATURES TO SCHEDULES 'A' TO 'K'

VIDE OUR REPORT OF EVEN DATE

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

(CA.KISHORE KUMAR K.)
PARTNER
Membership No.215459

PLACE : HYDERABAD
DATE : 25.08.2011

FOR AND ON BEHALF OF THE BOARD

(D. V. RAJU)
DIRECTOR

(M.MADHUSUDAN RAJU)
MANAGING DIRECTOR

Ms. PARUL AGARWAL
COMPANY SECRETARY

**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE**
(In terms of amendment of Schedule VI - Part IV)

I. Registration Details
Registration No.20977

State Code: 01

Balance Sheet
Date : 31.03.2011

II. Capital Raised during the year (Amount in Rs.Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	20879

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands).

Total Liabilities	320130	Total Assets	320130
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Sources of Funds:

Paid-up Capital	69563	Reserves & Surplus	103359
Secured Loans	139655	Unsecured Loans	Nil

Application of Funds:

Net Fixed Assets	181071	Investments	960
Net Current Assets	138099	Misc.Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of Company (Amount in Rs.Thousands)

Turnover & Other Income	410939	Total Expenditure	367860
Profit/Loss Before Tax	43079	Profit/Loss after Tax	29359
Earning per Share in Rs.	2.60	Dividend Nil	Rate Nil

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description

Computer Software & Software Products

FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
DIRECTOR

(M.MADHUSUDAN RAJU)
MANAGING DIRECTOR

PLACE : HYDERABAD
DATE : 25.08.2011

Ms. PARUL AGARWAL
COMPANY SECRETARY

INFRONICS SYSTEMS LIMITED

2nd floor, Ektha towers, Plot -No-2 & 3 White field, Kondapur
Hyderabad Andhra Pradesh

PROXY FORM

DP.ID & Client ID / Master Folio No. _____(To be filled in by Member)I / We
_____ of _____ in the District of _____being
a member(s) of INFRONICS SYSTEMS LIMITED, hereby appoint _____ of _____
or failing him _____ of _____ as my/our Proxy to attend and vote for me/us behalf at the
Eleventh Annual General Meeting of the Company to be held on 30.09.2011 at 4 p.m. and at any
adjournment thereof.

Signed this _____ day of _____2011

1 Rupee
Revenue
Stamp

No. of Shares _____

Note: The Proxy, in order to be effective, should be duly stamped, completed in all respects, and signed, and must be deposited at the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting .The Proxy need not be a member of the Company.

INFRONICS SYSTEMS LIMITED

2nd floor, Ektha towers, Plot -No-2 & 3 White field, Kondapur
Hyderabad Andhra Pradesh

ATTENDANCE SLIP

DP.ID & Client ID / Master Folio No. _____(To be filled in by Member)Name of Member (in
Block letters) _____No of shares held _____ Name of Proxy

I hereby record my presence at the Eleventh Annual General
Meeting on 30.09.2011, at Aditya Sarovar Premiere, Crystal 1, Hitec City, Gachibowli, Hyderabad, Andhra
Pradesh at 04:00 pm.

Signature of Member
Proxy

Note: A Member/Proxy wishing to attend the meeting must complete this Admission slip and hand it over at the entrance.



