



K S Rao
Managing Director

National Award for Outstanding entrepreneurship



National Award



FAPCCI Award



Best R&D Company for the year 2008-09



FAPCCI Award



FAPCCI Award



National Award



Award by AIEE



Memento from AP Police

INFRONICS SYSTEMS LIMITED

12th Annual
Report

2011-2012

CORPORATE INFORMATION

Board of Directors:

Mr. M. Madhusudan Raju	--	Chairman
Mr. K. Sambasiva Rao	--	Managing Director
Mr. D.V. Raju	--	Whole time Director
Mr. A. Lakshmanamohan	--	Director
Mr. N. Natarajan	-	Director

Company Secretary:

Mrs. Parul Agarwal

Auditors:

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

Audit Committee:

- 1) Mr. A. Lakshmana Mohan
- 2) Mr. N. Natarajan
- 3) Mr. M. Madhusudan Raju

Remuneration Committee:

- 1) Mr. A. Lakshmana Mohan
- 2) Mr. N. Natarajan
- 3) Mr. M. Madhusudan Raju

Investor Grievance Committee:

- 1) Mr. A. Lakshmana Mohan
- 2) Mr. N. Natarajan
- 3) Mr. M. Madhusudan Raju

Listing:

- 1) Ahmedabad Stock Exchange Limited
- 2) Bombay Stock Exchange Limited (Indonext model)

Bankers: State Bank of India

Saifabad (SME) branch, HACA Bhavan, Opp. Assembly, Hyderabad-500004, Andhra Pradesh, India.

Registered Office: 2nd Floor, Ektha Towers, Plot No.2&3, White Fields, Kondapur, Hyderabad-500084, Andhra Pradesh.
Ph.Nos.040-33787000 Fax: 040-40038901 Email: info@infronics.com

Registrar & Share Transfer Agents:

M/s. Aarthi Consultants Private Limited

1-2-285, Near Gaganmahal Nursing Home, Street No 7, Domalguda, Hyderabad-500029.

Ph: 040-27638111/27634445 Fax: 040-27632184

Email: info@arthiconsultants.com, Web: www.aarthiconsultants.com

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Shareholders of INFRONICS SYSTEMS LIMITED will be held on Saturday, the 29th September 2012 at 4.00 p.m. at Aditya Sarovar Premiere, Crystal1, Hitec City, Gachibowli, Hyderabad-500032, Andhra Pradesh to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Balance Sheet as at 31st March 2012, 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 place of Mr. N. Natarajan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Ramana Reddy & Associates, as statutory auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next annual general meeting at a remuneration as may be fixed by Board of Directors.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr K. Sambasiva Rao who was appointed as an additional director of the company pursuant to the provisions of section 260 of the companies act 1956 by the Board of directors w.e.f. 14.02.2012 and who holds the office up-to the date of the ensuing annual general meeting and in respect of whom the company has received a notice in writing under section 257 read with section 190 of the said Act, along with the requisite deposit proposing him as candidate for the office of director of the company, be and is hereby appointed as a director of the company.

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

Appointment of Mr K. Sambasiva Rao as Managing Director:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the said Act, Mr. K. Sambasiva Rao be and is hereby appointed as Managing Director of the Company for a period of 5 years with effect from 14.02.2012 at a remuneration and on such terms and conditions as detailed below:

I. Salary:

Rs.1,19,709/- (Rupees One Lakh Nineteen Thousand Seven Hundred and Nine only) per month

II. Perquisites:

Rs.1,28,918/- (Rupees One Lakh Twenty Eight Thousand Nine Hundred and Eighteen only) per month

Perquisites will be paid and / or provided in addition to salary, subject however that the amount of perquisites, if taxable as per Income Tax Act, 1961, shall be restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification of Schedule XIII of the companies Act, 1956, the Board of Directors be and hereby authorized 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. K. Sambasiva Rao, the company has adequate profits, the company shall pay to Mr. K. Sambasiva Rao, 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 all steps as may be necessary to give effect to the above resolution."

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

Re-designation of Mr. M. Madhusudan Raju as Chairman of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII (as amended from time to time) to the said Act, Mr. M. Madhusudan Raju be and is hereby redesignated as Chairman of the Company for a period of 5 years with effect from 14th February 2012 at a remuneration of Rs.3,00,000/- per month.

"RESOLVED FURTHER THAT in the event of any statutory amendment or modification of Schedule XIII of the companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration.

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 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 all steps as may be necessary to give effect to the above resolution."

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

Employee Stock Option Scheme – 2012:

"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 - 2012" (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 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 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.To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

Grant of options to the employees of subsidiary and step down subsidiary company/ies under Employee Stock Option Scheme-2012:

"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 (Employee 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 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 as " the

Board" which term shall include Compensation Committee of the Board) approval be and is hereby accorded to the Board) approval be and is hereby accorded to the Board/Committee of Directors to extend the benefits of the " EMPLOYEE STOCK OPTION SCHEME-2012" 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/ or any other fair and just mechanism including acceleration of Option, if deemed necessary, in accordance with laws, 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 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. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

Allotment of Equity Shares Exceeding 1% of the Paid Up Capital of the Company under Employee Stock Option Scheme 2012:

“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 Option Scheme-

2012 referred to in the Resolution under item no. 7 and 8 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and as may be decided by the Board/Committee, Options exercisable by the Employees under a plan titled “INFRONICS SYSTEMS LIMITED EMPLOYEES STOCK OPTION SCHEME – 2012”, 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.”

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

Amendment of Articles of Association: :

“RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 and Rules framed there under, the existing Articles of Association of the Company be and here by amended as under :

i) After Article 38 of the Articles of Association of the Company, the following new Article 38A shall be inserted:

38A: The Board may provide video conference facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in General Meetings of the Company. Such participation by the shareholders at General Meetings of the Company through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force.

ii) After Article 72 of the Articles of Association of the Company, the following new Article 72 A shall be inserted:

72A: Directors may participate in Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication. Such participation by the Directors at Meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the Company for the time being in force.”

“FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee or any person which the Board may nominate/constitute to exercise its powers, including the powers by this Resolution) be and is hereby authorized to carry out the abovementioned amendments in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this Resolution.”

For and on behalf of the Board
Infronics Systems Limited

Place: Hyderabad
Date : 23.07.2012

Sd/-
K. Sambasiva Rao
Managing Director

NOTES

1. AN EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RELATION TO THE SPECIAL BUSINESS OF THE MEETING IS ANNEXED HERETO AND FORMS PART OF THIS NOTICE. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will be closed from 26.09.2012 to 29.09.2012 (Both days inclusive).
3. Members are requested to produce the Attendance Slip duly signed as per the Specimen Signature recorded with the Company/Depository Participant for admission to the meeting hall.
4. A Member desirous of receiving any information on the accounts or operations of the company is requested to forward his/her queries to the Company at least 7 working days prior to the meeting, so that the required information can be made available at the meeting.
5. Members holding shares in physical form are requested to notify immediately any change in their address along with address proof, i.e. Electric/Telephone Bill, Driving License or a copy of passport and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.
6. Members, who hold shares in de-materialized form, are requested to bring their Client ID and DP IDs for easier identification of attendance at the meeting.
7. It shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company / RTAs for registration of such transfer of shares, for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed companies.
8. 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.

EXPLANATORY STATEMENT

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

Item 4:

Appointment of Mr. K. Sambasiva Rao as Director of the Company

The Members may note that Mr. K. Sambasiva Rao, was inducted into Board as Additional Director of the company with effect from 14.02.2012 pursuant to the provisions of section 260 of the Companies Act, 1956 and holds the office as such up to the date of ensuing Annual General meeting. The company has received a notice in writing from a member of the company along with the requisite deposit under section 257 read with section 190 of the Companies Act, 1956 proposing the candidature of the above said person for the Office of Directors.

As per the provision of the section 257 of the Act, any such proposal ought to be approved by the members in their General Meeting.

Hence, the board recommends the resolution for your approval.

None of the director except Mr. K. Sambasiva Rao may be deemed to be concerned or interested in the resolution.

Details of the director appointed

Particulars	Mr. K. Sambasiva Rao
Date of Birth	15/07/1952
Date of Appointment	14.02.2012
Expertise in specific functional areas	Telecom Industry verticals in selling hardware, software, product and solutions selling
No. of Shares held in the Company	Nil
Directorships held in other companies (excluding private limited and foreign companies)	3
Positions held in mandatory committees of other companies	Nil

Item 5:

Appointment of Mr. K. Sambasiva Rao as Managing Director of the Company

Mr. K. Sambasiva Rao was appointed as Managing Director of the Company for a period of five years with effect from 14.02.2012 as per the terms and conditions and remuneration mentioned in the notice at resolution no.5

As per the provisions of Schedule XIII of the Companies Act, 1956, appointment of Mr. K. Sambasiva Rao as Managing Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.5 is submitted to the meeting for ratification by the members of the Company by passing Special Resolution.

Mr. K. Sambasiva Rao aged 59 years is a graduate of B Tech, an Electronics & Communications Engineer with 35 years Experience in IT industry in various capacities, sales, and marketing and project deliveries. He has played the roles of MD, CEO, Country Manager, Entrepreneur, Business Head, and Project Head. Major thrust in to BFSI, Government, and Corporate, Telecom Industry verticals in selling hardware, software, product and solutions selling. His professional knowledge and expertise would be of immense useful to the efficient functioning of the technical department. He is also director of Comp-U-Learn Tech India Ltd and as an Additional Director in Lykis Limited.

He does not hold any committee Memberships in any company.

The notice together with the explanatory statement attached herewith should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board of Directors commends the above resolution at item no.5 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Mr. K. Sambasiva Rao is concerned or interested in this resolution.

STATEMENT OF INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. GENERAL INFORMATION:

(1) Nature of industry: Software Development

(2) Date of commencement of commercial production: 21.02.2000

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable

(4) Financial performance based on given indicators:

Standalone Financial performance	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Turnover	1039.63	2046.95	1259.71	4095.97	4639.96
Net profit as computed under Section 349	125.60	119.37	243.62	314.71	278.94
Net profit/loss as per profit and loss account	110.40	97.30	216.74	293.59	237.89
Amount of dividend paid (including dividend tax)	Nil	Nil	Nil	Nil	Nil
Rate of dividend declared	Nil	Nil	Nil	Nil	Nil

(5) Export performance and net foreign exchange collaborations: Rs. 361.44 Lakhs

(6) Foreign investments or collaborators, if any:

Investments In Subsidiaries	(Amount in Rs.)
Infronics Inc., USA	209320

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details:

Mr. K. Sambasiva Rao aged 59 years is graduate of B Tech, an Electronics & Communications Engineer with 35 years Experience in IT industry in various capacities, sales, and marketing and project deliveries. He has played the roles of MD, CEO, Country Manager, Entrepreneur, Business Head, and Project Head. Major thrust in to BFSI, Government, and Corporate, Telecom Industry verticals in selling hardware, software, product and solutions selling. His professional knowledge and expertise would be of immense useful to the efficient functioning of the technical department. He is also director of Comp-U-Learn Tech India Ltd and as an Additional Director in Lykis Limited.

(2) Recognition or awards: Not Applicable

(3) Job profile and suitability:

Mr. K. Sambasiva Rao was appointed as Managing Director of the Company for a period of five years with effect from 14.02.2012 as per the terms and conditions and remuneration mentioned in the notice at resolution no.5

As per the provisions of Schedule XIII of the Companies Act, 1956, appointment of Mr. K. Sambasiva Rao as Managing Director, requires the approval of the members in the General meeting. Hence, the above resolution at item no.5 is submitted to the meeting for ratification by the members of the Company by passing Special Resolution.

Mr. K. Sambasiva Rao aged 59 years is a graduate of B Tech, an Electronics & Communications Engineer with 35 years Experience in IT industry in various capacities, sales, and marketing and project deliveries. He has played the roles of MD, CEO, Country Manager, Entrepreneur, Business Head, and Project Head. Major thrust in to BFSI, Government, and Corporate, Telecom Industry verticals in selling hardware, software, product and solutions selling. His professional knowledge and expertise would be of immense useful to the efficient functioning of the technical department. He is also director of Comp-U-Learn Tech India Ltd and as an Additional Director in Lykis Limited.

(4) Remuneration proposed:

As set out in the resolutions for the item no.5, the remuneration to Mr. K. Sambasiva, Managing Director has the approval of the Remuneration Committee.

- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) Taking into considering of the size of the Company, the profile of Mr. K. Sambasiva Rao and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.

- (6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides, the remuneration proposed, he does not hold any Equity Shares of the Company. The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in the Notice.

None of the Directors except Mr. K. Sambasiva Rao may be deemed to be concerned or interested in the above resolution.

Item 6:

Redesignstion of Mr. M. Madhusudan Raju as Chairman of the Company

Mr. M. Madhusudan Raju was redesignated as Chairman of the Company by the Board of Directors in its meeting held on 14.02.2012 for a period of five years with effect from 14.02.2012 as per the terms and conditions and remuneration mentioned in the notice at resolution no.6.

As per the provisions of Schedule XIII of the Companies Act, 1956, redesignation of Mr. M. Madhusudan Raju as Chairman, requires the approval of the members in the General meeting. Hence, the above resolution at item no.6 is submitted to the meeting for ratification by the members of the Company by passing Special Resolution.

Mr. M. Madhusudan Raju, aged 37 years, holds MS Degree in software engineering from BITS, Pilani and have over 12 years experience in India and other countries including USA, Singapore and South Korea. One of the founding members of Infronics, his previous stint includes working for companies like GE, Wipro, Allied signals Inc., Tufts Health Care, Enpia Systems (Research Department)

He does not hold any committee Memberships in any Company.

The notice together with the explanatory statement attached herewith should be treated as an abstract of the terms of the agreement and memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Board of Directors commends the above resolution at item no.6 for the members' approval in the Annual General Meeting

None of the Directors of the Company except Mr. M. Madhusudan Raju is concerned or interested in this resolution.

Particulars	Mr. M. Madhusudan Raju
Date of Birth	19/11/1974
Date of Appointment	14.02.2012
Expertise in specific functional areas	software, product and solutions selling
No. of Shares held in the Company	1463330
Directorships held in other companies (excluding private limited and foreign companies)	2
Positions held in mandatory committees of other companies	Nil

STATEMENT OF INFORMATION PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. GENERAL INFORMATION:

(1) Nature of industry: Software Development

(2) Date of commencement of commercial production: 21.02.2000

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable

(4) Financial performance based on given indicators:

Standalone Financial performance	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Turnover	1039.63	2046.95	1259.71	4095.97	4639.96
Net profit as computed under Section 349	125.60	119.37	243.62	314.71	278.94
Net profit/loss as per profit and loss account	110.40	97.30	216.74	293.59	237.89
Amount of dividend paid (including dividend tax)	Nil	Nil	Nil	Nil	Nil
Rate of dividend declared	Nil	Nil	Nil	Nil	Nil

(5) Export performance and net foreign exchange collaborations: Rs. 361.44 Lakhs

(6) Foreign investments or collaborators, if any:

Investments In Subsidiaries	(Amount in Rs.)
Infronics Inc., USA	209320

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details:

Mr. M. Madhusudan Raju, aged 37 years, holds MS Degree in software engineering from BITS, Pilani and have over 12 years experience in India and other countries including USA, Singapore and South Korea. One of the founding members of Infronics, his previous stint includes working for companies like GE, Wipro, Allied signals Inc., Tufts Health Care, Enpia Systems (Research Department)

(2) Recognition or awards: Not Applicable

(3) Job profile and suitability:

Mr. M. Madhusudan Raju was redesignated as Chairman of the Company by the Board of Directors in its meeting held on 14.02.2012, Mr. M. Madhusudan Raju as Chairman for a period of five years with effect from 14.02.2012 as per the terms and conditions and remuneration mentioned in the notice at resolution no.6.

Mr. M. Madhusudan Raju, aged 37 years, holds MS Degree in software engineering from BITS, Pilani and have over 12 years experience in India and other countries including USA, Singapore and South Korea. One of the founding members of Infronics, his previous stint includes working for companies like GE, Wipro, Allied signals Inc., Tufts Health Care, Enpia Systems (Research Department)

(4) Remuneration proposed:

As set out in the resolutions for the item no.6, the remuneration to Mr. M. Madhusudan Raju, Chairman has the approval of the Remuneration Committee.

(5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) Taking into consideration of the size of the Company, the profile of Mr. M. Madhusudan Raju and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.

- (6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Besides, the remuneration proposed, he is holding 1463330 Equity Shares of the Company. The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in the Notice. None of the Directors except Mr. M. Madhusudan Raju may be deemed to be concerned or interested in the above resolution.

Item Nos. 7, 8 & 9:

ESOP scheme and grant of options to the employees of subsidiary and step down subsidiary company/ies under Employee Stock Option Scheme – 2012

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 2012(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 - 2012"; 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, 2011 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 – 2012:

(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 20,00,000 options that shall be converted into 20,00,000 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- 2012

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- 2012 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, 2012:

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. 7,8 and 9 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. 10:

Approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company to give effect to MCA circulars.

The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide General Circulars No.27/2011 and 28/2011 dated May 20, 2011 and Circular No. 35/2011 dated June 06, 2012 have permitted the companies to hold Board Meetings and Shareholders' Meetings through video conference facility, as part of the Green Initiative under Corporate Governance.

Further, MCA vide Circular No. 72/2011 dated December 27, 2011 made the video conference facility at the Shareholders' Meetings optional to the Company. In order to provide video conference facility to its Directors and Shareholders, your Company has been advised to carry out necessary amendments in the existing Articles of Association of the Company by inserting enabling provisions. In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company.

Accordingly, your Board recommends passing of the Resolution No.10 as a Special Resolution.

None of the Directors is interested or concerned in this Resolution.

For and on behalf of the Board
Infronics Systems Limited

Place: Hyderabad

Date : 23.07.2012

Sd/-

K. Sambasiva Rao
Managing Director

DIRECTORS' REPORT

To
The Members

We have pleasure in presenting the 12th Annual Report with Audited Statements of Accounts for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS FOR THE YEAR OF 2011-12
On standalone basis

Particulars	Rs. in lacs Year ended 31 st March 2012	Rs. in lacs Year ended 31 st March 2011
Income	-	
-Software Development Services	4639.96	4095.97
-Other Income	36.74	13.42
Total Income	4676.70	4109.39
Expenditure	3976.72	3583.10
Depreciation	321.53	95.50
Profit before the Tax	368.84	430.79
Less: Provision for tax	130.95	137.20
Profit / (Loss) after Tax	237.89	293.59

OPERATIONS:

The Ministry of Corporate Affairs (MCA) vide notification no. S.O. 447(E) dated 28th February, 2011 amended the existing Schedule VI to the Companies Act, 1956. The Revised Schedule VI is applicable from financial year commencing from 1st April, 2011. The financial statements of your Company for the year ended 31st March, 2012 have been prepared in accordance with the Revised Schedule VI and accordingly, the previous year's figures have been reclassified/ regrouped to conform to this year's classification.

The Company has recorded a turnover of Rs. 4639.96 lakhs and the profit of Rs. 237.89 Lakhs in the current year against the turnover of Rs.4095.97 lakhs and profit of Rs. 293.59 Lakhs in the previous financial year ending 31.03.2011.

DIVIDEND:

Keeping the Company's expansion and growth plans in mind, your Directors have decided not to recommend dividend for the year.

PUBLIC DEPOSITS:

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

LISTING:

The equity shares of your company are listed on the Ahmedabad Stock Exchange and are being traded on IndoNext Model of Bombay Stock Exchange.

CAPITAL OF THE COMPANY:

During the period the company has allotted 2,00,000 equity shares on conversion of convertible warrants on preferential basis to the promoters and the others at an issue price of Rs.38/- each including a premium of Rs. 33/- each. Further the company has allotted 17,40,350 equity shares on conversion of convertible warrants issued on preferential basis to the promoters and the others at an issue price of 15/- each including a premium of Rs. 10/- each. As a result the paid up capital of the company stands at Rs. 7,92,64,615/- divided in to 1,58,52,923 equity shares of Rs.5 each.

PREFERENTIAL ALLOTMENT AND UTILISATION OF FUNDS:

During the period the company has raised funds of about Rs. 661.33 lakhs by way of preferential allotment of shares. The amount has been spent towards the capital expenditure and working capital requirements of the Company etc.

GLOBAL EXPANSION:

Presently the company has one subsidiary, infronics Inc. in USA. Considering the global opportunities, the company intends to expand its operations in to other geographies by way of establishment of subsidiary companies / joint ventures.

INSURANCE:

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

DIRECTORS:

Mr. K. Sambasiva Rao was appointed as Managing Director of the Company w.e.f. 14.02.2012 and Mr. N. Natarajan, Director of the Company retires by rotation and being eligible, offers himself for re-appointment at this ensuing Annual General Meeting. Your Directors recommend his re-appointment. Mr. M. Madhusudan Raju was redesignated as chairman of the company.

Details of the director retiring by rotation

Particulars	Mr. N. Natarajan
Date of Birth	1/1/1948
Date of Appointment	27.10.2006
Expertise in specific functional areas	Telecom industry verticals in selling hardware, software, product and solutions selling
No. of Shares held in the Company	Nil
Directorships held in other companies (excluding private limited and foreign companies)	Nil
Positions held in mandatory committees of other companies	Nil

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) That in the preparation of annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

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

The required information as per Sec.217 (1) (e) of the Companies Act 1956 is provided hereunder:

A. Conservation of Energy:

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

B. Technology Absorption:

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

C. Foreign Exchange Earnings and Out Go:

- | | |
|---------------------------|-------------------|
| Foreign Exchange Earnings | : Rs.1472.40 Lacs |
| Foreign Exchange Outgo | : Rs.2651.94 Lacs |

PARTICULARS OF EMPLOYEES:

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

CODE OF CONDUCT:

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

AUDITORS:

Your directors propose the appointment of M/s. Ramana Reddy & Associates, as statutory auditors to hold office until the conclusion of the next Annual General Meeting of the company.

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS:

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

AWARDS TO THE COMPANY:

- Received MSME National award in entrepreneurship for the year 2010
- Received Appreciation and Invitation 3 times from USA Federal Government to show case 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)

ACKNOWLEDGEMENTS:

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

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

The shareholders

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

For and on behalf of the Board
Infronics Systems Limited

Place: Hyderabad
Date : 25.08.2012

Sd/-
K. Sambasiva Rao
Managing Director

REPORT ON CORPORATE GOVERNANCE

(Forming part of Directors' Report)

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

All the procedures, policies and practices followed by your Company are based on sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers, adhering to international standards and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way business is done. The governance practices followed by your Company are continuously reviewed and the same are benchmarked to the best governed companies.

Your Company has complied with all the regulations stipulated by the Securities Exchange Board of India (SEBI) in the Listing Agreement.

II. BOARD OF DIRECTORS

The Board of Directors consists of 5 Members of whom 2 are Non-Executive Independent Directors.

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

The Board of Directors met 9 times during the year on 20.04.2011, 14.05.2011, 13.08.2011, 30.09.2011, 01.11.2011, 14.11.2011, 14.02.2012, 07.03.2012 and 31.03.2012, and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

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

Name of the Directors	Category	Attendance Particulars			No. of other Directorships and Committee memberships/chairmanships		
		No. of Board meetings Held during tenure of the director		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Mr. M. Madhusudan Raju	Chairman & Executive	9	9	Yes	2	NIL	NIL
Mr. D.V.Raju	Executive Director	9	9	Yes	4	NIL	NIL
* Mr. K. Sambasiva Rao	Executive & Managing Director	3	3	NO	3	NIL	NIL
Mr.N.Natarajan	Independent Non- executive	9	9	Yes	1	NIL	NIL
Mr. A. Lakshmana Mohan	Independent Non- executive	9	9	Yes	NIL	NIL	NIL

* Appointed with effect from 14.02.2012

Committees of the Board:

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

III. AUDIT COMMITTEE

Composition, meetings and the attendance during the year:

The Company has complied with all the requirements of Clause 49 of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2011-2012, (4) four meetings of the Audit Committee were held on the 14.05.2011, 13.08.2011, 14.11.2011 and 14.02.2012.

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

Name	Designation	Category	No. of meetings attended
Mr. A. Lakshmana Mohan	Chairman	NED (I)	4
Mr. N. Natarajan	Member	NED (I)	4
Mr. M. Madhusudan Raju	Member	ED (P)	4

NED (I): Non Executive Independent Director

ED: Executive Director Promoter

Terms of reference:

The terms of reference of the Committee, inter alia covers all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchange as well as those specified in Section 292 (A) of the Companies Act, 1956. Besides, in additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

IV. REMUNERATION COMMITTEE

The details of composition of the Committee are given below:

Name	Designation	Category
Mr. A. Lakshmana Mohan	Chairman	NED (I)
Mr. N. Natarajan	Member	NED (I)
Mr. M. Madhusudan Raju	Member	ED (P)

Terms of reference:

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

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

Remuneration Policy:

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

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

The details of remuneration paid to the Executive Directors for the financial year 2011-12 are given below:

Name of the Director	Designation	Salary (Rs in Lakhs)	Commission (Rs in Lakhs)	Perquisites (Rs in Lakhs)	Retirement Benefits (Rs in Lakhs)
Mr. M. Madhusudan Raju	Chairman	36.00	-	-	-
Mr. K. Sambasiva Rao	Managing Director	1.94	-	-	-
Mr. D.V.Raju	Executive Director	3.12	-	-	-
Total		41.06	-	-	-

V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

A). Composition, meetings and the attendance during the year:

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

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

Name	Designation	Category	No. of meetings attended
Mr. A. Lakshmana Mohan	Chairman	NED (I)	4
Mr. N. Natarajan	Member	NED (I)	4
Mr. M. Madhusudan Raju	Member	ED (P)	4

B.) Powers:

The committee has been delegated with the following powers:

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

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

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

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

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

During the year no complaints were received.

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

VI. GENERAL BODY MEETINGS:

Financial Year	Date	Time	Venue	Special Resolution
11th AGM 2010-11	30.09.2011	4.00 PM	Aditya Sarovar Premiere, Crystal 1, Hitec City Gachibowli, Hyderabad.	1) Increase the remuneration of Mr. M. Madhusudan Raju. 2) Issue of warrants on preferential basis to promoters and others. 3) Employee stock option scheme 2011. 4) Grant of options to the employees of subsidiary and step down subsidiary under Employee stock option scheme 2011. 5) Employee stock purchase scheme 2011. 6) Allotment of equity shares to the employees of subsidiary and step down subsidiary company under ESP Scheme. 7) Allotment of equity shares exceeding 1% of the paid up share capital of the ESP scheme - 2011. 8) Consent of the members under Section 293(1) (a) for creation of charges. 9) Authorisation to borrow in excess of the paid up capital and free reserves of the company.
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	Issuance of Equity Shares and convertible warrants on Preferential basis.
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) M. 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 included a premium of Rs. 20

VII. OTHER DISCLOSURES

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) The Company has complied with the non –mandatory requirements to relating to remuneration committee and Whistle Blower policy to the extent detailed above.
- (e) Managing Director of the Company has furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement.

VIII. MEANS OF COMMUNICATION

The un-audited quarterly results and audited results for the year are generally published in one English newspaper and at one vernacular newspaper within the time prescribed shortly after its submission to the Stock Exchanges.

IX. GENERAL SHAREHOLDERS INFORMATION

- a) 12th Annual General Meeting:

Date and Time	Saturday, the 29 th September 2012 at 4.00 PM
Venue	Aditya Sarovar Premiere, Crystal1, Hitec City, Gachibowli, Hyderabad

- b) Book Closure Date : 26.09.2012 to 29.09.2012 (Both days inclusive)

- c) Financial Year and Calendar (Tentative) 2012-13:

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

Financial Calendar

Financial Reporting for 2012-2013 (tentative)	On or before
The First Quarter results	14.08.2012
The Second quarter results	14.11.2012
The Third quarter results	14.02.2013
The Fourth quarter results	15/30.05.2013

2011-2012

d) Listing on Stock Exchanges:

- 1) Ahmedabad Stock Exchange Limited
- 2) Bombay Stock Exchange Limited (for trading under IndoNext Segment)

e) Listing Fees : Listing fee for the year 2012-13 has been paid

f) Stock Code : For equity shares:- BSE: 590118

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

h) Stock Price Data : The monthly high / low prices of shares of the Company from April, 2011 to March, 2012 at Bombay Stock Exchange .The Company's shares are not traded on Ahmedabad Stock Exchange.

Month	High (Rs.)	Low (Rs.)
April, 2011	42.50	31.35
May, 2011	45.00	36.55
June, 2011	43.75	31.00
July, 2011	45.25	34.25
August, 2011	41.25	31.60
September, 2011	45.00	31.15
October, 2011	58.00	30.65
November, 2011	49.85	35.00
December, 2011	42.50	36.15
January, 2012	40.00	32.70
February, 2012	34.00	27.30
March, 2012	31.30	27.00

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

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

j) Share Transfer System:

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

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

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

k) Shareholding Pattern as on 31st March, 2012:

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

l) Distribution of shareholding of the Company by number of shares held as on 31st March, 2012 is as follows:

Particulars	Shareholders		Shareholding	
	Number	%	Number	%
UPTO - 500	398	61	105055	0.66
501-1000	50	8	81215	0.51
1001-2000	39	6	113682	0.72
2001-3000	32	5	149845	0.95
3001-4000	14	2	109690	0.69
4001-5000	19	3	181444	1.14
5001-10000	28	4	400998	2.53
10001 & ABOVE	67	11	14710994	92.8
Total	634	100.00	15852923	100.00

m) Dematerialization of Shares:

Trading in Company's shares is permitted only in dematerialised form. The ISIN allotted to the Company's scrip is INE463B01028. Investors are therefore advised to open a demat account with a Depository participant of their choice to trade in dematerialized form. Over 75.14% of the Company's shares up to 31st March 2012 are now held in electronic form. Shares of the Company are actively traded on Bombay Stock Exchange

Particulars	No. of Shares	% of Share Capital
NSDL	90,36,831	57.00
CDSL	28,75,260	18.14
Physical	39,40,832	24.86
Total	1,58,52,923	100.00

n) Address for Investors Correspondence:

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

2nd Floor, Ektha Towers, Plot No.2&3,
White Fields, Kondapur, Hyderabad
Andhra Pradesh-500084

Ph.Nos.040-33787000 Fax: 040-40038901

Email: investors@infronics.com

o) CEO/MD Certification:

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

p) Compliance Certificate of the Auditors:

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

For and on behalf of the Board
Infronics Systems Limited

Place: Hyderabad
Date : 25.08.2012

Sd/-
K. Sambasiva Rao
Managing Director

Dear Shareholder,

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

Managing Director's Certificate

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

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

However, during the year there were no such changes and instances.

For and on behalf of the Board
Infronics Systems Limited

Place: Hyderabad
Date : 25.08.2012

Sd/-
K. Sambasiva Rao
Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Infronics Systems Limited

We have examined the compliance of conditions of Corporate Governance by M/s INFRONICS SYSTEMS LIMITED, for the period of 12 months ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges of India.

The compliance condition of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that the Company has certified that as on 31st March, 2012 there were no investor grievances remaining unattended/ pending for a period exceeding one month.

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

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

PLACE : HYDERABAD
DATE : 25.08.2012

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

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
- Firmware and SDK Development

Embedded Systems

- Design and Prototyping of embedded Systems
- Firmware Development

Infronics has crossed 11 Years of Operations with foot prints across the globe. We are pleased with the 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.

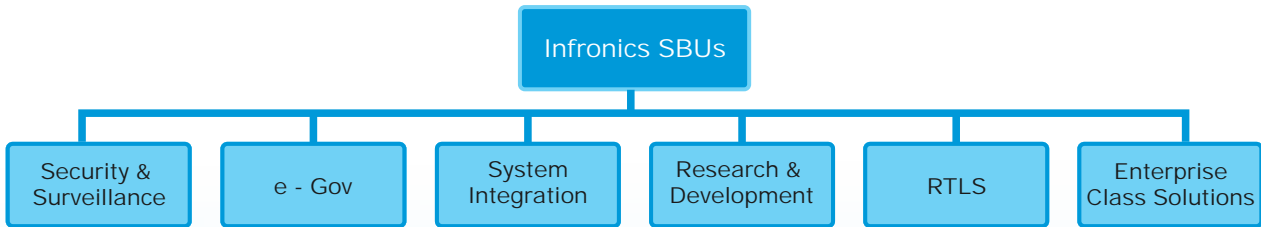
- One of the Largest Refinery , BPCL is using our RFID technology, first of its kind for Refineries in India.
- Delhi Airport Port - is using our RFID driver management system, first of its kind for Airports in India.
- Largest SEZ Complex, Magarpatta, - is using our RFID Parking management system, first 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 Rwanada

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 show case 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)

Division Graph



Infronics Presence & Expansion Plans

Development Centre – I
Hyderabad – India

Development Centre – II
USA Subsidiary
Atlanta, USA

Infrastructure

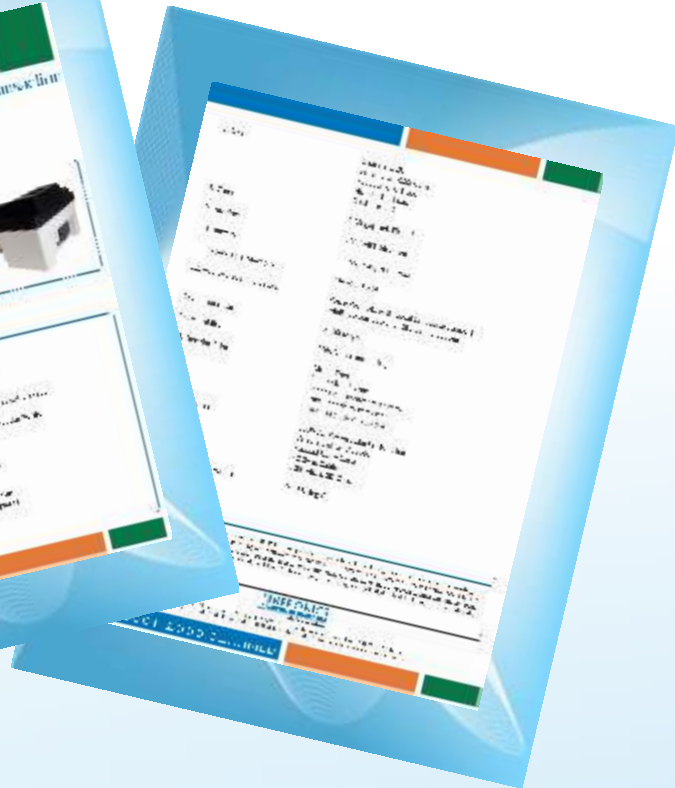
We intend to continue investments in physical and technological infrastructure to support our growing worldwide development and sales operations and to increase our productivity. To enhance our ability to hire and successfully deploy increasingly greater numbers of technology professionals, we intend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

Support/Administration

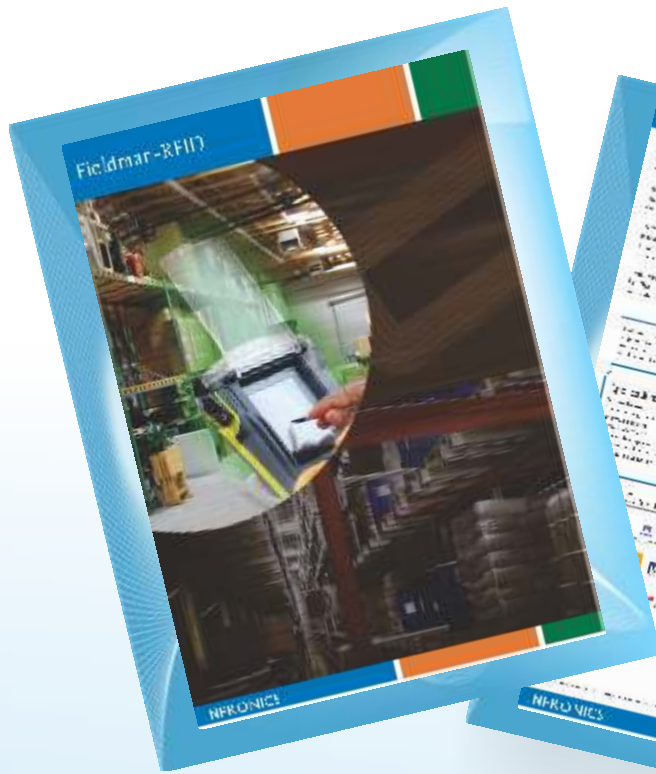
Today, one of the best and brightest minds of the country powers the Infronics Team. The team has industry experience comprising of many man years and are the alumni of the prestigious educational institutions like BITS, Pilani and IITs. Some of the Key people include:

Team

- 100 plus Dedicated, Qualified and experienced team of engineers from some of the best Universities and 300 plus contract workers for Unique ID enrolment







Board of Directors

M S Raju

Non – Executive Chairman

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 Desktop 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



K S Rao

Managing Director

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.



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.



N.NATARAJAN

Independent Director

Electronics Engineer graduated in the year 1972, from Institution of Electronics and Telecommunication Engineers, New Delhi. Hold 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. Minister 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 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.



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 is in 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 up gradation 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 had a clear vision and Mission to be achieved in the next five years and all the employees of the company are educated and trained in to our goals and every employee is geared up to transform themselves in achieving our vision and mission. We had 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.

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, 2012 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 accounts 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 Statement and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance sheet, Profit and Loss Statement 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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 2012;
 - (b) In the case of the Profit and Loss Statement, 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.

PLACE : HYDERABAD
DATE : 10.05.2012

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

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

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.
5.
 - (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 not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable. However an amount of Rs.7,27,658/- is payable towards remittance of TDS (including penal interest) Which is outstanding 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 31.03.2012 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 except slight delay in repayment of march 2012 EMI/installment.
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.

PLACE : HYDERABAD
DATE : 10.05.2012

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

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

BALANCE SHEET AS ON 31ST MARCH, 2012

Particulars	Note No	As at 31.03.12 Rs.	As at 31.03.11 Rs.
I. EQUITY AND LIABILITIES			
(1) SHARE HOLDERS FUNDS			
(a) Share Capital	2	79264615	69562865
(b) Reserves and Surplus	3	186579572	103359247
(c) Money received against share warrants		2466700	0
(2) Share application money pending allotment		0	1440000
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	39272365	37348178
(b) Deferred tax liabilities (Net)		11808430	6113242
(c) Other long term liabilities	5	85260833	105355000
(d) Long-term provisions	6	3178542	1812279
(4) Current Liabilities			
(a) Short-term borrowings	7	64394473	53081757
(b) Trade payables		160804941	155868990
(c) Other current liabilities	8	101746370	94596882
(d) Short-term provisions	9	7400026	8904826
TOTAL		742176867	637443266
II. EQUITY AND LIABILITIES			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	189876671	181071011
(b) Non-current investments	11	209320	959774
(c) Long term loans and advances	12	17991970	14457994
(2) Current assets			
(a) Inventories	13	334888975	237179432
(b) Trade receivables	14	117992654	163266006
(c) Cash and cash equivalents	15	7869029	9389313
(d) Short-term loans and advances	16	73348248	31119737
TOTAL		742176867	637443266
Notes forming part of the financial statements	1 - 37	--	--

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

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

PLACE : HYDERABAD
DATE : 10.05.2012

Ms. PARUL AGARWAL
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
WHOLE TIME DIRECTOR

(K. SAMBASIVA RAO)
MANAGING DIRECTOR

(M.MADHUSUDAN RAJU)
CHAIRMAN

2011-2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No	For the year ended 31.03.2012	For the year ended 31.03.2011
I. Revenues			
(a) Revenue from operations	17	463995781	409596789
(b) Other Income	18	3673748	1336814
Total Revenue		<u>467669529</u>	<u>410933603</u>
II. Expenses:			
(a) Operation and other expenses	19	310651205	328821438
(b) Employee benefit expenses	20	48505991	17450280
(c) Finance costs	21	38515388	12032202
(d) Depreciation and amortization expenses	10	32153181	9550752
TOTAL Expenses		<u>429825766</u>	<u>367854671</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		37843763	43078932
VI. Exceptional Items			
Investment written off		<u>959774</u>	<u>0</u>
VII. Profit before extraordinary items and tax (V - VI)		36883989	43078932
VIII. Extraordinary Items		<u>0</u>	<u>0</u>
IX. Profit before tax (VII - VIII)		36883989	43078932
X. Tax expense:			
(1) Current tax		7400026	8904826
(2) Deferred tax		<u>5695188</u>	<u>4814939</u>
XI. Profit/(Loss) from continuing operations (IX - X)		<u>23788775</u>	<u>29359167</u>
XII. Profit/(Loss) from discontinuing operations		<u>0</u>	<u>0</u>
XIII. Tax expense of discontinuing operations		<u>0</u>	<u>0</u>
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		<u>0</u>	<u>0</u>
XV. Profit/(Loss) for the period (XI + XIV)		<u>23788775</u>	<u>29359167</u>
XVI. Earning per equity share:			
(1) Basic		1.69	2.60
(2) Diluted		--	--
Notes forming part of the financial statements	1 - 37	--	--

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

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

PLACE : HYDERABAD
DATE : 10.05.2012

Ms. PARUL AGARWAL
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
WHOLE TIME DIRECTOR

(K. SAMBASIVA RAO)
MANAGING DIRECTOR

(M.MADHUSUDAN RAJU)
CHAIRMAN

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-2012 Rs.	2010-2011 Rs.
Cash Flow From Operations		
Profit Before Tax	36883989	43078931
Depreciation and Depletion	32153181	9550752
Investment written off	959774	0
Decrease(increase) in Inventories	(97709543)	(195017714)
Decrease(increase) in Trade Receivables	45273352	(119415291)
Decrease(increase) in Loans & Advances	(45762487)	(34969357)
Increase (Decrease) in Current Liabilities	13451702	293918039
Income tax paid	(8904826)	(3674536)
Sub-Total - A	(23654859)	(6529176)
Cash Flows From Financing		
Cash Received from issuance of share capital	9701750	20879265
Share Application Money	1026700	232802
Securities Premium	59431550	39654678
Long Term Borrowings Received	1924187	113012027
Other long term liabilities	(20094167)	0
Short Term Borrowings Received	11312716	(1127000)
Sub-Total - B	63302736	172651772
Cash Flows from investing		
Purchase of Fixed Assets	(40958841)	(157269368)
Decrease in Investments	(209320)	0
Sub-Total - C	(41168161)	(157269368)
Cash Equivalents (A+B+C)	(1520284)	8853228
Add: Opening Cash and Cash Equivalents	9389313	536085
Closing Cash and Cash Equivalents	7869029	9389313

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

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

PLACE : HYDERABAD
DATE : 10.05.2012

Ms. PARUL AGARWAL
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
WHOLE TIME DIRECTOR

(K. SAMBASIVA RAO)
MANAGING DIRECTOR

(M.MADHUSUDAN RAJU)
CHAIRMAN

NOTE NO. 1

Significant Accounting Policies:

a) Basis of Preparation of Financial Statements:

- i) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.
- ii) Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- iii) All income and expenditure items having material bearing on the financial statements are recognised on accrual basis.

b) Fixed Assets

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

c) Revenue recognition

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

d) Depreciation

Depreciation on fixed assets has been provided on straight-line method at the rates specified in Schedule XIV of the Companies Act, 1956 on pro-rata basis.

e) Inventories:

Inventories are valued at cost on FIFO basis.

f) Products under development :

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

g) Investments:

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

h) Foreign Currency Transactions:

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

i) Retirement Benefits:

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

j) Earning per Share

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

k) Taxes on Income:

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

l) Cash Flow Statement:

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

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.

NOTES TO THE FINANCIAL STATEMENTS	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
-----------------------------------	-------------------------	-------------------------

NOTE NO. 2

Share Capital

(a) Authorised

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

(Previous year 1,40,00,000 equity shares of Rs.5/- each)

11000000070000000

(b) Issued, subscribed & fully paid share capital

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

(Previous year 1,39,12,573 equity shares of Rs.5/- each)
(including 20,00,000 equity shares of Rs.5/- each allotted
on amalgamation)

79264615

69562865

Total

7926461569562865

Reconciliation of number of shares	No.of shares	Amount Rs.	No.of shares	Amount Rs.
Opening balance	13912573	69562865	7736720	38683600
Changes during the year	1940350	9701750	6175853	30879265
Closing balance	<u>15852923</u>	<u>79264615</u>	<u>13912573</u>	<u>69562865</u>

List of Shareholders who holds more than 5%:

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

	Rs.	As at 31.03.2012 Rs.	Rs.	As at 31.03.2011 Rs.
NOTE NO. 3				
Reserves and Surplus				
Securities Premium:				
Opening Balance	42444678		27900000	
Add: Addition during the year	<u>59431550</u>		<u>14544678</u>	
		101876228		42444678
Surplus:				
Opening Balance	60914569		31555402	
Add: Surplus for the year	<u>23788775</u>		<u>29359167</u>	
Surplus		84703344		60914569
Total		<u><u>186579572</u></u>		<u><u>103359247</u></u>
NOTE NO. 4				
Long-term borrowings				
Secured				
Term Loans				
from Banks		23661533		28678310
(secured by fixed assets and guaranteed by directors and others)				
from Other Parties		15610832		8669868
(secured by specific fixed assets for which loan sanctioned and guaranteed by directors)				
Total		<u><u>39272365</u></u>		<u><u>37348178</u></u>
NOTE NO. 5				
Other Long-term liabilities				
Trade Payables		<u>85260833</u>		<u>105355000</u>
Total		<u><u>85260833</u></u>		<u><u>105355000</u></u>
NOTE NO. 6				
Long-term provisions				
Provision for Gratuity		<u>3178542</u>		<u>1812279</u>
Total		<u><u>3178542</u></u>		<u><u>1812279</u></u>

	Rs.	As at 31.03.2012 Rs.	Rs.	As at 31.03.2011 Rs.
NOTE NO. 7				
Short - term borrowings				
Secured				
Loans repayable on demand		64394473		53081757
Cash Credit from State Bank of India (secured by inventories & receivables and guaranteed by directors and others)				
Total		<u>64394473</u>		<u>53081757</u>
NOTE NO. 8				
Other current liabilities				
Current maturities of long term debt		54963074		47226877
Current maturities of finance lease obligation		147802		0
Interest accrued and due on borrowings		1652386		697448
Advances from customers		5426997		5241527
Sundry Creditors for Expenses		39556111		41431030
Total		<u>101746370</u>		<u>94596882</u>
NOTE NO. 9				
Short-term provisions				
Provision for Income Tax		7400026		8904826
Total		<u>7400026</u>		<u>8904826</u>

NOTE NO. 10

TANGIBLE ASSETS

Description of the Asset	GROSS CARRYING AMOUNT		DEPRECIATION BLOCK			NET CARRYING AMOUNT	
	As on 01.04.11 Rs.	Adds/Deds during the year Rs.	As on 31.03.12 Rs.	For the year Rs.	As on 31.03.12 Rs.	As on 31.03.12 Rs.	As on 31.03.11 Rs.
Office Equipment	8870353	274806	9145159	425314	1110663	8034496	8185004
Computers & Accessories	159397109	39308967	198706076	29835577	42626633	156079444	146606053
Lab Equipment	83466	0	83466	5283	24134	59332	64615
Tools & Spares	101816	0	101816	4433	12800	89016	93449
Furniture & Fixtures	27280816	228943	27509759	1587740	4853023	22656736	24015533
Vehicles	2760500	1146125	3906625	294834	948977	2957648	2106357
TOTAL	198494060	40958841	239452901	32153181	49576230	189876671	181071011

	Rs.	As at 31.03.2012 Rs.	Rs.	As at 31.03.2011 Rs.
NOTE NO. 11				
Non-current investments				
Investments in Equity instruments (investment in 100% foreign subsidiary)				
Infronics Technologies Ltd., UK		0		959774
Infronics Inc., USA		209320		0
Total		<u>209320</u>		<u>959774</u>
NOTE NO. 12				
Long Term Loans and Advances				
Unsecured, considered good				
Capital Advances:				
Advance for investments		12000000		12000000
Advance for Land		3269976		0
Security Deposits		2721994		2457994
Total		<u>17991970</u>		<u>14457994</u>
NOTE NO. 13				
Inventories				
Software & Hardware		257990250		194525312
Work in progress		39814195		9119012
Products under development		37084529		33535108
Total		<u>334888975</u>		<u>237179432</u>
NOTE NO. 14				
Trade Receivables (Unsecured and Considered Good)				
- Debtors outstanding for a period exceeding 6 months		23662397		25702107
- Other Debts		94330257		137563899
Total		<u>117992654</u>		<u>163266006</u>
NOTE NO. 15				
Cash and cash equivalents				
Balances with banks		1343395		4999602
Cash on hand		268633		418103
Balances against Margin Money		6257000		3971608
Total		<u>7869029</u>		<u>9389313</u>

	Rs.	As at 31.03.2012 Rs.	Rs.	As at 31.03.2011 Rs.
NOTE NO. 16				
Short term loans and advances				
Unsecured, considered good				
Deposits		8140589		5555789
Salary Advances		476426		794046
Advance to Supplies		59622137		18778220
Prepaid Insurance		382805		684328
Interest Receivable		231806		89411
Advance Tax		0		2000000
TDS Receivable		2827510		1873369
Other amounts receivable		1666975		1344574
Total		<u>73348248</u>		<u>31119737</u>

	Current Year Rs.	Previous Year Rs.
NOTE NO. 17		
Revenue from Operations		
Revenue from - Sale of products	374010043	394736875
Sale of services	89985738	14859914
Total	<u>463995781</u>	<u>409596789</u>

NOTE NO. 18		
Othe Income		
Interest income	3673748	1336814
Total	<u>3673748</u>	<u>1336814</u>

	Current Year Rs.	Previous Year Rs.
NOTE NO. 19		
Operation and Other Expenses		
Software, Hardware & Material costs	214549685	222410185
Project Expenses	18058746	76820877
Professional & Consultancy	8576985	8487798
Equipment Hire Charges	2695932	3205718
Internet Expenses	713057	243068
Travelling & Conveyance	9360908	5336377
Rent	4712523	2222600
Rates and Taxes, excluding taxes on income	585904	1400740
Power and fuel	571996	263437
Office Maintenance	958066	1119860
Computer Maintenance	1092976	495736
Vehicle Maintenance	819416	316855
Insurance	949855	214508
Donations	45000	0
Directors' Remuneration	4105659	2112000
Printing & Stationery	638196	366323
Books & Periodicals	11545	34735
Postage & Telegrams	168568	79050
Registration, License & Filing Fee	474472	774574
Business & Sales Promotion	284333	62060
Selling Expenses	3194120	939720
Audit Fee	250000	200000
Telephone Charges	1131986	724455
Security Charges	241986	24693
Miscellaneous Expenditure	458737	460824
Bad debts written off	636031	0
Foreign Exchange Loss / (Gain)	33187328	-5453
Bank Charges	2177194	510698
Total	<u>310651205</u>	<u>328821438</u>
NOTE NO. 20		
Employee Benefit Expenses		
Salaries and wages	46390015	15639541
Contribution to provident and other funds	1563519	601626
Staff welfare expenses	552457	1209113
Total	<u>48505991</u>	<u>17450280</u>
NOTE NO. 21		
Finance Costs		
Interest expenses	35963032	9294051
Other borrowing costs	2552356	2738151
Total	<u>38515388</u>	<u>12032202</u>

NOTE NO. 22

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

NOTE NO. 23

Contingent Liabilities not provided for:

Particulars	2011-12 Rs.	2010-11 Rs.
Bank Guarantees	6257000	3938800

NOTE NO. 24

Exceptional Items:

During the year, the company has written off investment made in UK based subsidiary company "Infronics Technologies Limited" as the said company has been closed. Therefore, the investment written off has grouped under the head "Exceptional Items" in Profit and Loss Statement.

NOTE NO. 25

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

	2011-12 Rs. in Lakhs	2010-11 Rs. in Lakhs
Profit Before Tax and Exceptional Items	37843763	43078931
Add: Managerial Remuneration	4105651	2112000
Net Profit as per Section 198 of Companies Act, 1956	41949414	45190931
Maximum permissible managerial remuneration as per Sec. 349 of the Companies Act, 1956 @ 10%	4194941	4519093

NOTE NO. 26

Managerial Remuneration:

Particulars	2011-12 Rs.	2010-11 Rs.
Managing Director	3328134	1800000
Whole Time Directors	777517	312000
TOTAL	4105651	2112000

NOTE NO. 27

Auditors' Remuneration:

Description	2011-12 Rs.	2010-11 Rs.
- Audit Fee	150000	120000
- Tax Audit Fee	80000	60000
- Other services	20000	20000
- Certification Fees	68500	19500
TOTAL	318500	219500

NOTE NO. 28

Segment Reporting

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

NOTE NO. 29

Transactions with the Related Parties pursuant to Accounting Standard 18

a) List of Related Parties

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

b) Transactions with the Related Parties

Details	Associate Companies / Concerns	Key Management Personnel	Associate Companies / Concerns	Key Management Personnel
	2011-12 Rs.	2011-12 Rs.	2010-11 Rs.	2010-11 Rs.
Remuneration	--	4105651	--	2112000
Sales	41722317	--	--	--
Advance for Investments	12000000	--	12000000	--
Advance for Supplies	26591311	--	11874612	--

c) Balance as at 31st March, 2012

Details	Associate Companies / Concerns	Key Management Personnel	Associate Companies / Concerns	Key Management Personnel
	2011-12 Rs.	2011-12 Rs.	2010-11 Rs.	2010-11 Rs.
Remuneration	--	632920	--	56552
Sales	1395034	--	--	--
Advance for Investments	12000000	--	12000000	--
Advance for Supplies	33922671	--	11876612	--

NOTE NO. 30

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, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE NO. 31

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.56,89,410/- towards deferred tax liability in the year 2011-12. The major components of the net deferred tax liability is as follows:

Particulars	Amount Rs.
Deferred Tax liability on account of depreciation difference	-29240955
Deferred tax asset on account of losses carried forward	4393407
Deferred tax asset on account of MAT carried forward	13039118
Total Net Deferred tax liability	-11808430
Less: Deferred tax liability already provided	-6113242
Net deferred tax liability provided for the year 2011-12	-5695188

NOTE NO. 32

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

NOTE NO. 33

Imports on CIF Basis

Year ended 31 st March	2011-12 Rs.	2010-11 Rs.
Capital Goods	--	95257082
Purchases	129593807	232529587

NOTE NO. 34

Expenditure in foreign currency

Year ended 31 st March	2011-12 Rs.	2010-11 Rs.
Purchases	265193978	69414376

NOTE NO. 35

Earnings in foreign exchange

Year ended 31 st March	2011-12 Rs.	2010-11 Rs.
Receipts from Software development	147240960	36206248

NOTE NO. 36

Earning Per Share

The numerators and denominators used for calculation of EPS

	Year ended 31.03.12	Year ended 31.03.11
a) Profit available to the Equity Shareholders (Rs.)	23788775	29359167
b) No. of Equity Shares	15852923	13912573
c) Weighted Average No. of Shares	14104213	11283973
d) Nominal value of Share (Rs.)	5	5
e) Earning per Share	1.69	2.60

NOTE NO. 37

These financial statements have been prepared in the format prescribed by the Revised Schedule Vi to the Companies Act, 1956. Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee.

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

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

PLACE : HYDERABAD
DATE : 10.05.2012

Ms. PARUL AGARWAL
COMPANY SECRETARY

VIDE OUR REPORT OF EVEN DATE

(D.V.RAJU)
WHOLE TIME DIRECTOR

(K. SAMBASIVA RAO)
MANAGING DIRECTOR

(M.MADHUSUDAN RAJU)
CHAIRMAN

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

Name of the Subsidiary	
Particulars	Rs.
Name of the subsidiary	INFRONICS INC.
Financial Year of the Subsidiary ended on	31st March 2012
Infronics Systems Ltd., Interest	100%
Capital	207184
Reserves & Surplus	(181444)
Total assets	25739
Total Liabilities	25739
Investments	--
Revenues	--
Net aggregate profit/ (loss) before taxation	(181444)
Provision for taxation	--
Profit (loss) after taxation	(181444)
Proposed Dividend	--
Net aggregate profit / (loss) of the Subsidiary for the above financial year of the subsidiary so far as they concern members of holding company	(181444)
a) Dealt within the accounts of the Company as on 31st March 2012.	
b) Not dealt within the accounts of the Company as on 31st March 2012.	
Net aggregate profit / (loss) of the Subsidiary for the previous financial year of the subsidiary so far as they concern members of holding company	N.A
a) Dealt within the accounts of the Company as on 31st March 2012.	
b) Not dealt within the accounts of the Company as on 31st March 2012.	

For and on behalf of the Board

(D.V.RAJU)
WHOLE TIME DIRECTOR

(K. SAMBASIVA RAO)
MANAGING DIRECTOR

(M.MADHUSUDAN RAJU)
CHAIRMAN

PLACE : HYDERABAD
DATE : 10.05.2012

Krishnan Company
Certified Public Accountants
746, Holcomb Bridge Road
Norcross, GA 30071

Independent Accountants Review Report

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

We have reviewed the accompanying Balance Sheet of Infronics Inc. as of March 31, 2012 and the related statements of income, retained earnings for the year ended. A review includes primarily applying analytical procedures to managements financial data and making enquiries of Company management. A review is substantially less in scope than an audit, the objective of which is expression of an opinion regarding the financial statements as a whole. Accordingly we do not express such an opinion.

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

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

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

DATE : May 10 . 2012

Krishnan Company PC
Certified Public Accountants

Infronics Inc.
BALANCE SHEET
As of March 31, 2012

	March 31, 2012 \$
ASSETS	
Current Assets	
Checkings/ Savings	
Bank of America- Checking	503.15
Total Checkings/ Savings	503.15
Total Current Assets	503.15
TOTAL ASSETS	503.15
LIABILITIES & EQUITY	
Equity	
Opening balance Equity	100.00
Infronics Systems Limited	3950.00
Retained earnings	-3546.85
Total Equity	503.15
TOTAL LIABILITIES & EQUITY	503.15

Profit & Loss
Period Nov 7, 2011 to March 31, 2012

	March 31, 2012 \$
Ordinary Income / Expense	
Income	0
Expense	
Accounting & Legal expenses	3489.85
Banking service charges	57.00
Total Expense	3546.85
Net Ordinary Income	-3546.85
Net Income	-3546.85

INFRONICS INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2012

SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

Infronics Inc. was incorporated on November 7, 2011 under the laws of State of Georgia.

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

Use of Estimates

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

Revenue recognition policy

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

Auditors' Report on the Consolidated Financial Statements

The Board of Directors
Infronics Systems limited
Hyderabad.

We have examined the attached Consolidated Balance Sheet of Infronics Systems Limited and its subsidiary as at 31st March, 2012, the Consolidated Profit and Loss Account for the year then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit of the parent Company in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit for the parent Company provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary, Infronics Inc., which have been reviewed by M/s Krishnan Company, GA, USA. The report of the Certified Public Accountant has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the CPA.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Infronics Systems Limited and reviewed financial statements of the subsidiary are included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Infronics Systems Limited and its aforesaid subsidiary, we are of the opinion that:

- (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Infronics Systems Limited and its subsidiaries as at 31st March, 2012; and
- (b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Infronics Systems Limited and its subsidiary for the year then ended.

PLACE : HYDERABAD
DATE : May 10 . 2012

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

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

2011-2012

CONSOLIDATED BALANCE SHEET AS AT 31, MARCH, 2012

Particulars	Note No	As at 31.03.12 Rs.	As at 31.03.11 Rs.
I. EQUITY AND LIABILITIES			
(1) SHARE HOLDERS FUNDS			
(a) Share Capital	2	79264615	69562865
(b) Reserves and Surplus	3	186395991	102399473
(c) Money received against share warrants		2466700	0
(2) Share application money pending allotment		0	1440000
(3) Non-Current Liabilities			
(a) Long-term borrowings	4	39272365	37348178
(b) Deferred tax liabilities (Net)		11808430	6113242
(c) Other long term liabilities	5	85260833	105355000
(d) Long-term provisions	6	3178542	1812279
(4) Current Liabilities			
(a) Short-term borrowings	7	64394473	53081757
(b) Trade payables		160804941	155868990
(c) Other current liabilities	8	101746370	94596882
(d) Short-term provisions	9	7400026	8904826
TOTAL		741993286	636483492
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	189876671	181071011
(c) Long term loans and advances	11	17991970	14457994
(2) Current assets			
(a) Inventories	12	334888975	237179432
(b) Trade receivables	13	117992654	163266006
(c) Cash and cash equivalents	14	7894768	9389313
(d) Short-term loans and advances	15	73348249	31119737
TOTAL		741993286	636483492
Notes forming part of the financial statements	1 - 20	--	--

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

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

PLACE : HYDERABAD
DATE : 10.05.2012

Ms. PARUL AGARWAL
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
WHOLE TIME DIRECTOR

(K. SAMBASIVA RAO)
MANAGING DIRECTOR

(M.MADHUSUDAN RAJU)
CHAIRMAN

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	Note No	For the year ended 31.03.2012	For the year ended 31.03.2011
I. Revenues			
(a) Revenue from operations	16	463995781	409596789
(b) Other Income	17	3673748	1336814
Total Revenue		<u>467669529</u>	<u>410933603</u>
II Expenses:			
(a) Operation and other expenses	18	310832649	328821438
(b) Employee benefit expenses	19	48505991	17450280
(c) Finance costs	20	38515388	12032202
(d) Depreciation and amortization expenses	10	32153181	9550752
Total Expenses		<u>430007210</u>	<u>367854671</u>
V. Profit before exceptional and extraordinary items and tax (III - IV)		37662319	43078931
VI. Exceptional Items			
Investment written off		959774	0
VII. Profit before extraordinary items and tax (V - VI)		36702545	43078931
VIII. Extraordinary Items		0	0
IX. Profit before tax (VII - VIII)		36702545	43078931
X. Tax expense:			
(1) Current tax		7400026	8904826
(2) Deferred tax		5695188	4814939
XI. Profit/(Loss) from continuing operations (IX - X)		<u>23607331</u>	<u>29359166</u>
XII. Profit/(Loss) from discontinuing operations		0	0
XIII. Tax expense of discontinuing operations		0	0
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		<u>0</u>	<u>0</u>
XV. Profit/(Loss) for the period (XI + XIV)		<u>23607331</u>	<u>29359166</u>
XVI Earning per equity share:			
(1) Basic		1.67	2.60
(2) Diluted		--	--
Notes forming part of the Financial statements	1 - 20	--	--

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

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

PLACE : HYDERABAD
DATE : 10.05.2012

Ms. PARUL AGARWAL
COMPANY SECRETARY

FOR AND ON BEHALF OF THE BOARD

(D.V.RAJU)
WHOLE TIME DIRECTOR

(K. SAMBASIVA RAO)
MANAGING DIRECTOR

(M.MADHUSUDAN RAJU)
CHAIRMAN

NOTE NO. 1

Additional Information: for the consolidated financial statement
Significant Accounting Policies and Notes on Accounts:

Basis for Consolidation of financial Statements

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

Fixed Assets

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

Revenue recognition

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

Foreign Currency Transactions:

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

The transactions of the subsidiary are in US dollars and GBP. There is no foreign currency transaction per se. But on account of consolidation all the outstanding entries of subsidiary as on March 31, 2012 have been converted into Indian rupees and consolidation was affected.

Foreign currency translations:

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

Other Accounting Policies and Notes:

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

NOTES TO THE FINANCIAL STATEMENTS

As at 31.03.12 As at 31.03.12 As at 31.03.11 As at 31.03.11
Rs. Rs. Rs. Rs.

NOTE NO. 2

Share Capital

(a) Authorised

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

(Previous year 1,40,00,000 equity shares of Rs.5/- each)

110000000

70000000

(b) Issued, subscribed & fully paid share capital

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

(Previous year 1,39,12,573 equity shares of Rs.5/- each)

(including 20,00,000 equity shares of Rs.5/- each allotted on amalgamation)

79264615

69562865

79264615

69562865

NOTE NO. 3

Reserves and Surplus

Securities Premium:

Opening Balance

42444678

27900000

Add: Addition during the year

59431550

14544678

101876228

42444678

Surplus:

Opening Balance

60914569

31555402

Add: Surplus for the year

23607331

29359167

84521900

60914569

Capital Reserve on Consolidation

-2137

-959774

Total

186395991

102399473

NOTE NO. 4

Long-term borrowings

Secured

Term Loans

from Banks

(secured by fixed assets and guaranteed by directors and others)

23661533

28678310

from Other Parties

(secured by specific fixed assets for which loan sanctioned and guaranteed by directors)

15610832

8669868

Total

39272365

37348178

NOTES TO THE FINANCIAL STATEMENTS	As at 31.03.12 Rs.	As at 31.03.11 Rs.
NOTE NO. 5		
Other Long-term liabilities		
Trade Payables	<u>85260833</u>	<u>105355000</u>
Total	<u>85260833</u>	<u>105355000</u>
NOTE NO. 6		
Long-term provisions		
Provision for Gratuity	<u>3178542</u>	<u>1812279</u>
Total	<u>3178542</u>	<u>1812279</u>
NOTE NO. 7		
Short - term borrowings		
Secured		
Loans repayable on demand	64394473	53081757
Overdraft from State Bank of India (secured by inventories & receivables and guaranteed by directors and others)		
Total	<u>64394473</u>	<u>53081757</u>
NOTE NO. 8		
Other current liabilities		
Current maturities of long term debt	54963074	47226877
Current maturities of finance lease obligation	147802	0
Interest accrued and due on borrowings	1652386	697448
Advances from customers	5426997	5241527
Sundry Creditors for Expenses	<u>39556111</u>	<u>41431030</u>
Total	<u>101746370</u>	<u>94596882</u>
NOTE NO. 9		
Short-term provisions		
Provision for Income Tax	<u>7400026</u>	<u>8904826</u>
Total	<u>7400026</u>	<u>8904826</u>

NOTE NO. 10

TANGIBLE ASSETS

Description of the Asset	GROSS CARRYING AMOUNT		DEPRECIATION BLOCK		NET CARRYING AMOUNT	
	As on 01.04.11	Adds/Deds during the year	As on 31.03.12	For the year	As on 31.03.12	As on 31.03.11
Office Equipment	8870353	274806	9145159	425314	1110663	8034496
Computers & Accessories	159397109	39308967	198706076	29835577	42626633	156079444
Lab Equipment	83466	0	83466	5283	24134	59332
Tools & Spares	101816	0	101816	4433	12800	89016
Furniture & Fixtures	27280816	228943	27509759	1587740	4853023	22656736
Vehicles	2760500	1146125	3906625	294834	948977	2957648
TOTAL	198494060	40958841	239452901	32153181	49576230	189876671
						181071011

NOTES TO THE FINANCIAL STATEMENTS	As at 31.03.12 Rs.	As at 31.03.11 Rs.
NOTE NO. 11		
Long Term Loans and Advances		
Unsecured, considered good		
Capital Advances:		
Advance for investments	12000000	12000000
Advance for Land	3269976	0
Security Deposits	2721994	2457994
Total	<u>17991970</u>	<u>14457994</u>
NOTE NO. 12		
Inventories		
Software & Hardware	257990250	194525312
Work in progress	39814195	9119012
Products under development	37084529	33535108
Total	<u>334888975</u>	<u>237179432</u>
NOTE NO. 13		
Trade Receivables		
(Unsecured and Considered Good)		
- Debtors outstanding for a period exceeding 6 months	23662397	25702107
- Other Debts	94330257	137563899
Total	<u>117992654</u>	<u>163266006</u>
NOTE NO. 14		
Cash and cash equivalents		
Balances with banks	1369135	4999602
Cash on hand	268633	418103
Balances against Margin Money	6257000	3971608
Total	<u>7894768</u>	<u>9389313</u>
NOTE NO. 15		
Short term loans and advances		
Deposit (unsecured)	8140589	5555789
Salary Advances	476426	794046
Advance to Supplies (Including Rs.3,39,22,671/- given to related parties)	59622137	18778220
Prepaid Insurance	382805	684328
Interest Receivable	231806	89411
Advance Tax	0	2000000
TDS Receivable	2827510	1873369
Other amounts receivable	1666975	1344574
Total	<u>73348249</u>	<u>31119737</u>
NOTE NO. 16		
Revenue from Operations		
Revenue from - Sale of products	374010023	394736875
Sale of services	89965758	14859914
Total	<u>463975781</u>	<u>409596789</u>

NOTES TO THE FINANCIAL STATEMENTS

As at 31.03.12
Rs.

As at 31.03.11
Rs.

NOTE NO. 17

Othe Income		
Interest income	3673748	1336814
Total	<u>3673748</u>	<u>1336814</u>

NOTE NO. 18

Operation and Other Expenses

Software, Hardware & Material costs	214549685	222410185
Project Expenses	18058746	76820877
Professional & Consultancy	8576985	8487798
Equipment Hire Charges	2695932	3205718
Internet Expenses	713057	243068
Travelling & Conveyance	9360908	5336377
Rent	4712523	2222600
Rates and Taxes, excluding taxes on income	585904	1400740
Power and fuel	571996	263437
Office Maintenance	958066	1119860
Computer Maintenance	1092976	495736
Vehicle Maintenance	819416	316855
Insurance	949855	214508
Donations	45000	0
Directors' Remuneration	4105659	2112000
Printing & Stationery	638196	366323
Books & Periodicals	11545	34735
Postage & Telegrams	168568	79050
Registration, License & Filing Fee	653001	774574
Business & Sales Promotion	284333	62060
Selling Expenses	3194120	939720
Audit Fee	250000	200000
Telephone Charges	1131986	724455
Security Charges	241986	24693
Miscellaneous Expenditure	458737	460824
Bad debts written off	636031	0
Foreign Exchange Loss / (Gain)	33187328	-5453
Bank Charges	2180110	510698
Total	<u>310832649</u>	<u>328821438</u>

NOTE NO. 19

Employee Benefit Expenses		
Salaries and wages	46390015	15639541
Contribution to provident and other funds	1563519	601626
Staff welfare expenses	552457	1209113
Total	<u>48505991</u>	<u>17450280</u>

NOTE NO. 20

Finance Costs		
Interest expenses	35963032	9294051
Other borrowing costs	2552356	2738151
Total	<u>38515388</u>	<u>12032202</u>

NOTES

A series of 20 horizontal dashed lines spanning the width of the page, intended for handwritten notes.

2011-2012

INFRONICS SYSTEMS LIMITED

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

PROXY FORM

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 12th Annual General Meeting of the Company to be held on Saturday, the 29th September 2012 at 4.00 PM at Aditya Sarovar Premiere, Crystal1, Hitec City, Gachibowli, Hyderabad and at any adjourned meeting thereof.

As Witnessed Signed this _____ day of September 2012

Signed by the said _____

Folio No./Client ID _____

No. of shares held _____

1 Rupee
Revenue
Stamp

Note: The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

INFRONICS SYSTEMS LIMITED

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

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 12th Annual General Meeting of the members of the company to be held on Saturday, the 29th September 2012 at 4.00 PM at Aditya Sarovar Premiere, Crystal1, Hitec City, Gachibowli, Hyderabad.

Shareholders/Proxy's Signature _____

Shareholders/Proxy's full name _____
(In block letters)

Folio No. / Client ID _____

No. of shares held _____

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



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

Book-Post

infronics.com



Corporate Office : 2nd Floor, Ektha Towers, Plot No. 2 & 3,
White Fields, Kondapur, Hyderabad – 500 084, Andhra Pradesh, India
Ph:040-33787000, Fax:040-40038901 Email: info@infronics.com