

Baron Infotech Limited



11th
ANNUAL REPORT
2007-2008

Board of Directors

Sri. N. V Rama Raju : Managing Director
Sri. N.Srinivasa Raju : Whole Time Director
Sri. K.Rama Krishna Raju : Whole Time Director
Sri K.Manohara Raju : Director
Sri A.Chandra Sekhar : Director
Sri K.V.Narasimha Raju : Director

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

Auditors : M/s M Vasudevan & Co.
Chartered Accountants

Bankers : Syndicate Bank
Ameerpet Branch
Hyderabad
ICICI Bank
Himayathnagar Branch
Hyderabad

Share Transfer Agent : M/s Venture Capital Corporates Investments Ltd
6-2-913/914,3rd Floor,Progressive Towers,
Khairatabad,Hyderabad – 4

Shares Listed At : Hyderabad Stock Exchange td
Mumbai Stock Exchange

NOTICE

NOTICE is hereby given that 11th Annual General Meeting of the members of **Baron Infotech Limited** will be held at Golonda Garden Function Hall, Attapur X Roads, Rajendra Nagar, Hyderabad-500028 on Monday the 29th day of December 2008 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 30th June 2008 and Balance Sheet as at that date and the Directors' and Auditors' Report hereon.
2. To appoint a Director in place of Mr. A Chandra Sekhar, who retires by rotation and being eligible offers himself for re appointment.
3. To appoint a Director in place of Mr. N V Sreenivasa Raju, who retires by rotation and being eligible offers himself for re appointment.
4. To appoint auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting of the Company and to fix their remuneration. To consider and if thought fit to pass with or without modification the following ordinary resolution.

"Resolved that M/s. Mahadeven & Co., Chartered Accountants, be and are hereby appointed as auditors of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of directors and of out of pocket expenses actually incurred by them in connection with the audit".

By order of the Board

For BARON INFOETECH LIMITED

Place:Hyderabad

Date: 1.12.2008

SD/
(N.V.Rama Raju)
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself/herself and such proxy or proxies need not be a member or members of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
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.

DIRECTORS' REPORT

Your Directors take pleasure in presenting Eleventh Annual Report together with the Audited Statements of Accounts for the year ended 30th June 2008.

OPERATIONS

The company has generated revenues by imparting software training and sale of the software developed and exploring new business opportunities to sustain in the Market.

DIRECTORS

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company, Mr. A. Chandra Shakar & Mr.N Sreenivasa Raju will be retiring by rotation at the Annual General meeting and are eligible for reappointmen

AUDITORS

M/s. Mahadevan & Co, Chartered Accountants retire at the conclusion of this Annual General Meeting and are eligible for reappointment. Members are requested to appoint auditors and fix their remuneration.

PARTICULARS OF EMPLOYEES

There are no employees falling within the purview of the Section 217(2A) of the Companies Act, 1956 read with Company's (Particulars of Employees) Rules, 1975.

FIXED DEPOSITS

The company has not accepted any Fixed Deposits during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT

As per the provisions of Section 217 (2AA) of the Companies Act, 1956, Directors state:

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

CORPORATE GOVERNANCE

A report of compliance of Corporate Governance is annexed together with a Certificate from the auditors of the company on compliance.

ADDITIONAL INFORMATION

Additional information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the companies Act, 1956 read with the Companies (disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is as follows:

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 for the year ended 30 June, 2008.

A. CONSERVATION OF ENERGY : As there are no operations, it does not arise

B. TECHNOLOGY ABSORPTION:

Research & 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

LISTING OF SECURITIES

The Company's equity shares are listed on Bombay Stock Exchange Ltd, Mumbai & The Hyderabad Stock Exchange Limited

ACKNOWLEDGEMENTS

The Board of Directors of the Company take this opportunity to place on record their appreciation of the cooperation and support extended by shareholders, employees at all levels for their contribution and support.

For and on behalf of the Board

SD/ -

SD/-

Place: Hyderabad

N V Rama Raju

K V N Raju

Date:01.12.2008

Managing Director

Director

CORPORATE GOVERNANCE:

BOARD OF DIRECTORS:

Composition of Directors and their Attendances at the Board Meetings during the year and the last Annual General Meeting and outside Directorships are as follows:

Director	No. of Board Meetings attended	Attendance at the Previous AGM	No. of outside Directorship held	Executive/ Non Executive/ independent
Mr. N.V Rama Raju	5	Yes	NIL	Managing Director
Mr.K V N Raju	5	Yes	NIL	Independent
Mr.K Manohara Raju	5	Yes	NIL	Whole time Director
Mr.K Rama Krishna Raju	5	Yes	NIL	Independent
Mr.A Chandra Sekar	5	Yes	NIL	Independent
Mr. N Srinivasa Raju	5	Yes	NIL	Whole time Director

BOARD COMMITTEES:

Audit Committee:

The Audit Committee comprises of two independent Directors and one Non- Executive Director. The Audit Committee met four times during the year. The terms of reference of the Audit Committee mandated by your Board of Directors, which are also in line with the Statutory and regulatory requirements. Are;

- a) Overview 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.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payments of any other services.
- c) Reviewing with management the annual financial statements before submission to the Board.
- d) Reviewing with management, external and internal auditors, the adequacy of internal control system.
- e) Reviewing the adequacy of internal audit reporting structure, coverage and frequency of internal audit.
- f) Discussions with internal auditors on any significant findings and follow-up thereon;
- g) Reviewing the findings of nay internal investigations by the internal auditors into matters where there is suspected fraud or irregularities or failure of internal control systems of a material nature and reporting the matter to the Board:
- h) Discussion with external auditors before the audit commences nature and scope of audit as well as has post audit discussions to ascertain any area of concern.

- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Remuneration of Directors:

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

Shareholders' Grievances Committee:

The Shareholders/ investors grievance committee consists of

Mr. K Manohara Raju	Chairman
Mr. N.V.Rama Raju	Member
Mr. K.V.N Raju	Member

The Share Transfer Committee looks into share transfers, complaints/grievances of the shareholders on regular basis. Two complaints are pending to be resolved as on the date of AGM.

Disclosures: During the period, there are no related party transactions.

General Shareholder information:

- a. Date Time Venue of the 11th Annual General Meeting
 - Date of AGM : 29th December 2008
 - Time : 11.00am
 - Venue : Golconda Garden Function Hall, Attapur X Roads, Rajendra Nagar, Hyderabad- 500028
- b. The Financial Year of the Company is from 1st July 2007-30th June 2008
- c. The shares of the Company are listed on
 - i. Hyderabad Stock Exchange
 - ii. Bombay Stock Exchange
 - iii.
- d. The details of the scrip of the company are:
 - Stock Code: Scrip code 532336
 - Trading Symbol: BARONINFOTE

Sd/-

N.V.RAMA RAJU
MANAGING DIRECTOR

CERTIFICATE

To

The Members of
Baron Infotech Limited

We have examined the compliance of conditions of corporate governance by Baron Infotech Limited, for the period ended on **30th June 2008**, as stipulated in Clause 49 of Listing Agreement of the said Company with the Stock Exchange (s).

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of 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:

1. We certify that the Company has not complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.
2. We state that no investor grievance is pending for a period exceeding one month as on **30th June 2008** against the Company as per the records maintained by the shareholders / Investors Grievance Committee.
3. 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 MAHADEVAN & Co
Chartered Accountants

Place:Hyderabad
Date:01-12-2008

Sd/-

A.VASUDEVAN
Partner
M.No 03216

AUDITORS' REPORT

To
The Members of BARON INFOTECH LIMITED,
Hyderabad.

- 1) We have audited the attached Balance Sheet of Baron InfoTech Limited as at **30TH JUNE 2008** and also the Profit and Loss Account 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 the 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 the 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, we enclose 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
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
 - c. The Balance Sheet and Profit and loss Account dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Profit & Loss A/c and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors as on **JUNE 30, 2008** and taken on record by the Board of Directors, We report that none of the directors is disqualified as on **JUNE 30, 2008** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the schedules annexed therewith give the information required by the Act, and also give a true and fair view, and in conformity with the accounting principles generally accepted in India.
 - In the case of the Balance Sheet, of the state of affairs of the Companies as at **30TH JUNE, 2008**; and
 - In the case of the Profit and Loss Account, of the *LOSS* for the Year ended on that date.

For MAHADEVAN & CO.,
Chartered Accountants

Sd/-

A.VASUDEVAN
Partner
Membership.No.03216

Place:Hyderabad
Date:01-12-2008

Annexure to the Auditor's Report

Annexure referred to in paragraph 3 of the report of the report of even date:-

- i.
 - a. The Company has maintained fixed asset register and the records are complete to show full particulars including quantitative details and situation of fixed assets.
 - b. As per the information and explanations given to us, there is a phased programme of physical verification of fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the company and nature of its business.
 - c. None of the fixed assets have been revalued during the year.
- ii. During the period the company has not dealt with inventory consequently clause (a), (b) and (c) of paragraph 2 are not applicable to the company.
- iii.
 - a. The company has maintained the register to be maintained under section 301 of the companies Act, 1956. Based on the information and explanations given by the management that the company has not granted any loans except advances to directors in the normal course of business.
 - b. The rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company.
 - c. Payments/ Receipts of Principal / interest on these loans are regular.
 - d. No overdue amounts in these accounts, hence this clause is not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purpose of computer hardware and software, consumables, plant and machinery, equipment and other assets. The activities of the Company do not involve sale of goods.
- v. Based on the audit procedure applied by us and according to the information and explanations provided by the management, we are of the opinion that during the year,
 - a) The transactions that need to be entered into a register maintained under section 301 of the Companies Act, 1956 have been duly entered.
 - b) Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanation given to us the Company has not accepted any deposits from the Public under section 58A and 58AA of the Companies Act, 1956 and rules there under are not applicable to the company.
- vii. The company has internal audit system commensurate with its size and nature of its business.
- viii. The Central Government has not prescribed the maintenance of cost records by the Company under section 209(1)(d) of the Companies Act, 1956.
- i. a.
 - i. According to the information and explanations given to us, during the year, there are no undisputed statutory dues including provident fund, investor education and protection fund, Employee state insurance, income tax, wealth tax, customs duty, excise duty, cess and other statutory dues to be deposited with the appropriate authorities. Hence this clause is not applicable.
 - ii. As on the last day of financial period there were amounts outstanding in respect of undisputed income tax, wealth tax, customs duty, excise duty, cess and other statutory dues which were due for more than 6 months from the date they became payable .The following are the particulars.

a) Professional tax	Rs.	20,004
b) TDS-Salaries	Rs.	62,800
c) TDS-Others	Rs.	3,18,210

- b. According to the information and explanations given to us, the company hasn't any disputed statutory dues including provident fund, investor education and protection fund, Employee state insurance, income tax, wealth tax, customs duty, excise duty, cess and other statutory dues. Hence this clause is not applicable to the company.
- ii. The company has accumulated losses at the end of the year. The accumulated losses and miscellaneous expenditure are more than fifty percent of the capital of the company. The company has incurred cash loss during the financial year i.e **2007-08** and hasn't in immediately preceding financial year **2006-07**.
- iii. Based on our audit procedures and on the basis of information and explanations given by management we are of opinion that the company has not defaulted in the repayment of dues to banks of the Report. The company has no dues to financial institutions.
- iv. According to the information and explanations given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- v. In our opinion the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore the provisions of clause 4(13) of the companies (Auditors Report) order 2003 are not applicable to the company.
- vi. In our opinion the company is not dealing in or trading in shares securities, debentures and other investments, accordingly the provisions of clause 4(14) of the companies (Auditors Report) order 2003 are not applicable to the company.
- vii. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- viii. During the year no term loans were accepted by the company hence this clause is not applicable.
- ix. According to information & explanations given to us and an overall examination of the balance sheet we report that no short term basis have been used during the year for long term purposes.
- x. During the year the company has not made any allotment. Consequently clause xviii is not applicable to the company.
- xi. According to the information and explanations given to us and the records examined by us no debentures were issued by the company and therefore the provisions of clause 4(19) of the companies(Auditors Report) order 2003 are not applicable to the company.
- xii. During the year the company has not raised by any public issues and hence the question of disclosure and verification of end use of such money doesn't arise.
- xiii. According to the information and explanations given to us and the records examined by us no fraud on or by the company was noticed or reported during the year.

For MAHADEVAN & CO.,
Chartered Accountants

Place : Hyderabad
Date : 01-12-2008

A.VASUDEVAN
Partner
M.No.03216

BARON INFOTECH LIMITED			
Plot No.35, Journalist Colony, Rd.No.3, Banjara Hills, Hyderabad - 34			
BALANCE SHEET AS AT			30.06.2008
PARTICULARS	SCH No.	As at 30.06.2008	As at 30.06.2007
SOURCE OF FUNDS			
SHARE HOLDERS FUNDS			
Share Capital	1	102,000,000	102,000,000
LOAN FUNDS			
Secured Loans		-	-
Unsecured Loans		-	-
TOTAL Rs.		102,000,000	102,000,000
APPLICATION OF FUNDS			
Fixed assets	2		
Gross Block		26,284,541	26,284,541
Less: Depreciation		23,944,775	23,350,898
Net block		2,339,766	2,933,644
Advance for Fixed Assets	2	9,250,000	9,250,000
Current Assets, Loans & Advances			
Sundry Debtors	3	1,682,552	1,682,552
Cash & Bank Balances	4	339,545	18,984,191
Loans & Advances	5	19,656,927	1,671,415
		21,679,024	22,338,158
Less: Current Liabilities & Pvisions	6	881,781	1,973,155
Net Current Assets		20,797,243	20,365,004
Miscellaneous Expenditure		-	-
Profit & Loss Account		69,612,991	69,451,353
TOTAL Rs.		102,000,000	102,000,000
Notes forming part of accounts	9		
As per our Report of Even Date			
For MAHADEVAN & Co., Chartered Accountants,		For and on behalf of the Board of Directors	
Sd/- (A.VASUDEVAN) Partner Membership No.03216		Sd/- (N.V.RAMA RAJU) Managing Director	Sd/- (K.V.N.RAJU) Director
Place : Hyderabad			
Date : 01-12-2008			

BARON INFOTECH LIMITED			
Plot No.35, Journalist Colony, Rd.No.3, Banjara Hills, Hyderabad - 34			
PROFIT & LOSS ACCOUNT FOR THE Year ENDED		30.06.2008	
PARTICULARS	SCH NO	For the year ending 30.06.2008	For the year ending 30.06.2007
INCOME			
Fees from Software related services		1,090,000	4,010,000
Software sales		-	950,000
Other income- Cr Balances Written back		716,770	-
TOTAL Rs.		1,806,770	4,960,000
EXPENDITURE			
Staff & Trainers Cost	7	1,114,400	3,150,530
Admn. & Other Exp	8	260,131	493,303
Depreciation		593,878	794,005
TOTAL Rs.		1,968,409	4,437,838
PROFIT / (LOSS) FOR THE YEAR			
Less: Prior period items		-	-
Profit after prior period items		(161,639)	522,162
Add Loss Brought forward from previous year		(69,451,353)	(69,973,515)
Balance Carried Forward To Balance Sheet		(69,612,991)	(69,451,353)
EPS		-	0.05
Notes forming part of accounts	9		
As per our Report of Even Date For MAHADEVAN & Co., Chartered Accountants,		For and on behalf of the Board of Directors	
Sd/- (A.VASUDEVAN) Partner Membership No.03216		Sd/- (N.V.RAMA RAJU) Managing Director	Sd/- (K.V.N.RAJU) Director
Place : Hyderabad			
Date : 01-12-2008			

BARON INFOTECH LIMITED			
Plot No.35, Journalist Colony, Rd.No.3, Banjara Hills, Hyderabad - 34			
SCHEDULES to Balance Sheet			
(Amount in Rs.)			
PARTICULARS	SCH NO	As at 30.06.2008	As at 30.06.2007
Share Capital			
Authorised Capital	1	110,000,000	110,000,000
1,10,00,000 Equity shares of Rs. 10/- each (Previous year 1,10,00,000 Equity Shares of Rs.10/- each)			
Issued, Subscribed & Paid up Capital			
1,02,00,000 Equity share of Rs.10/- each fully paid up (Previous year 1,02,00,000 Equity Shares of Rs.10/- each)		102,000,000	102,000,000
TOTAL		102,000,000	102,000,000
Sundry Debtors	3		
Unsecured and considered good outstanding more than Six months		1,682,552	732,552
Other debts		-	950,000
		1,682,552	1,682,552
Considered doubtful Debts outstanding more than six months		18,683,202	18,683,202
Less: Provision for bad & doubtful debts		18,683,202	18,683,202
		-	-
TOTAL Rs.		1,682,552	1,682,552
Cash & Bank Balances	4		
Cash		337,396	989,546
Balances with Scheduled Banks in Current Accounts		2,149	17,994,645
TOTAL Rs.		339,545	18,984,191
Loans & Advances (unsecured and considered good)	5		
Advances		17,985,512	-
Deposits		610,000	610,000
Pre-Paid Taxes		1,061,415	1,061,415
TOTAL		19,656,927	1,671,415
Current Liabilities & Provisions	6		
Current liabilities:			
Outstanding Expenses		397,221	607,682
Share Application Money (Pending for refund)		83,546	83,546
Statutory dues payable		401,014	401,014
Other Current Liabilities		-	880,913
TOTAL		881,781	1,973,155

BARON INFOTECH LIMITED			
Plot No.35, Journalist Colony, Rd.No.3, Banjara Hills, Hyderabad - 34			
SCHEDULES to Profit & Loss A/c			
PARTICULARS	SCH	For the year ending 30.06.2008	for the year ending 30.06.2007
Staff Costs	7		
Payment to trainers		1,073,500	3,086,500
Staff Welfare		40,900	64,030
TOTAL Rs.		1,114,400	3,150,530
Administrative & Selling Expenses	8		
Rent		138,126	84,000
Filing Fee		-	45,000
Listing Fee		-	200,000
AGM Expenses		20,550	18,950
Share Transfer Expenses		28,090	30,000
Auditors Remuneration - Statutory Audit		20,000	20,000
Bank Charges		2,635	-
Office Maintenance		38,100	62,753
Consultancy & Other Expenses		3,500	32,600
Writtenback of Debit balances		9,130	-
TOTAL Rs.		260,131	493,303

SCHEDULE 9

Significant Accounting Policies and Notes on Accounts forming part of the Accounts for the period ended 30th June, 2008.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.

Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.

All income and expenditure items having material bearing on the financial statements are recognized on accrual basis.

2. Revenue Recognition

Revenue from Software Services is recognized based on milestones reached as per the terms of the contract.

Revenue from Training services is recognized based on registration of members and commencement of batches.

3. Fixed Assets

Fixed assets are stated at actual cost of Acquisition. Cost of acquisition is inclusive of freight, duties, taxes installation expenses and other incidental expenses.

4. Depreciation

Depreciation on fixed assets has been provided on pro-rata basis on W. D V method as per the rates provided in the schedule XIV to the Companies Act, 1956. Individual assets acquired for less than Rs.5000/- are entirely depreciated in the year of acquisition.

5. Impairment of assets

Impairment is ascertained at each balance sheet date in respect of the company's fixed assets . An impairment loss shall be recognized whenever the carrying amount of an asset exceeds its recoverable amount.

6. Taxes on Income

Deferred tax arising out of timing difference of income tax relating to unabsorbed depreciation and unabsorbed losses has not been recognized keeping in view the reasonable certainty about the operations of the company in the near future.

7. Earnings per Share (EPS)

Basic Earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share is the aggregate of the weighted average number of equity shares outstanding and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive equity shares into equity shares. Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date during the year.

8. Product Development Expenditure

There are no product development expenses during the period

9. Preliminary Expenses:

Preliminary expenses incurred up to **31.03.1999** are amortized over a period of 10 years. Preliminary expenses incurred after **01.04.1999** are amortized over a period of 5 years.

10. Expenditure

Expenses are accounted on **accrual** basis and provision is made for all known liabilities. Computer Spares, accessories and stationery are charged to revenue in the year in which such expenditure is incurred.

11. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Assets and Liabilities, receivable / payable in foreign currency are shown at the exchange rate prevailing on the date of the Balance Sheet complying Accounting Standard 11 issued by ICAI.

12. Inventory Valuation

Material, Stores and spares are stated at lower of cost and net realizable value.

B. NOTES TO ACCOUNTS

1. Depreciation

Depreciation on fixed assets has been provided on pro-rata basis Written-Down -Value method as per the rates provided in the schedule XIV to the Companies Act, 1956. Individual assets acquired for less than Rs.5000/- are entirely depreciated in the year of acquisition.

2. Debit & Credit balances in sundry debtors, loans & advances and creditors are subject to confirmation.

- i. Bank balances have been written off considering the non realisability and non available proper documents.
- ii. Credit balance stood in books of accounts has also been written back to accounts considering the non liability and long period outstanding with no claim.

3. Current Liabilities

Dues to SSI – Nil previous year – NIL

4. Gratuity & Leave Encashment

- i. There is no liability provided for Gratuity, as none of the employees are eligible for Gratuity as per payment of Gratuity Act.
- ii. There is no liability provided in respect of leave encashment, as none of the employees have credit of earned leave.

5. Segment Reporting

The companies operations fall with in a single primary business segment, hence the disclosure requirements of AS 17 segment reporting issued by ICAI are not applicable.

1. Managerial Remuneration

Salaries include Managerial Remuneration paid to three whole time Directors are as follows

Particulars	Amount in Rupees	
	Current Period	Previous Year
Remuneration	N I L	N I L
Other benefits	N I L	N I L

1. Auditors Remuneration

Particulars	Amount in Rupees	
	Current Period	Previous Year
	20,000	20,000

1. Foreign Exchange Inflow/Outflow

Foreign Exchange transactions are NIL.

11. Related Party Transactions

During the Year there are no related party transactions.

12. Contingent Liabilities

There are no contingent liabilities as at the close of the year.

13. Quantitative Details

During the company has not dealt with any material / goods hence particulars to be given such as quantitative details of sales and the information as required under paragraph 3, 4c, and 4d of part II of Schedule VI to the Companies Act, 1956 may be treated as NIL.

14. General

- i. Figures have been rounded off to the nearest rupee.
- ii. Previous year figures in respect of Balance Sheet and Profit & Loss Account have been rearranged, regrouped, reclassified and recast wherever necessary to conform to current year's classification.

As per our report of even date

By Order of the Board

FOR MAHADEVAN & CO
Chartered Accountants
Sd/-

For and on behalf of Board of Directors
Sd/- Sd/-

A.VASUDEVAN
Partner
Membership.No.03216

N.V.RAMA RAJU K.V.N.RAJU
Managing Director Director

Place : Hyderabad
Date : 01-12-2008

CASH FLOW STATEMENT FOR THE YEAR ENDED		30.06.2008	
		30.06.2008	30.06.2007
CASH FROM OPERATING ACTIVITIES			
Net profit (Loss)		(161,639)	522,162
Adjustments for			
Depreciation	593,878		794,005
Bad Debts/Advances/ Balances Written off etc	-		
Adjustments of Secured over draft with int receivable	-		
Adjustments of Debit / Credit Balances	-		-
Miscellaneous Exp - Amortised	-		-
		593,878	794,005
Operating profit before working capital changes		432,239	1,316,167
Adjustments for			
Inventories			
Deferred revenue expenditure	-		(920,000)
Increase in debtors	-		
Loans, Advances and Other Current Assets Adj	(17,985,512)		17,500,000
Current Liabilities	(1,091,374)		381,604
		(19,076,886)	16,961,604
Cash Generated from operations		(18,644,646)	18,277,771
Income tax refund received / (Paid)		-	-
Net Cash From Operating Activities		(18,644,646)	18,277,771
CASH FROM INVESTING ACTIVITIES			
Purchase of Assets			
Proceeds from Sale of assets			
Net Cash From Investing Activities		-	-
		(18,644,646)	18,277,771
CASH FROM FINANCING ACTIVITIES			
Interest on Term Loans and Others			
Repayment of long term borrowings	-		-
Repayment of Short term borrowings	-		-
Repayment of Short term borrowings			
Net Cash From (Used in)/ Financing Activities		-	-
Net Increase/ Decrease in Cash and Cash Equivalents		(18,644,646)	18,277,771
Cash and Cash Equivalents - Opening balance		18,984,192	706,421
Cash and Cash Equivalents - Closing balance		339,545	18,984,192
The above CFS has been prepared under the "Indirect method as set out in the accounting standard -3 on cash flow statements issued by the ICAI			
As per our Report of Even Date		For and on behalf of the Board of Directors	
For MAHADEVAN & Co.,			
Chartered Accountants,			
Sd/-		Sd/-	
(A.VASUDEVAN)		(N.V.RAMA RAJU)	
Partner		Managing Director	
Membership No.03216		Director	
Place : Hyderabad			
Date : 01-12-2008			



**BARON INFOTECH LIMITED
FOURTH ANNUAL GENERAL MEETING (ADJOURNED)
Regd.Off: Plot # 35,Journalist Colony Road # 3, Banjara Hills,Hyderabad-500 034.**

PROXY FORM

Regd. Folio No.....

I/We.....ofin the district of being a member/member of.....in the district ofor failing him.....on my/our behalf at the 11th Annual General Meeting of the Company to be held on Monday , the 29th December, 2008 at 11.00 A.M at **Golconda Garden Function Hall, Attapur X Roads,Rajendra Nagar, Hyderabad-500028** and at any adjournment thereof.

Signed this.....day of.....2008

Affix
Rs.1/-
Revenue
Stamp

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company, not less than 48 hours before the meeting.

**BARON INFOTECH LIMITED
FOURTH ANNUAL GENERAL MEETING (ADJOURNED)
Regd.Off: Plot # 35,Journalist Colony Road # 3, Banjara Hills,Hyderabad-500 034.**

ATTENDANCE SLIP

11th Annual General Meeting 29th December, 2008 Reg.Folio No.....

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 11th Annual General Meeting of the Company to be held on Monday , the 29th December, 2008 at 11.00 A.M at **Golconda Garden Function Hall, Attapur X Roads,Rajendra Nagar, Hyderabad-500028**.

Member's/Proxy'sName
(in block letters)

Member's/Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the entrance of the hall.