

Baron Infotech Limited



Baron

8th

ANNUAL REPORT

2004-2005

BOARD OF DIRECTORS

- | | |
|---------------------------|----------|
| 1. A A Rama Raju | Chairman |
| 2. P V S S Raju | Director |
| 3. P. Venkat Naidu | Director |
| 4. K.V. Bangar Raju | Director |
| 5. K. Laxamaiah Choudhary | Director |

REGISTERED OFFICE

35 Journalist Colony
Road No. 3, Banjara Hills
Hyderabad 500 034

AUDITORS

M/s. D. Venu Gopal & Co.
Chartered Accountants

BANKERS

ICICI Bank
Himayathnagar Branch
Hyderabad

Syndicate Bank
Ameerpet Branch
Hyderabad

REGISTRAR & SHARE TRANSFER AGENTS

Venture Capital & Corporate Investments Ltd.,
6-2-913/914, 3rd Floor, Progressive Towers,
Khairatabad, Hyderabad 500 004.

SHARES LISTED AT

Hyderabad Stock Exchange Limited
Mumbai Stock Exchange.

This is information as on 20th December 2005.



NOTICE

Notice is hereby given that the Adjourned Eighth Annual General Meeting of the members of **Baron Infotech Limited** will be held on Friday, 20th January 2006 at 2.00 p.m. at Vinay Nagar Community Hall, 95/96, Vinay Nagar Colony, Saidabad, Hyderabad 500 009 to transact the following business:

ORDINARY BUSINESS:

To receive, consider and adopt the Audited Balance Sheet as at 30th June 2005 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.

For Baron Infotech Limited

Place : Hyderabad
Date : 20th December 2005

Sd/-
(A. A. Rama Raju)
Chairman

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF/ HERSELF. A PROXY NEED NOT BE A MEMBER.
2. The instrument of Proxies to be effective must be lodged at the Registered Office of the Company at least 48 hours before the meeting.



NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the members of **Baron Infotech Limited** will be held on the Tuesday, 20th December 2005 at 11.00 A. M at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2005 and the Profit & Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To appoint Mr. P.V.S.S. Raju, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s. D. Venugopal & Co., Chartered Accounts, the retiring statutory auditors of the Company and authorise the Board of Directors to fix their remuneration.

For Baron Infotech Limited

Place : Hyderabad
Date : 19-10-2005

Sd/-
(A. A. Rama Raju)
Chairman

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF/ HERSELF. A PROXY NEED NOT BE A MEMBER.
- b. The instrument of Proxies to be effective must be lodged at the Registered Office of the Company at least 48 hours before the meeting.



DIRECTORS' REPORT

Dear Shareholders

Your Directors' are pleased to present Eighth Annual Report along with the audited Accounts for the Financial Year ended 30th June, 2005.

The Company has convened the original Eighth Annual General Meeting on 20th December 2005 and transacted all the business given in the Notice except Adoption of Accounts for which meeting got adjourned as the Audited Accounts were not ready for circulation and adoption, and the same is being conducted now.

Financial Results

(Rs. in lacs)

Particulars	2004-2005	2003-2004
Total Income	Nil	23.23
Total Expenditure	28.13	35.20
Loss for the year	28.13	11.97
Loss brought forwarded	597.34	583.58
Accumulated Loss	625.47	597.34

Operations of the Company

The Company did not carry on any operations during the period under review.

Dividend

Your Directors express their inability to recommend dividend for the year due to the loss incurred by the Company.

Directors

Mr. P.V.S.S. Raju who is liable to retire at the 8th Annual General Meeting has been reappointed at the AGM held on 20th December 2005.

Auditors & Auditors' Report

M/s. D. Venugopal & Co., Chartered Accountants, retiring auditors of the Company have been reappointed till the next Annual General Meeting. The following are the replies to various qualifications made by the Auditors' in their Report:



Replies to Qualification to the Auditors Report:

2. a. The company is in the process of recovery of the said Fixed Deposit amount from the Bank and the legal proceedings are already initiated against the bank as well as the Director concerned namely Mr. N.V. Rama Raju.
- b. Company is taking steps to reconcile this bank account. The delay caused due to the merging of the Bank of Madhura with ICICI Bank.
- c. Reply given in (a) above is stands good for this qualification
3. a. Necessary steps have being taken for recovering the advances concerned.
- b. The Call Centre has been purchased for lump sum consideration. On account of practical problem the valuation of different class of assets could not be bifurcated.
- c. The Provision will be created against the advance extended for development of call centre depending upon the surplus earned by the Company.
- d. The Company has taken necessary steps for recovery of Rs. 13.02 lacs.
- e. Necessary provision will be created in the Books of Account depending upon the future earning capacity of the Company.
- f. The Company has already initiated steps for making good of the money.

Particulars of employees

There are no employees drawing remuneration in excess of the limits prescribed under Sec. 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Fixed Deposits

The Company does not have any deposits.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to the Director's Responsibility Statement, it is hereby confirmed that except to the extent of qualification made by the Auditors in their Report for the financial year ending as on 30th June 2005:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied them consistently and have made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the financial year ended on 30th June, 2005;
- iii) proper and sufficient care had been taken by the Board of Directors' for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;



iv) that the directors had prepared the annual accounts on a going concern basis;

Corporate Governance

A report on corporate governance along with the certificate of auditors of your Company as required under Clause 49 of the Listing Agreement is enclosed.

Management Discussion and Analysis

As you are aware your Company is engaged in the activity of software development and services. In view of the market conditions the Company has stopped all its operations. However your company is in the process of formulating a revival strategy and will be implemented vigorously from the coming months. Your Board is confident of turnaround of the Company in the next 2/3 financial years.

Conservation of energy & technology absorption, foreign exchange earnings and outgo

A. Conservation of Energy: As there are no operations, it does not arise.

B. Technology Absorption:

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company: Nil
2. Benefits derived as a result of the R & D: Not Applicable
3. Expenditure on R & D : Nil

C. Foreign Exchange Earnings & Outgo : Nil

Acknowledgements

The Directors express their sincere appreciation to the shareholders, bankers, share transfer agents and employees at all levels, for their invaluable contribution during the period under review.

For Baron Infotech Limited

Sd/-

(A. A. Rama Raju)

Chairman

Place: Hyderabad

Date: 20.12.2005



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance:

The Philosophy is to ensure that the interest of all the stakeholders is protected and affairs of the company are conducted in transparent way and wealth is created and shared.

Board of Directors

The composition of the Board of Directors meets the stipulated requirements. The Board comprises 2 whole time directors and 2 non whole time independent directors. The composition of the Board as on the date of this report is as follows:

A.A. Rama Raju	Chairman & Whole time director	Non-independent
P.V.S.S. Raju	Whole time director	Independent
K.V. Bangar Raju	Non whole time director	Independent
P. Venkat Naidu	Non whole time director	Independent
K. Laxamaiah Choudhary	Non whole time director	Independent

The Board of Directors met 4 times during the financial year 2004-2005 on the following dates: 22.07.2004, 27.10.2004, 28.01.2005, 27.04.2005

None of the directors of the Company are members in more than 10 committees or acting as Chairman of more than five committees across all Companies in which he is a Director.

Audit Committee

The constitution of the Committee is as follows:

- Mr. A.A. Rama Raju – Chairman
- Mr. K.V. Bangar Raju – Member
- Mr. P. Venkat Naidu – Member

During the financial year the audit committee met on 22.07.2004, 27.10.2004, 28.01.2005, 27.04.2005.

The terms of reference made to the Audit Committee inter-alia include:

- i. To oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- ii. To review the management the annual financial statements before submission to the board
- iii. To review with the management & auditors, the adequacy of internal Control systems
- iv. To discuss with auditors any significant findings and follow up there on



- v. To review the findings of any internal investigations by the auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- vi. To discuss with auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern
- vii. To review the company's financial and risk management policies

Remuneration of Directors

During the year under review no remuneration was paid to any of the whole time or non-whole time directors.

Management

- A. The information under this heading is provided under various topics/items in the Directors' Report forming part of this annual report.
- B. The management during the financial year 2004-05 has not made disclosures to the Board relating to the material and commercial transactions, where they have personal interest that had a potential conflict with the interest of the Company at large.

Shareholders

- a) The relevant information relating to the Directors, who would be re-appointed at the ensuing Annual General Meeting is given in the Notice convening the Annual General Meeting.

b) Shareholders/Investors Grievances Committee

The shareholders / investors grievance committee consists of

Mr. A.A. Rama Raju – Chairman

Mr. K.V. Bangar Raju – Member

Mr. P. Venkat Naidu – Member

The Committee looks into the redressal of shareholders' complaints, transfers and dematerialization of shares.

Compliance of Corporate Governance

The Compliance Certificate obtained from the Statutory Auditors of the Company M/s D. Venugopal & Company is given as a part of the Annual Report.



General Body Meetings

The following are the details of the last 3 Annual General Meetings:

Financial year	Date	Time	Venue	Nature of special resolutions, if any passed.
2001-2002	28.11.2002	11.00 a.m.	Registered Office	Nil
2002-2003	10.12.2003	11.00 a.m.	Registered Office	Nil
2003-2004	27.11.2004	11.00 a.m.	Registered Office	Nil

Special resolutions were neither put through for post ballot before the last Annual General Meeting nor proposed to put through for the ensuing Annual General Meeting.

Disclosures

- During the period, there are no related party transactions.
- There have been no non-compliance by the Company of the regulations imposed by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last 3 years.

General Shareholder Information:

- (a) Date, Time & Venue of the 8th Annual General Meeting (adjourned):

Date of Annual General Meeting : 20th January 2006
 Time : 2.00 p.m.
 Venue : Vinay Nagar Community Hall
 95/96, Vinay Nagar Colony
 Saidabad, Hyderabad 500 059

- (b) The Financial year of the Company is from 1st July 2004 to 30th June 2005

- (c) The shares of the Company are listed on

- Hyderabad Stock Exchange
- Mumbai Stock Exchange.

- (e) The details of the scrip of the Company are:

Stock Code : Scrip code 532336

Trading Symbol : **BARON INFOTE**