



# Bartronics India Limited

21<sup>st</sup>

ANNUAL  
REPORT

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2011-2012



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## CORPORATE INFORMATION

<b>Board of Directors</b>	:	<b>Mr. Sudhir Rao</b> , Managing Director <b>Mr. A.B. Satyavas Reddy</b> , Director <b>Mr. Y. Raghavendra Rao</b> , Independent Director <b>Mr. R.V. Panchapakesan</b> , Independent Director <b>Mr. M.M. Yesaw</b> , Independent Director <b>Mr. A. Subrahmanyam</b> , Nominee Director (EXIM Bank)
<b>Management Committee</b>	:	<b>Mr. Sudhir Rao</b> , Chairman <b>Mr. R.V. Panchapakesan</b> , Member
<b>Audit Committee</b>	:	<b>Mr. R.V. Panchapakesan</b> , Chairman <b>Mr. Y. Raghavendra Rao</b> , Member <b>Mr. A.B. Satyavas Reddy</b> , Member <b>Mr. M.M. Yesaw</b> , Member
<b>Remuneration/ Compensation Committee</b>	:	<b>Mr. R. V. Panchapakesan</b> , Chairman <b>Mr. Y. Raghavendra Rao</b> , Member <b>Mr. A.B. Satyavas Reddy</b> , Member
<b>Share Transfer Committee</b>	:	<b>Mr. A.B. Satyavas Reddy</b> , Chairman <b>Mr. Sudhir Rao</b> , Member <b>Mr. R.V. Panchapakesan</b> , Member
<b>Company Secretary</b>	:	<b>Mr. A. Chand Basha</b>

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### Registered Office

Survey No. 351, Raj Bollaram village,  
Medchal Mandal, R.R. Dist.,  
Andhra Pradesh - 501 401

### Internal Auditors

M/s. BDO Consulting Pvt. Ltd.

### Statutory Auditors

M/s. T. Raghavendra & Associates  
Chartered Accountants

M/s. Deloitte Haskins & Sells  
Chartered Accountants

### Listing

Bombay Stock Exchange Limited (BSE)  
National Stock Exchange of India Limited (NSE)

### Bankers

Andhra Bank  
Bank of Baroda  
Bank of India  
Barclays Bank Plc  
Exim Bank  
HSBC Bank Limited  
Indian Bank  
IDBI Bank Limited

### Registrars and Share Transfer Agents

M/s. Bighshare Services Private Limited  
E – 23, Ansa Industrial Estate,  
Sakivihar Road, Sakinaka,  
Andheri (E) , Mumbai -400072  
Tel: 022-2847 0652, Fax : 022-28475207

## NOTICE OF 21<sup>st</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the members of the Company will be held on Monday, December 24, 2012 at 11 A.M. at the Registered Office of the Company situated at Survey No. 351, Raj Bollaram Village, Medchal Mandal, Ranga Reddy Dist. Andhra Pradesh – 501 401 to transact the following business:

### ORDINARY BUSINESS

- To receive, consider and adopt the audited balance sheet as at September 30, 2012 and the profit and loss account for the period ended on that date along with the reports of the directors and auditors thereon.
- To appoint a Director in place of Mr. A.B. Satyavas Reddy who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a Director in place of Mr. Y. Raghavendra Rao who retires by rotation and being eligible offers himself for re-appointment.
- To appoint M/s T. Raghavendra & Associates, Chartered Accountants, Hyderabad as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

BY ORDER OF THE BOARD

For **BARTRONICS INDIA LIMITED**

Place: Hyderabad

**SUDHIR RAO**

Date: November 24, 2012

MANAGING DIRECTOR

### Notes:

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company.

Proxies in order to be effective must be received at the registered office of the company, not less than 48 hours before the commencement of the Annual General Meeting.

- Corporate members are requested to send a duly certified copy of the board resolution, pursuant to Section 187 of the Companies Act, 1956 authorizing their representative to attend and vote at the Annual General Meeting.
- Members/proxies should bring their duly filled attendance slips sent herewith for attending the Annual General Meeting.
- Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification and attendance at the meeting.
- The Register of Members and Share Transfer books of the Company will remain closed during the period from December 20, 2012 to December 24, 2012 (both days inclusive).
- The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956 would be available for inspection at the venue of the Annual General Meeting of the Company during the Annual General Meeting. The Register of Directors' Shareholding is also available for inspection of the members at the Registered Office of the Company, fourteen days before and Three days after, the date of the Annual General Meeting of the Company.
- The Ministry of Corporate Affairs (MCA) has taken an initiative in respect of 'Green Initiative in the Corporate Governance' by allowing the Companies to send the notices/documents including annual reports to the members through electronic mode by giving an advance opportunity to the members for registering their e-mail addresses with the Company/ Depository from time to time for receiving the same. In this connection, the members are requested to register their e-mail addresses by sending an e-mail with the following details to 'shareholders@bartronicsindia.com' or by visiting our website 'bartronics.com'

Name of the member	Son of/ Daughter of/ Wife of	Client ID/ Ledger Folio No.	No. of Shares held	Pan No. (mandatory in case of Demat holders)	E-mail address

## Additional Information

### Details of Directors seeking appointment/re-appointment at the 21<sup>st</sup> Annual General Meeting (Pursuant to clause 49 of the listing agreement)

#### 1. Mr. A.B. Satyavas Reddy

Mr. A.B. Satyavas Reddy aged about 49 years is a Mechanical Engineer from Osmania University and has rich experience in the engineering industry. Mr. Satyavas Reddy is the Promoter Director of Bartronics India Limited.

#### 2. Mr. Y. Raghavendra Rao

Mr. Y. Raghavendra Rao aged about 64 years is an Engineer from USA having rich experience in IT and Telecommunication Networking. Mr. Raghavendra Rao has over 35 years of vast experience with various Government departments in areas like Project Development, Planning, Marketing and Project Implementation. He is at present serving as Advisor for Ministry of Shipping, government of India on implementation of software and automation of ports.

## DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report together with the Audited Accounts for the Financial Year ended on September 30, 2012 comprising of eighteen (18) months from 01.04.2011 to 30.09.2012.

### Company Performance

Your Directors hereby report that the Company has achieved a turnover of Rs. 116,320.33 lakhs upto September 30, 2012 consisting of eighteen months, as against Rs. 88,818.88 lakhs for the previous year ended March 31, 2011 consisting of twelve months. The highlights of the financial results are given below:

### CONSOLIDATED FINANCIAL RESULTS

Rupees in Lakhs

Particulars	Year 2011-12	Year 2010-11
Net Sales	116,320.33	88,818.88
Other Income	3,375.57	943.12
Total Income	119,695.90	89,762.00
Total Expenditure	111,726.83	68,374.36
EBIDTA	7,969.07	21,387.64
Interest	7,345.90	6,016.18
PBDT	623.17	15,371.46
Depreciation & Amortization	734.37	5,361.02
PBT	(6,718.20)	10,010.44
Tax Expense	(418.91)	(988.17)
PAT	(7,137.11)	10,998.61
Appropriation as under:		
Transfer to General Reserve	—	—
Proposed Dividend	—	340.49
Tax on Dividend	—	56.55
Balance C/F to next year	—	21965.10

### CAPITAL STRUCTURE

Foreign Currency Convertible Bonds

Your Company, during 2007-08 has successfully issued Foreign Currency Convertible Bonds (FCCBs) as under:

Particulars	Year of Issue	Size of Issue (In Million US\$)
FCCB 2013	2007-08	50

Conversion Period	Conversion Price per Equity Shares (Rs)
FCCB 2013 (January 09, 2008 and January 23, 2013)	191.25
Number of shares converted till September 30, 2012 out of FCCB 2013 issue	Outstanding FCCBs as on September 30, 2012 (In Millions US\$)
Nil	50

The Foreign Currency Convertible Bonds (FCCB's) are listed on the Singapore Stock Exchange.

### CHANGES TO SHARE CAPITAL

At present the Authorized Share Capital of the Company stands at Rs. 110 crores and the paid up capital stands at 34.04 crores there has been no change in the share capital during the year ended September 30, 2012.

### EXTENSION OF FINANCIAL YEAR

The Company had extended the financial year upto September 30, 2012 with the permission of the Registrar of Companies, to complete the internal re-organization of the Company. The financial period consists of eighteen months (i.e April 1, 2011 to September 30, 2012).

### SUBSIDIARY COMPANIES

Your Company has two subsidiary companies viz., Bartronics Asia Pte. Limited and Bartronics Middle East FZE and five step down subsidiary companies viz., Bartronics America Inc, Bartronics Hongkong Ltd, Bartronics Global Solutions Limited, Veneta Holding Ltd and Burbank Holdings Ltd.

#### Bartronics Asia Pte Limited

The Company was incorporated as a wholly owned subsidiary of Bartronics India Limited on 14th June 2007, in the Republic of Singapore with a Share Capital of US\$ 769500. Bartronics Asia Pte Limited (BAPL) acquired the only issued share of Cason Limited on December 21, 2007; subsequently the name of the Company was change to Bartronics Hong Kong Limited with effect from 15th October 2008. In the month of April 2011, BAPL acquired the entire share capital of Veneta Holdings Limited,

Mauritius making it its wholly owned subsidiary. BAPL had during the financial period incorporated another subsidiary in Mauritius named Burbank Holding Limited, the operations of which are yet to be commenced.

#### Bartronics Middle East FZE

Bartronics Middle East FZE, Sharjah, UAE was incorporated on June 22, 2010 as a wholly owned subsidiary of Bartronics India Limited with a share capital of AED 1,50,000 Shares.

#### Bartronics America Inc.

Bartronics America Inc, which was earlier a wholly owned subsidiary of the Company, has become a subsidiary of BAPL w.e.f April 1, 2011, after BAPL issued 150,000 equity shares to Bartronics America Inc. Bartronics America Inc has two subsidiaries namely Quality E People and Performica Software Private Limited.

#### Roi Public Relation Pvt Ltd

The Company had earlier written off an advance of Rs. 6.50 lakhs given to ROI, and has written off the investment of Rs. 3,12,500/- during the financial period. ROI has been closed down under the Easy Exit scheme of the MCA.

### CONSOLIDATED ACCOUNTS

Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of AS-21, Consolidated Financial Statements, notified by the Companies (Accounting Standards) Rules, 2006.

Your Company has availed the general exemption from attaching a copy of the Balance Sheet, Profit & Loss Account, Director's Report and Auditor's Report of the Subsidiaries Companies and other documents required to be attached under Section 212(1) of the Companies Act, 1956 to the Balance Sheet of your Company.

The said exemption is granted vide circular issued by MCA dated February 8, 2011. Accordingly, the said documents of the subsidiaries are not being attached with the Balance Sheet of the Company. A gist of the financial performance of the subsidiaries is contained in the report. The Annual Accounts of the subsidiaries are open for inspection by any member at the Company's Corporate Office and the Company will make available these documents and the related detailed information upon request by any investor of the Company or any investor of the Subsidiary Company who may be interested in obtaining the same.

Statement pursuant to Section 212 of the Companies Act, 1956 is given in **Annexure - A** of this report.

## COMPANY OVERVIEW

Presently your Company offers the following business activities:

- Providing solutions using umbrella of AIDC technologies and smart card manufacturing.
- Financial Inclusion Division for implementing the FI projects as per the guidelines of RBI.
- Providing solutions in Radio Frequency Identification and Data Capture (RFID) Technology.

Your Company continues to see strong growth traction across existing business and expects the momentum to continue in future also.

## DIRECTORS

In accordance with the Articles of Association of the Company, Mr. A.B. Satyavas Reddy and Mr. Y. Raghavendra Rao are liable to retire by rotation and being eligible, offer themselves for reappointment. During the year Mr. A. Subrahmanyam has been appointed as a nominee director of Export Import Bank of India w.e.f. May 5, 2012.

## HUMAN RESOURCE MANAGEMENT

The Company believes and considers its human resources as the most valuable asset. The Management is committed to providing an empowered, performance oriented and stimulating work environment to its employees to enable them realize their full potential. Robust HR processes and initiatives adopted by the Company helped in containing the attrition of executives. Industrial Relations remained cordial and harmonious during the year.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required to be made pursuant to section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is set out as **Annexure - B** and forms part of this Report.

## PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, and the rules framed there under, the names and other particulars of employees are set out in the Annexure to the Director's Report. In terms of the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Director's Report is being sent excluding the aforesaid annexure. The annexure is available for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

## MANAGEMENT DISCUSSION & ANALYSIS

Notes on Management Discussion & Analysis of the financial position of the Company have been given separately and form part of this Report.

## AUDITORS

One of the Joint Statutory Auditors, M/s. Deloitte Haskins & Sells have resigned w.e.f. November 21, 2012. The other Joint Statutory Auditors, M/s. T. Raghavendra & Associates, Chartered Accountants, Hyderabad (being joint statutory auditors with M/s. Deloitte Haskins & Sells till November 21, 2012) continued as the Statutory Auditors of the Company for the year 2011-12 (basing on the resolution passed by the members through postal ballot on October 16, 2012) and will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## CORPORATE GOVERNANCE

A separate section on Corporate Governance is attached to this Report as **Annexure - C**.

A certificate from Mr. Y. Ravi Prasada Reddy, Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreements with Stock Exchanges is enclosed as **Annexure - D**.

The Board has laid down a code of conduct for all Board and Senior Managerial Personnel's of the Company. The code of conduct has been posted on the Company's website. Board Members and Senior Managerial Personnel's have affirmed compliance with the code for the financial year 2011-12.

A certificate from the Managing Director that all Board members and senior management personnel have affirmed compliance with the Code of Conduct for the period ended September 30, 2012 is attached as **Annexure - E**.

CEO/CFO Certificate is enclosed as **Annexure - F**.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA), of the Companies Act, 1956, the Directors, based on representations received from the operating management confirms that:

- a. in the preparation of Annual Accounts, the applicable accounting standards have been made form the same.
- b. they have selected such accounting policies and applied them consistently and reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- c. they have taken proper and sufficient care for the maintenance of adequate accounting Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. they have prepared the annual accounts on a going concern basis.

#### **LISTING OF COMPANY'S SECURITIES**

Your Company's Shares are presently listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

#### **DEMATERIALIZATION OF SHARES**

Your Company's shares have been made available for dematerialization through the National Security Depository Limited (NSDL) and Central Depository Services (India) Limited, (CDSIL).

#### **FIXED DEPOSITS**

There were no fixed deposits at the end of the year.

#### **EXPLANATION TO MATTERS ON WHICH ATTENTION WAS DRAWN IN THE AUDITORS' REPORT**

The Statutory Auditor's of the Company have made the

following comments in their report for the period ended September 30, 2012.

#### **1. Auditors Comments:**

Paragraph 3 of the Auditor Report, "*Note 17 forming part of the financial statements regarding the Trade Receivables balance aggregating to Rs.80,188.92 Lakhs (including Rs.58,534.39 Lakhs relating to the period prior to April 1st, 2011) and in respect of which no provision has been made .In the absence of the required information, we are unable to form an opinion on the extent to which the debts may be irrecoverable.*"

#### **Company explanation:**

As stated in Note 17 forming part of the financial statements, on account of the economic slowdown and consequent recessionary conditions in the global market there have been delays in realization of debtors. These sundry debtors confirmed the year end balances and Company has realized some of the dues subsequently. The Company has long standing relationship with these customers and they are helping the Company in promoting new products. Management is confident of realizing the amounts due and no provisions are required on these accounts at this stage.

#### **ACKNOWLEDGEMENT**

The Board of Directors of the Company extends their sincere appreciation to the Government, Bankers, Financial Institutions and others for their kind support. On behalf of the Company, the Board of Directors thanks the Employees for their valuable efforts and the shareholders for their undaunted faith in the Company.

**By Order of the Board**

**For Bartronics India Limited**

Place: Hyderabad	<b>Sudhir Rao</b>	<b>A.B. Satyavas Reddy</b>
Date: 24.11.2012	Managing Director	Director



## MANAGEMENT DISCUSSION AND ANALYSIS

**Overview:** Incorporated in Hyderabad, India in 1990, Your Company started with providing solutions based on Bar Coding, one of the oldest Automated Identification and Data Capture (AIDC) technologies. Since then, in the past two decades, it has been pioneering in introducing newer technologies and solutions in India based on Biometrics, RFID, POS, EAS, and Smart Cards etc. Today it has global presence through subsidiaries in USA, Singapore, and Middle East. It is headquartered in Hyderabad, India.

Your company has always been at the forefront in most of the technologies under the AIDC umbrella and will strive to continue this for delivering improved value to the customers. This has been achieved by establishing strong relationship with technology giants who have given us access to futuristic technologies thereby giving us the competitive edge of introducing any new technology which is available for commercial use.

Our ability to keep ourselves abreast with the technological advances and provide innovative solutions to our clients; coupled with the experience and implementation skills, makes us our client's ideal partner in their growth story; which truly defines our success.

The management team has effectively leveraged the existing strengths and since 2001 the focus has moved from being a mere systems integrator to offering end to end solutions. Today, Bartronics is spreading its wings across the globe to serve the growing demand for the quality services and reach out for the newer opportunities and markets.

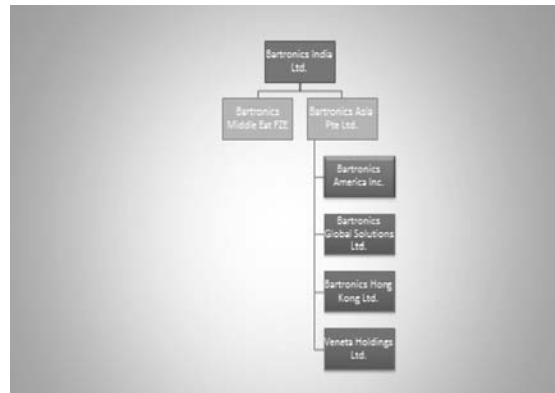
### Key Developments

**Reorganization of Global Operations:** Last year your company had initiated the process of reorganization under the guidance of KPMG. In order to achieve this during the current year, your company had requested to extend the current financial year to end of September 2012 which was granted by Registrar of Companies (ROC). Subsequently, this year the exercise was concluded and during the process following developments had taken place

- ❖ Bartronics America Inc. (BAI) which was earlier a subsidiary to Bartronics India Inc. (BIL) was made as a subsidiary of Bartronics Asia Pte Ltd. (BAPL)
- ❖ BAPL was made Headquarters for global operations
- ❖ A separate entity Bartronics Global Solutions Ltd. (BGSL) was established as a subsidiary to BAPL

- ❖ BAPL acquired Veneta Holdings Ltd. (VHL). VHL is a subsidiary to BAPL
- ❖ Both VHL and BGSL will focus on providing support services to global operations

Following chart is a graphical representation of new organization:



**Reorganization of Domestic Operations:** During the process of reorganization; following developments had taken place

- ❖ Domestic operations now have two divisions – Identification Solutions Division (ISD) and Financial Inclusion (FI) Division as against four divisions earlier.
- ❖ ISD will have its focus on providing solutions using umbrella of AIDC technologies and manufacturing of Smart Cards.
- ❖ FI Division will focus on winning and implementing Financial Inclusion projects as per the guidelines laid by Reserve Bank of India (RBI)
- ❖ ISD is subdivided on the basis of function/ technology/ production which is represented by respective Profit Centre Head (PCH) who will report to CEO
- ❖ The FI Division is subdivided into regions/ banks which is represented by respective PCH who will report to President – financial Inclusion

**The year that was:** The year posed a challenging business atmosphere both domestic and globally. However, the management believes that your company was able to face these challenges successfully and tide over difficult times keeping worst behind us. The year also made the management, in congruence with Board of Directors, take

a conscious decision of consolidating its business and have its focus on quality customers in order to have high rate of organic growth. This made the Company accept fewer orders in comparison to the previous years, bringing down the sales during last few quarters. Management thoroughly believes having a strong base of quality clients is most essential in order to achieve high rate of organic growth again.

**Future Growth:** Management has identified the following growth drivers

- A) **Identification Solutions:** The AIDC industry is witnessing tremendous growth rate fuelled by faster adoption of the technologies by various industries. Bartronics India being the only company in India to provide end-to-end solutions is very well placed to capitalize on this.
- B) **eGovernance & Smart Card Manufacturing:** The company has emerged as a market leader in the Financial Inclusion space by winning projects covering close to 60,000 villages. Clearly, this gives the company with clear earnings visibility for next five years coupled with higher growth rate. Also, the strategy to move up the value chain in the production of smart cards will help us realize more revenues without investing anything in the existing capacity.
- C) **International Operations:** There is a huge demand for quality end-to-end solutions provider in international markets. Although the company has presence in USA, Middle East and Singapore, these operations have not much penetrated. While concentrating on market penetration in the markets mentioned, the company is also looking to have a foothold in newer geographies so as to have wider coverage and deeper penetration across the globe.

### Human Capital

Your company believes that the value of any enterprise is only as good as its Human Capital. It is very important to have your human capital updated with the latest technologies. During the year, as the company faced challenging business atmosphere and fewer growth opportunities, the period, the management thought was apt to have its human capital undergo technology advancement training, process improvement training and general management training. Management is aware that these initiatives do not yield results immediately however these activities will surely help the company stay ahead of the curve.

**Research and Development:** It was a year when the company concentrated even more on its Research and Development activities and has applied for patents for various implementation processes/ technologies. These appeals are currently under considerations and the management is hopeful that some of these applications will result into increase in the number of patents the company holds which currently stands at 14.

### SWOT Analysis:

**Strengths and Opportunities:** Your Company's strength lies thoroughly in providing end to end solutions using most of the AIDC technologies. Apart from in-house Research and Development Center; your company has strong relationship with technology majors which help your company gain access to the latest of the technology which is available for commercial use. Your company being India's only and one of few companies in the world to provide End to End solutions has resulted in lions share for the company in the domestic market. Even in the Financial Inclusion space; your company has come out as a dominant player with the prestigious project getting implemented in 60000 villages through your company. However, technologies under AIDC are still in acceptance stage in the country which has lot of room for deeper penetration of existing markets and also expansion into newer markets/ geographies. These provide huge potential for your company. Financial Inclusion as an initiative of the Government of Indian and Reserve Bank of India are still in the early stages of the implementation in the country. It still needs to reach wider spectrum of citizens of India. Your company, already being a dominant player in this space identifies this as a potential growth opportunity. The projects won by the company are currently under implementation. Implementation cycle was divided into various stages and currently these have successfully entered transaction stage – the last phase after crossing testing stage successfully. Having entered this stage, the revenues generated by the company will be directly proportional to the number of transactions done by the citizen of respective villages. Management is aware that this is still early times and citizen may take some more time to be comfortable with the services offered. However, with time, as the volume of transactions increase, company will surely see healthy rise in its revenues.

### Risks and Concerns:

#### 1. Technology Obsolescence

Products and solutions offered by the AIDC industry are likely to be affected by technology

redundancy and obsolescence. Rapid advancement in micro processor based technologies has brought about frequent design improvements in the AIDC hardware rendering existing products less efficient. The prices of standard solutions and hardware have also declined over the years. The company needs to scan and update its product offerings to remain in demand and be cost –effective.

**2. New capacity creation in Smart Cards manufacture**

At present there are eight established manufacturers of Smart Cards, including BIL. With large avenues opening up in FI, E –Governance, Payment Systems and UIDAI, despite the entry barrier of high investment costs, new capacities and expansion of present capacities in smart cards may be expected. This would render the company open to severe price competition.

**3. Lack of local production of Hardware:**

The industry is mostly dependent on imported hardware. Price changes, currency fluctuations, technology adaptation issues, delays in deliveries could affect the business adversely. The company needs to diversify the supplier base and enter into long term price contracts to meet such contingencies.

**4. Global Competition**

Several foreign manufacturers and technology providers are eyeing the growing Indian AIDC potential for entry. In course of time, with their resources and access to latest technologies they may edge away local players. The company may have to consider business tie up with and equity investments in one or two global majors to secure its standing in the local markets.

**Risk Mitigation:**

The management of your company believes one of the best ways of risk mitigation is through diversification. Your company has diversified technology exposure thereby it has considerably reduced the risk of technology obsolescence. Your company has also entered into eGovernance space such as Financial Inclusion projects; thereby diversifying the services offered. After capturing most of the market share in the domestic market; your company has started providing solutions globally; thereby diversifying the geography of service provided. For the technology, your company has made significant investments towards self-reliance in technology setting up in-house centre of Excellence, besides one being contemplated in US. The company’s smart card production facility is well balanced

to produce cards for all major verticals concurrently. The company’s Management Team is broad based, having strong technical, financial and administrative background and well experienced and capable of foreseeing and combating risk factors.

**Discussion on financial performance with respect to operational performance:**

The Company has achieved a turnover of Rs. 116,320.33 lakhs upto September 30, 2012 consisting of eighteen months, as against Rs. 88,818.88 lakhs for the previous year ended March 31, 2011 consisting of twelve months. The highlights of the financial results are given below:

Rupees in Lakhs

Particulars	Year 2011-12	Year 2010-11
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EBIDTA	7,969.07	21,387.64
Interest	7,345.90	6,016.18
PBDT	623.17	15,371.46
Depreciation & Amortization	734.37	5,361.02
PBT	(6,718.20)	10,010.44
Tax Expense	(418.91)	(988.17)
PAT	(7,137.11)	10,998.61

**Segment wise product wise performance of the company:**

The activities of the Company relate to only one segment i.e. the business of providing Automatic Identification & Data Capture (AIDC) Solutions.

**Internal Control Systems:**

Your Company has a formal Internal Audit Process whereby deficiencies in the Internal Control Systems are regularly analyzed and gaps identified. Quarterly Internal Audit Reports are presented to the Internal Audit Committee of the Board of Directors and the reports are discussed with action plans.

As a result improvements in a number of areas were identified and implemented during the course of the year. Your Company has been able to take data-based decisions, in many cases due to the in-depth study done by the Internal Audit Teams.

## Annexure A

## Statement pursuant general exemption availed under Section 212(8) of the Companies Act, 1956 relating to Subsidiary companies (as per MCA Circular dt.08.02.2011)

		Rupees in Lakhs										
Sl. No.	Name of the Company	Capital	Share Application Money	Reserves	Total Assets	Total Liabilities	Details of Investment (Except in case of Investment in subsidiary)	Turnover	Profit/ (Loss) Before Taxation	Provision for Tax	Profit/ (Loss) After Taxation	Proposed Dividend
1	Barrtronics Singapore Pte Ltd	204.38	0.00	-4,885.13	52,757.09	-49,813.86	—	51,125.07	2,456.72	21.31	2,435.41	—
2	Barrtronics Middle East FZE	18.96	0.00	-6,297.97	12,210.25	-5,198.45	—	10,939.07	2,640.52	0.00	2,640.52	—

## Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary companies

		Rupees in Lakhs						
Sl. No.	Name of the subsidiary Company	Financial year of the subsidiary company ended on	Date on which they became subsidiary company	Number of shares held at the end of the financial year of the Subsidiary company	Extent of interest of holding company at the end of the financial year of the subsidiary company	The net aggregate amount of the subsidiary companies' Profit/(Loss), so far as it concerns the members of the holding company		
1	Barrtronics Singapore Pte Ltd	31.03.2012	14.07.2007	769,500	100%	i) Dealt with holding company's accounts	ii) Not dealt with in the holdings company's accounts	
2	Barrtronics Middle East FZE	31.03.2012	22.06.2010	1	100%	(a) For the financial year ended March 31, 2012 (b) For previous financial years of the subsidiary company since it became holding company's subsidiary	(a) For the financial year ended March 31, 2011 (b) For previous financial years of the subsidiary company since it became holding company's subsidiary	
						2,640.52	500.28	
						2,421.03	3,657.45	

## Annexure - B

Conservation Of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

### A. Conservation of Energy

- Energy Conservation: Energy saving measures is being implemented to reduce energy cost.
- Additional investment and proposal if any, being implemented for reduction of consumption in energy: NIL
- Impact of the measures at (a) and (b) above for reduction of energy and consequent impact on cost of production: Reduction in cost of production.

### Form A

#### A. Particulars with respect to conservation of energy

- Electricity and diesel purchased for manufacture

	2011-12	2010-11
<b>1. Electricity</b>		
Units ( KWH)	367,392	730,076
Total Amount (Rs.)	2,298,538	3,601,152
Rate/Units (Rs.)	6.26	4.93
<b>2. Diesel</b>		
Units ( KWH)	21,009	39,579
Total Amount (Rs.)	309,712	526,008
Rate/units (Rs.)	14.36	13.29

### Form B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D):

- Specific areas in which R& D carried out by the Company: RFID Tags, Cards manufacturing & Personalization.
- Benefits derived as a result of above R& D
  - New products of contactless RFID
  - Both revenue & profit maximization.

- Future plan of Action - Automatic RFID line
- Technology absorption, adoption and Innovation

1.	Efforts in brief made towards technology absorption, adoption and Innovation	New Product of RFID development
2.	Benefits derived as a result of the above efforts e.g. product, improvement, cost reduction, product development, import substitution	New product developed
3.	In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished	Not Applicable
	a) Technology Imported	Not Applicable
	b) Year of Import	Not Applicable
	c) Has Technology been fully absorbed	Not Applicable
	d) If not fully absorbed, areas where this has not been taken place, reasons there of and future plans of action	Not Applicable

### Form C

Foreign Exchange Earnings and Outgo

(Rs. in Million)

Particulars	2011-12	2010-11
Foreign Exchange Earnings	2,956.18	1949.92
Foreign Exchange Outgo	0.70	0.47

## Corporate Governance Report : Annexure - C

### Philosophy on Code of Governance

The Company is of the belief that sound Corporate Governance is critical to enhance and retain stakeholders' trust. The Company envisages the attainment of a high level of transparency and accountability in the functioning of the Company and conduct of its business internally and externally.

The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

### Board of Directors

The Company is managed and guided by the Board of Directors ("Board"). The Board formulates the strategy and regularly reviews the performance of the Company. The Managing Director with the support of senior executives manages the day to day operations of the Company.

The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective areas of specialization and bring a wide range of skills and experience to the Board.

Your Company's Board of Directors consists of Six (6) members and the composition of the Board is as follows:

- ❖ One Whole Time Director
- ❖ One Promoter Director
- ❖ Three Independent Directors
- ❖ One Nominee Director

None of the Directors on the Board is a Member on more than 10 Committees, and Chairman of more than 5 Committees across the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The composition of the Board of Directors and the number of Directorships and Committee Memberships held in other companies and their attendance at the last Annual General Meeting (AGM) are as under:

Name of Director (1)	Category (2)	No. of other Directorships (3)	Number of Board Meeting Attended (4)	Number of Membership/ Chairmanship on other Board Committees (5)	Attendance at the last Annual General Meeting (6)
Mr. Sudhir Rao	Managing Director	Nil	7	Nil	Yes
Mr. S. Tirumala Prasad*	Non Executive & Non Independent	5	Nil	Nil	No
Mr. A.B. Satyavas Reddy	Promoter Non Executive	7	Nil	2	No
Mr. Y. Raghavendra Rao	Independent	2	6	Nil	Yes
Mr. R.V. Panchapakesan	Independent	Nil	7	Nil	Yes
Mr. M.M. Yeasaw	Independent	Nil	7	Nil	Yes
Mr. Jimmy R Anklesaria#	Independent	Nil	1	Nil	NA
Mr. A. Subrahmanyam	Nominee Director (EXIM Bank)	Nil	1	Nil	NA

\* Mr. S. Tirumala Prasad ceased to be a director w.e.f May 30, 2012

# Mr. Jimmy R Anklesaria ceased to be a director w.e.f December 23, 2011

### Change in Composition of Board of Directors since the date of last AGM held on 29.09.2011 up to the date of this Report.

The Board accepted the resignation of Mr. Jimmy R Anklesaria and Mr. S. Tirumala Prasad at its meetings held on February 13, 2012 and August 9, 2012 respectively. Mr. A. Subrahmanyam was appointed as a nominee director of EXIM Bank w.e.f May 3, 2012.

### Board Committees

#### Audit Committee

##### Composition:

The Audit Committee of the Company comprises of three members, two of them including the Chairman being an Independent Director, one of the members is a promoter director. All the members of the Audit Committee are financially literate and Chairman is from finance background being an Ex-General Manager of State Bank of India.

Composition of the Audit Committee as on the date of Annual General Meeting

S. No.	Name of Director	Position	Nature of Directorship
1.	Mr. R. V. Panchapakesan	Chairman	Independent Director
2.	Mr. Y.R. Rao	Member	Independent Director
3.	Mr. A.B. Satyavas Reddy	Member	Promoter – Non Executive Director
4.	Mr. M. M. Yesaw	Member	Independent Director

#### The Audit Committee has the following powers:

- To investigate into any matter in relation to the items, specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and shall have full access to information contained in the records of the and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant.

#### Role of Audit Committee includes the following:

- 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.

- Recommending to the Board, the appointment, reappointment and if required, the replacement or removal of the statutory auditors and fixation of the audit fees.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval with particular reference to :
  - Matters required to be included in the Director's responsibility Statement to be included in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the Internal Control Systems.
- Reviewing the adequacy of the internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of the internal audit.
- Discussion with internal auditors, any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters, where there is suspected fraud, irregularity failure of the internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the audit commences, about the nature and the scope of audit as well as the post-audit discussion to ascertain any

area of concern.

11. 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 the creditors.
12. Reviewing the 's financial and risk management policies,
13. Carrying out such other functions which, maybe, from time to time specifically referred by the Board of Directors.

#### The Audit Committee also reviews the following information:

1. The Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions, submitted by management;
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses ;
5. The appointment, removal and terms of remuneration of the Chief internal auditor; and
6. Review of uses/ application of funds raised through (public issue, right issue, preferential issue, GDR etc.)

#### Meetings and attendance

Number of meetings held during the financial period: 8

Sl. No.	Name of Director	No. of Meetings Attended
1.	Mr. Y.Raghavendra Rao	7
2.	Mr. A.B. Satyavas Reddy	Nil
3.	Mr. R. V. Panchapakesan	8
4.	Mr. M.M. Yesaw	2

#### Remuneration Committee

The Remuneration Committee makes recommendation to the Board of Directors regarding remuneration payable to the executive directors of the company. The Remuneration Committee comprises of three Independent Directors and one Promoter Non Executive Director. Members of the Committee are Mr. R.V. Panchapakesan, Mr. Y.Raghavendra Rao and Mr. A.B. Satyavas Reddy.

The Remuneration Committee also acts as Compensation committee for the purpose of administration and

superintendence of Employees Stock Option Scheme (ESOS). No remuneration committee meeting was held during the financial year.

#### Remuneration policy

Remuneration of employees largely consists of base remuneration, perquisites and allowances. The components of the total remuneration vary for different cadres/grades and are governed by industry pattern, qualification and experience of the employee, responsibilities handled by him, individual performance, etc.

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

The Company pays remuneration by way of salary, perquisites and allowances to the Managing Director and whole time Directors.

Details of Remuneration to the Executive Directors paid/ payable for the period:

Name of Director	Basic Salary (Rs)	Allowances (Rs.)	Perquisites (Rs)	Total (Rs)
Mr. Sudhir Rao	3,780,000	4,288,188	150,000	8,218,188

2. There is no pecuniary relationship or no transactions involving pecuniary relationship between the Company and Non -Executive Directors of the Company.

The Company pays a sitting Fees of Rs. 5000 /- per Board Meeting attended by the non executive directors.

#### Shareholders' Committee

##### i) Share Transfer Committee

A share transfer committee was constituted to deal with various matters relating to share transfer/ transmission, issue of duplicate share certificates, approving the split and consolidation requests and other matters relating to transfer and registration of shares.

The Members of the committee are Mr. A.B. Satyavas Reddy, Mr. Sudhir Rao and Mr. R.V. Panchapakesan.

##### ii) Shareholders Grievance Committee

As a measure of Good Corporate Governance and to focus on the Shareholder's Grievances and towards



strengthening investors relations, an Investors Grievance Committee has been constituted as a Sub- Committee to the Board for the purpose of specifically looking into the matters relating to Shareholders and Investors Grievance such as non- receipt of dividends etc.

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Duly Amended), the Board has approved the ‘Code of Conduct’ for the prevention of “Insider Trading” and authorized the committee to monitor the various requirements as set out in the code.

**Members of the Committee are as follows:**

- Mr. A.B. Satyavas Reddy, Promoter Non Executive Director
- Mr. Sudhir Rao, Managing Director
- Mr.R.V. Panchapakesan, Independent Non Executive Director

**Details of shareholders’ complaints received and resolved during the period 2011-12:**

The total numbers of complaints/ correspondence received and replied to the satisfaction of the shareholders during the 18 months period ended on September 30, 2012 were thirteen (13). There were no outstanding complaints as on September 30, 2012. No shares were pending transfer as on September 30, 2012.

**Compliance Officer:**

The Board has designated Mr. A. Chand Basha, Vice President (Finance & Accounts) & Company Secretary of the Company as the Compliance Officer w.e.f May 10, 2012.

**General Body Meeting**

Location and time, where last three Annual General Meetings were held are given below:

Accounting Year	Date	Location of Meeting	Time	Special resolution passed
2010-11	29th September, 2011	Registered Office of the Company Survey No. 351 Raj Bollaram Village Medchal Mandal RR Dist AP – 501401	11.00 A.M.	<ol style="list-style-type: none"> <li>1. To appoint Mr. Jimmy R Anklesaria as Director of the Company.</li> <li>2. To appoint M/s Ram &amp; Associates as Auditors for USA Branch.</li> <li>3. To allot Shares on preferential basis not exceeding Rs. 4 crores.</li> <li>4. To issue GDRs/ADRs, FCCBs/FCEBs convertible into equity not exceeding USD 100 Million.</li> </ol>
2009-10	28th December, 2010	Registered Office of the Company Survey No. 351 Raj Bollaram Village Medchal Mandal, RR Dist AP - 501401	11.00 A.M.	<ol style="list-style-type: none"> <li>1. To issue GDRs/ADRs, FCCBs/FCEBs convertible into equity not exceeding USD 100 Million.</li> </ol>
2008-09	29th September, 2009	Hotel Sitara Residency Banquest Hall, 5th floor, Beside Big Bazaar, Ameerpet Main Road, Hyderabad – 500016	11.00 A.M.	<ol style="list-style-type: none"> <li>1. To re-appoint Mr. Sudhir Rao as Managing Director of the Company, who shall not be liable to retire by rotation</li> <li>2. Register and records required to be maintained under various provisions of the Companies Act, 1956 shall be available for inspection.</li> <li>3. Amendment of Articles of Association.</li> </ol>

No special resolution was passed through ballot at the last AGM and no special resolution is proposed to be conducted through postal ballot at the forthcoming AGM to be held on December 24, 2012.

### Postal Ballot

The following resolutions were passed by the members through postal ballot on 09.07.2011 and 16.10.2012.

Postal ballot – 19.07.2011

S. No	Resolution	Details of voting pattern	Scrutinizer
1.	To alter the main objects clause of the Memorandum of Association of the Company	Votes in favor of the resolution: 9788684 Votes against the resolution: Nil	Y. Ravi Prasada Reddy Practicing Company Secretary FCS No: 5783 CP No: 5360
2.	To transfer the Company's Citizen Services Division and Banking Solutions Division to its wholly owned subsidiaries pursuant to Section 293(1) (a) of the Companies Act, 1956	Votes in favor of the resolution: 9787462 Votes against the resolution: 1222	
3.	To amend the Articles of Association of the Company	Votes in favor of the resolution: 9788648 Votes against the resolution: Nil	

Postal ballot – 16.10.2012

S. No	Resolution	Details of voting pattern	Scrutinizer
1.	To appoint joint statutory auditors of the Company	Votes in favor of the resolution: 7259920 Votes against the resolution: 180	Y. Ravi Prasada Reddy Practicing Company Secretary FCS No: 5783 CP No: 5360

### Disclosures:

#### 1. Materially Significant related party transactions

There are no materially significant related party transactions i.e. transactions, material in nature with its Promoters, Directors or Management of the Company having potential conflict with the interests of the Company at large except as mentioned in section 34 to the Annual Accounts for the period ended 30.09.2012.

#### 2. Details of Statutory non-compliances

There have not been any non-compliance by the Company and no penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any Statutory Authorities, on any material related to capital markets, during the period under review.

#### 3. Management Discussion and Analysis Report

Management Discussion and Analysis Report forma part of this Annual Report and is in accordance with the requirements as laid down in Clause 49 of the Listing Agreement with the Stock Exchanges.

#### 4. Clause 49(I)(D): Code of conduct

The Board has laid down a Code of Conduct for the prevention of Insider Trading in pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Duly amended), the Board has approved the requirement of the as set out in the code. The Board members and senior management personnel have affirmed compliance with the code for the financial period 2011-12.

**5. Clause 49(IV)(B): Disclosure of Accounting Treatment**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently and comply with material aspects with the accounting standards notified under section 211 (3C) of the Companies Act, 1956. Significant Accounting policies is provided elsewhere in the Annual Report.

**6. Clause 49(IV)(E):**

- a. None of the Independent/Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the judgment of the Board may affect the independent of the director except receiving sitting fee for attending Board/Committee meetings.
- b. None of the non-executive directors hold shares in the Company.

**7. Details of Directors seeking re-appointment at the forthcoming AGM**

Brief profiles of the directors seeking re-appointment has been given as additional information after the explanatory statement forming part of the notice to AGM.

**8. CEO & CFO Certificate**

Certification by the Managing Director and Chief Financial Officer of the Company as required under Clause 49 of the Listing Agreement is provided at the end of the Corporate Governance Report.

**9. Means of communication**

- i) Shareholders were intimated through the Company's website [www.bartronics.com](http://www.bartronics.com) about the quarterly performance and the financial results of the Company.
- ii) The quarterly and half yearly results of the Company are generally published in Business Standard (English) and Andhra Bhoomi (Telugu) or Financial Express (English) and Andhra Prabha (Telugu).
- iii) Presentations were also made to the media, analysts, institutional investors etc. from time to time.
- iv) The management's discussion and analysis

forms part of the Annual Report, which is posted to the Shareholders of the Company.

**10. Code of conduct for prevention of Insider Trading**

The Board has laid down a Code of Conduct for the prevention of Insider Trading in pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Duly amended).

**General Shareholders' Information**

**Annual General Meeting**

**Date:** December 24, 2012

**Time:** 11.00 AM

**Venue:** Survey No. 351, Raj Bollaram village, Medchal Mandal, Ranga Reddy Dist. Andhra Pradesh – 501 401

**Financial year:** 2011-12 (Constituting 18 months from April 2011 to September 2012)

**Book Closure Date:** December 20, 2012 to December 24, 2012

**Dividend Payment Date:** NA

**Listing of equity shares on stock exchanges**

National Stock Exchange of India Ltd  
Exchange Plaza, 5th Floor  
Plot No. C/1, G Block  
Bandra – Kurla Complex, Bandra (E)  
Mumbai - 400 051

Bombay Stock Exchange Ltd.  
The Corporate Relationship Department  
Rotunda Building, P.J. Towers, Dalal Street  
Fort, Mumbai - 400 001

The Company has paid the annual listing fees to each of the above stock exchanges for the financial years 2011-12 & 2012-13.

**Listing of FCCBs**

The FCCBs of the Company are listed on the Singapore Stock Exchange.

**Stock code**

- NSE symbol for Bartronics India Limited is BARTRONICS
- BSE code for Bartronics India Limited is 532694
- ISIN number for Bartronics India Limited is INE855F01034

### Share Transfer System

Share transfer and transmission work is being looked after by the Registrar and Transfer Agents. Investors are advised to contact the Company or Bigshare Services Private Limited, the Registrar and Share Transfer Agents of the Company in case of any problems relating to transfer or transmission of shares. The address is given below:

Registered Office	Branch Office
Bigshare Services Private Limited E-2/3, Ansa Industrial Estate Sakivihar Road, Sakinaka Andheri (E), Mumbai – 400072 Tel : 022-2847 0652 Fax : 022-2847 5207	Bigshare Services Private Limited G-10, Left Wing, Ashri.utha Ville, Opp : Yashoda Hospital Somajiguda, Raj Bhavan Road Hyderabad – 500082 Tel : 040-2337 4967

Distribution of Shareholding as on September 30, 2012

Shareholding of Nominal Value ( in Rupees)	No. of Shareholders	% of Shareholders ( Percentage)	No. of Shares Held	% of Shareholding ( Percentage)
Upto – 5000	55410	87.51	7564203	22.21
5001-10000	4273	6.75	3433492	10.08
10001-20000	1948	3.08	2989330	8.77
20001-30000	638	1.01	1649669	4.85
30001-40000	287	0.45	1040857	3.07
40001-50000	236	0.37	1119481	3.28
50001-100000	307	0.48	2245834	6.58
100001 – Above	217	0.34	14005995	41.16
Total	63316	100.00	34048861	100.00

Pattern of shareholding as on September 30, 2012 (Face Value: Re.10 each)

Category	Number of Shares	Percentage %
Promoter and Promoter Group	6807251	19.99
Financial Institutions/Banks	401022	1.18
Foreign Institutional Investors	18539	0.05
Body Corporate	4516713	13.27
Indian Public	22100802	64.91
Clearing Members	9117	0.03
Non resident Indians	189167	0.56
Trust	6250	0.02
Total	34048861	100

### Dematerialization of shares

99.99% of the Company's Paid-up capital is in dematerialized mode. The details are as follows:

Held in dematerialized form in NSDL	24468542	71.86%
Held in dematerialized form in CDSL	9577527	28.13%
Physical Form	2792	0.01%

### Outstanding convertible instruments

1. 500 Foreign Currency Convertible Bonds were outstanding for conversion as on 30.09.2012.
2. Apart from this no other GDRs/ADRs and warrants were outstanding which may have an impact on equity.

### Plant Location

Survey No. 351, Raj Bollaram Village , Medchal - 501401  
Ranga Reddy District, Andhra Pradesh

## Annexure D

Certificate on Corporate Governance

To

The Members of Bartronics India Limited

I have examined the compliance conditions of Corporate Governance by Bartronics India Limited, Hyderabad for the period ended on September 30, 2012, as stipulated in Clause 49 of the Listing Agreement.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my knowledge and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Clause 49 of Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievance Committee.

I 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.

Place: Hyderabad

Date: November 24, 2012

Y. Ravi Prasada Reddy  
Practicing Company Secretary  
FCS No. : 5783  
CP No. : 5360

## Annexure E

Certificate from the Managing Director in Terms of amended Clause 49(1)(d)(ii) of Listing Agreement

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the code of conduct, laid down by the Board of Directors, for the financial period 2011-12.

**For Bartronics India Limited**

Place: Hyderabad  
Date: November 24, 2012

**SUDHIR RAO**  
Managing Director

## Annexure F

### CEO & CFO CERTIFICATION

We, Sudhir Rao, Managing Director and A. Chand Basha, Vice-President Finance and Accounts, to the best of our knowledge and belief, do hereby certify that

1. We have reviewed financial statements and the Cash Flow Statement 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 together present a true and fair view of the Company's affairs and are in compliance with existing 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 violative of the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

As required by sub clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial period ended September 30, 2012, that the Company has complied with the requirements mentioned in the said sub clause.

**SUDHIR RAO**  
Managing Director

**A. CHAND BASHA**  
Vice President (Finance & Accounts)

Place: Hyderabad  
Date: November 24, 2012

## AUDITORS' REPORT

To  
The Shareholders  
**Bartronics India Limited**  
Hyderabad.

We have audited the attached Balance Sheet of BARTRONICS INDIA LIMITED as at 30<sup>th</sup> September, 2012, the Statement of Profit and Loss for the period starting 01-04-2011 and ended on that date and the Cash Flow Statement of the Company for the period starting 01-04-2011 and ended on that date, annexed thereto in which are incorporated the Returns from the overseas Branch which are unaudited. 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These 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.
2. Without qualifying our opinion, we invite attention to Note no 48 forming part of the financial statements regarding the uncertainties relating to MCD Project - "*Apke Dwar Project*"
3. We invite attention to:  
*Note 17 forming part of the financial statements regarding the Trade Receivables balance aggregating to Rs.80,188.92 Lakhs (including Rs.58,534.39 Lakhs relating to the period prior to April 1st, 2011) and in respect of which no provision has been made .In the absence of the required information, we are unable to form an opinion on the extent to which the debts may be irrecoverable.*
4. As required by the Companies (Auditor's Report) Order, 2003 and amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government 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.
5. Further to our comments in the Paragraph 2 and the Annexure referred to paragraph 4 above and the notes on accounts, we report that:
  - a. Subject to the above, 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 those books and proper returns adequate for the purpose of our audit have been received from the overseas branch which are not audited.
  - c. The un-audited accounts of the overseas branch has been forwarded to us as certified by the management and have been dealt with by us in preparing this report.
  - d. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the unaudited Branch Return;
  - e. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the 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;

- f. On the basis of written representations received from the directors of the company, as on 30<sup>th</sup> September, 2012, and taken on record by the Board of Directors, we report that none of the directors are disqualified from being appointed as a director of the company in terms clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
- g. In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and *subject to the effect of adjustments that may be required in respect of matters referred to in paragraph 3 above, the effect of which we have not been able to determine*, give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> September, 2012.
  - ii. In so far as it relates to the Statement of Profit and Loss, of the Loss of the Company for the period ended 30<sup>th</sup> September, 2012 and
  - iii. In so far as it relates to Cash Flow Statement, of the cash flows for the period ended on that date.

For **T.Raghavendra & Associates**  
Chartered Accountants  
FRN 003329S

Place: Hyderabad  
Date : 24-11-2012

**T.Raghavendra**  
Mem No 023806



## Annexure 4 referred to in our report of even date on the accounts for the period ended 30<sup>th</sup> September 2012

- i. a. The Company is in the process of re-constructing its fixed assets register with a view towards reflecting full particulars including quantitative details and situation of the fixed assets.
- b. Some of the fixed assets were physically verified, in phases, by the Management during the year as per the regular programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. In respect of the assets at third party locations, confirmations have been received. In view of the fact that the fixed assets register is in the process of re-construction, management has informed that discrepancies, if any, arising between the assets verified and the book records would be dealt with in the period in which such re-construction of the register is completed.
- c. The assets disposed off during the period in our opinion are not substantial and therefore do not affect the going concern status of the company.
- ii. a. As explained to us, the stock of raw materials, stores and finished goods other than in transit have been physically verified during the year by the Management. 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. In our opinion the company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us, the company has neither granted nor taken any loans from the companies, firms or other parties listed in the register maintained under Section 301 of the companies Act, 1956.
- 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 the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods needs to be strengthened so as to be commensurate with the current size of the Company and the nature of its business and services. Except for the above we have not observed any other continuing failure to correct major weakness in the internal control system.
- v. a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register.
- b. In our opinion and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding during the period by Rupees five lakhs in respect of each party have been made at prices which are reasonable and in respect of which no comparable quotations were available and hence unable to comment.
- vi. The company has an internal audit system, which in our opinion, is commensurate with its size and nature of its business.
- vii. a) According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, customs Duty, Excise Duty, and other material statutory dues as applicable with the appropriate authorities except for some delays in deposit of dues.

- b) According to the information and explanations given to us, the undisputed amounts payable in respect of the aforesaid dues were outstanding as at 30<sup>th</sup> September, 2012 for a period of more than six months from the date becoming payable are as follows:

Nature of the Dues	Financial Year	Rs. In Lakhs	Remarks	Pending Before
Income Tax	2008-09	130.18	Self Asst Tax	Asst to be completed
Income Tax	2010-11	13.60		Asst to be completed
Central Sales Tax	2011-12	5.95		

- c) According to the information and explanations given to us and the records of the company examined by us, the disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as follows:

Nature of the Dues	Financial Year	Rs. In Lakhs	Remarks	Pending Before
Income Tax	2005-06	26.10	Regular Tax demand u/s 143 (3)	ITAT
	2006-07	22.27		ITAT
	2007-08	1293.88		Dispute Resolution panel
Fringe Benefit Tax	2007-08	768.76		CIT (Appeals)

- viii. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Financial Institution and Banks as follows:

Lender	Maximum amount of default(Rs in lakhs)	Maximum period of default(days)	Subsequent payment
<b>Andhra Bank</b>			
Principal	152.78	426	Not paid
Interest	50.86	92	
<b>Bank of India</b>			
Principal	330.00	273	Not paid
Interest	41.67	92	
<b>Bank of Baroda</b>			
Principal	137.50	61	Not paid
<b>HSBC</b>			
Principal	42.71	395	Not paid
Interest	6.78	426	
<b>Indian Bank</b>			
Principal	91.67	334	Not paid
Interest	18.03	92	

Lender	Maximum amount of default(Rs in lakhs)	Maximum period of default(days)	Subsequent payment
<b>LIC</b>			
Principal	142.80	426	Not paid
Interest	49.85	426	
<b>HP Financial Services</b>			
Principal	114.58	334	Not paid
Interest	37.30	334	

- ix. In our opinion and according to the information and explanation given to us the term loans have been applied for the purpose for which they were obtained, other than temporary deployment pending application.
- x. The Company does not have any accumulated losses at the end of the financial year but has incurred cash losses in the current financial year. There were no cash losses in the financial year immediately preceding such financial year.
- xi. According to the information and explanations given to us and an overall examination of the balance sheet of the company, we report that no funds raised on a short-term basis which have been used for long-term investment, and vice versa.
- xii. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
- xiii. Having regard to the nature of the Company's business and activities clauses 4 (v), (viii), (xii), (xiii), (xiv), (xv), (xvii), (xix) and (xx) of CARO are not applicable.

**For T. Raghavendra & Associates**  
Chartered Accountants  
FRN 003329S

Place: Hyderabad  
Date : 24-11-2012

**T. Raghavendra**  
Mem 023806

**BALANCE SHEET AS AT 30 SEPTEMBER 2012**

Rupees in Lakhs

	Note No	For the Current Reporting Date 30 Sep 2012	For the Previous Reporting Period 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a) Share capital	3	3,404.89	3,404.89
b) Share warrants (Ref note : 30 )			4,465.25
c) Reserves and surplus	4	33,271.62	45,223.12
		<u>36,676.51</u>	<u>53,093.26</u>
<b>2 Non- current liabilities</b>			
a) Long-term borrowings	5	3,575.41	35,521.11
b) Deferred tax liabilities (net)	6	3,693.34	3,310.84
c) other non current liabilities			
d) Long term Provisions	7	156.30	5,430.26
		<u>7,425.05</u>	<u>44,262.21</u>
<b>3 Current liabilities</b>			
a) Short-term borrowings	8	18,338.89	15,969.13
b) Trade payables	9	25,456.65	23,872.98
c) Other current liabilities	10	45,806.30	8,962.24
d) Short-term provisions	11	17,048.68	6,015.75
		<u>106,650.53</u>	<u>54,820.10</u>
<b>TOTAL</b>		<u>150,752.08</u>	<u>152,175.56</u>
<b>II. ASSETS</b>			
<b>1 Non- current assets</b>			
a) Fixed assets			
i) Tangible assets	12 A	9,987.33	13,370.12
ii) Intangible Assets	12 B	7,159.37	10,820.75
iii) Capital work in progress		1,555.54	4,135.78
		<u>18,702.24</u>	<u>28,326.65</u>
b) Non-current investments	13	30,217.99	223.94
c) Long-term loans and advances	14	13,976.68	53,044.67
		<u>62,896.91</u>	<u>81,595.26</u>
<b>2 Current assets</b>			
a) Current investments	15	—	25.00
b) Inventories	16	507.84	1,934.17
c) Trade receivables	17	80,188.92	58,534.39
d) Cash and bank balances	18	319.08	707.67
e) Short-term loans and advances	19	3,410.98	6,736.75
f) Other current assets	20	3,428.35	2,642.32
		<u>87,855.17</u>	<u>70,580.30</u>
<b>TOTAL</b>		<u>150,752.08</u>	<u>152,175.56</u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For T.Raghavendra & Associates  
Chartered Accountants  
(FRN : 003329S)

**Sudhir Rao**  
Managing Director

**A.B.S.Reddy**  
Director

**T.Raghavendra**  
(Mem No. 023806)

**A.Chand Basha**  
Company Secretary

Place : Hyderabad  
Date : 24 November 2012

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2012

Rupees in Lakhs

	Note No	For the Eighteen months period ended 30 Sep 2012	For the year ended 31 March 2011
<b>I. Revenue</b>			
Revenue from operations (gross)		55,761.65	59,970.36
Less: Excise duty		141.12	265.35
Revenue from operations (net)	21	55,620.53	59,705.01
Other income	22	3,115.35	912.68
<b>Total revenue</b>		<b>58,735.88</b>	<b>60,617.69</b>
<b>II. Expenses</b>			
Cost of materials consumed	23.a	4,357.03	7,677.37
Purchase of stock-in-trade	23.b	36,524.60	21,111.31
Change in inventories of finished goods, work in progress and stock- in-trade	23.c	332.01	(45.92)
Employee benefits expense	24	2,609.22	1,055.19
Finance costs	25	7,344.55	6,016.18
Depreciation and amortisation expense	12A&12B	7,231.53	5,236.62
Other expenses	26	12,137.26	14,380.83
<b>Total expenses</b>		<b>70,536.20</b>	<b>55,431.58</b>
<b>III. Loss before tax (I-II)</b>		<b>(11,800.32)</b>	<b>5,186.11</b>
<b>IV. Tax expense:</b>			
a) Current tax expense for current year		—	989.06
b) MAT credit relating to earlier years		—	(1,777.52)
		—	(788.46)
c) Deferred tax		(382.49)	(605.97)
		(382.49)	(1,394.43)
<b>V. Profit for the year/period (III-IV)</b>		<b>(12,182.81)</b>	<b>6,580.54</b>
Earnings per equity share of Rs.10 Each (Ref. note no: 40)			
Basic Rs.		(35.78)	19.33
Diluted Rs.			12.49

## See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For T.Raghavendra & Associates  
Chartered Accountants  
(FRN : 003329S)

Sudhir Rao  
Managing Director

A.B.S.Reddy  
Director

T.Raghavendra  
(Mem No. 023806)

A.Chand Basha  
Company Secretary

Place : Hyderabad  
Date : 24 November 2012

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

Rupees in Lakhs

Particulars	For the Eighteen months Period ended 30 Sep 2012	For the Year ended 31.03.2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	(11,800.32)	5,186.11
<b>Adjusted for:</b>		
Wealth Tax	—	0.85
Depreciation & Amortisation	7,231.53	5,236.62
Interest Income	(100.36)	(18.10)
Interest Expense	7,344.55	6,016.18
Unrealised Foreign Exchange Loss (Net)	(3,098.95)	236.54
Creditors No longer payable	(173.92)	—
Bad debts written off	4,793.87	—
Subsidiaries Advances Written Off	—	6.50
CWIP written off	4,093.40	—
<b>Operating Profit Before Working Capital Changes</b>	<b>8,289.79</b>	<b>16,664.70</b>
Changes in:		
Trade and Other Receivables	(16,278.61)	(3,627.85)
Inventories	1,426.33	36.21
Trade and Other Payables	15,404.23	(1,279.12)
Cash Generated From Operations	8,841.74	11,793.94
Taxes Paid	(729.43)	(2,282.82)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>8,112.31</b>	<b>9,511.12</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (after adjustment of Increase/Decrease in Capital Work in Progress)	(182.43)	(2,381.28)
Refund of Advances for Capital Expenses	—	2,239.71
Sale of Fixed Assets	—	0.15
Interest Received	11.00	37.27
Investment in Subsidiaries	—	(18.96)
Investment in current investment	—	(25.00)
Proceeds from sale of investments	25.00	—
Advances to Subsidiaries	(123.00)	(538.48)
Repayment of Advances to Subsidiaries	—	—
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(269.43)</b>	<b>(686.59)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds From Long Term Borrowings	—	1,990.12
Repayment of Longterm Borrowings	(4,842.91)	(8,446.48)
Proceeds from Working Capital Borrowings (Net)	2,369.76	964.85
Proceeds from Unsecured Loans (Net of repayments)	—	2,051.17
Interest & Finance Expenses Paid	(5,417.83)	(5,386.06)
Dividend Paid (Including Distribution tax)	(340.49)	(390.30)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES (C)</b>	<b>(8,231.47)</b>	<b>(9,216.70)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(388.59)</b>	<b>(392.17)</b>
Cash and Cash Equivalents as at the Beginning of the Year	707.67	1,099.84
Cash and Cash Equivalents as at the End of the Year	319.08	707.67

- The Cash Flow Statement is prepared in accordance with the Indirect Method as set out in Accounting Standard - 3 on Cash Flow Statements notified in Section 211(3C) of the Companies Act, 1956.
- Cash and Cash Equivalents include Rs 274.44 lakhs (31.03.2011: Rs. 223.25 lakhs ) in Fixed Deposits and Margin Deposits lodged with Banks against guarantees/ letter of credit issued.
- Previous year's figures have been regrouped/ rearranged/reclassified wherever necessary to conform with those of the current year.
- Figures in bracket represents cash outflow.

In terms of our report attached

For T.Raghavendra & Associates  
Chartered Accountants  
(FRN : 003329S)

**T.Raghavendra**  
(Mem No. 023806)

Place : Hyderabad

Date : 24 November 2012

For and on behalf of the Board of Directors

**Sudhir Rao**  
Managing Director

**A.B.S.Reddy**  
Director

**A.Chand Basha**  
Company Secretary

## NOTES FORMING PART OF THE BALANCE SHEET

### 1. CORPORATE INFORMATION

The Company was incorporated as a private limited Company by the name of Super Bar Tronics Private Limited on September 10, 1990. Further, the Company changed its name from Super Bar Tronics Private Limited to Super Bartronics Limited and subsequently converted into a Public Limited Company w.e.f. from July 27, 1995. The name of the Company was changed to Bartronics India Limited on January 1, 1996.

Bartronics is currently engaged in providing solutions based on Bar Coding, one of the oldest AIDC technologies. Since then, in the past two decades, it has been pioneer in introducing newer technologies and solutions in India based on Biometrics, RFID, POS, EAS, and Smart Cards etc

### 2. SIGNIFICANT ACCOUNTING POLICIES:

#### a. Basis of Preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with accounting principles generally accepted in India and accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of section 211 (3C) of the Companies Act, 1956.

#### b. Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

#### c. Fixed Assets:

##### A. Tangible Assets:

Fixed Assets are stated at cost (net of

duties and taxes) less depreciation. Cost includes installation and expenditure during construction, import duties, freight, insurance and incidental expenses directly attributable to the Fixed Assets. Fixed Assets costing less than Rs.5,000 are fully depreciated in the year of purchase. Assessment for indication of any impairment of Fixed Asset is made at the year-end and impairment loss, if any, is recognized immediately. Depreciation is provided pro-rata on Straight Line Method as per the rates and in the manner provided in the Schedule XIV of the Companies Act, 1956, except for the following fixed assets where the rates applied are higher than the rates provided in Schedule XIV of the Companies Act, 1956:-

Plant & Machinery	7.42%
Electrical Installations	7.42%

##### B. Intangible Assets:

Intangible Assets are stated at cost less amortization. Intangible Assets are amortized over their estimated useful lives on a straight line basis using following rate of depreciation.

Intellectual Property Rights	10.00%
Software	16.67%

#### d. Borrowing Costs:

Borrowing costs that are attributable to acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantially period of time i.e., more than 12 months to get ready for its intended use. All other borrowing costs are charged to revenue.

#### e. Impairment of Assets:

At each balance sheet date, the Management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine

the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of asset and from its disposal are discounted to their present value using a pre tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss recognized in prior years if any is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in the prior years.

**f. Investments:**

Long-term Investments are stated at cost less diminution in the value of investments that is other than temporary. Current investments are valued at lower of cost and fair value.

**g. Inventories:**

Inventories are valued at lower of cost and net realisable value. The method of arriving at cost of various categories of inventories is as below:

a)	Raw Materials	First in First Out Method
b)	Finished Goods and Stock in Progress	Direct Material cost plus appropriate overheads

**h. Income Taxes:**

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

Deferred Tax assets and liabilities are measured using current applicable tax rates

expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit and loss account in the period of enactment of the change.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable/virtual certainty, as applicable, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

**i. Employee Benefits:**

The estimated liability for employee benefits for present and past services which are due as per the terms of employment are determined in accordance with the requirements of Accounting Standard (AS) 15 "Employee Benefits" issued by the Companies (Accounting Standards) Rules, 2006. A brief description of the employee benefits are as follows:

**A. Gratuity** – The Company has an obligation towards gratuity, a defined retiring plan covering all eligible employees. The plan provides for lump sum payment in accordance with the Payment of Gratuity Act, 1972 to vested employees on retirement, death while in employment or on separation. Vesting occurs on completion of five years of service. The liability is determined and charged to profit and loss account on the basis of valuation by independent actuary.



**B. Provident Fund** – This is a defined contribution plan of the Government of India under which both the employer and employee contribute monthly at a pre-determined rate (currently up to 12 % of employee salary) and the Company has no further obligation.

**j Revenue Recognition:**

**A Export Sales:**

Revenue from Sale of Export of Software is recognized upon transmission of software to customers through electronic form, when significant risks and rewards relating to the ownership of products are transferred to the customers by Company.

**B. Manufactured Sales:**

Revenue from Sale of Manufactured Goods is recognized upon dispatch of goods to customer, when significant risks and rewards relating to ownership of products are transferred to the customers by the Company. Gross Sales are inclusive of Excise duty.

**C. Trading Sales:**

Revenue from Trading sales are recognized upon transmission of software to customer through electronic data transfer or by endorsement of bill of lading as the case may be, when significant risks and rewards relating to ownership of products are transferred to the customers by the company.

**D. Service Income:**

Annual Maintenance Contract and Service Income are recognized on a time proportion basis.

**k. Foreign Currency Translation and Foreign Currency Transactions:**

**A. Wholly Owned Foreign Subsidiaries:**

Wholly Owned Foreign Subsidiaries

are classified as integral operations. All foreign currency monetary items outstanding at the year-end are translated at the year-end exchange rates. The resulting exchange gains and losses are recognized in the profit & loss account.

**B. Foreign Branch:**

Assets (other than Fixed Assets) and Liabilities of the foreign branch are translated into Indian Rupees at the exchange rate prevailing as at the Balance Sheet date. Fixed Assets are carried at the exchange rate prevailing on the date of transaction. Revenue and Expenses are translated into Indian Rupees at yearly average rates.

**C Other Foreign Currency Transactions:**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at year end are restated at the exchange rate on the date of the Balance Sheet date. Non-monetary items denominated in foreign currencies are carried at cost. Exchange differences on settlement or restatement are adjusted in the Profit and Loss account.

**l. Leases:**

The Company's significant leasing arrangements are in respect of operating leases for premises and equipments. The leasing arrangements range from 11 months to 5 years generally and are usually cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable and receivable are charged as rent or recognised as income, in the Profit and Loss Account.

**m. Earnings Per Share:**

Basic earnings per equity share ("EPS") is calculated by dividing the Net Profit/(Loss) after Tax for the year attributable to the equity shareholders by the weighted average

number of equity shares outstanding for the year.

Diluted earnings per share is computed by dividing the net profit or loss after tax for the year referred to above adjusted for any attributable change in expenses or income that would result from the conversion of the dilutive potential equity shares, by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti dilutive.

**n. Provisions and Contingent Liabilities:**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not provided for but disclosed in the notes to the financial statements.

**o. Redemption Premium:**

Premium payable on redemption of Foreign Currency Convertible Bonds ('FCCB') is charged to Securities Premium Account over the life of the Bond.

## NOTES FORMING PART OF THE BALANCE SHEET

Rupees in Lakhs

Particulars	As at 30 Sep 2012	As at 31 March 2011
<b>Note 3: Share capital</b>		
Authorised		
i) 110,000,000 (31.03.2011:110,000,000) Equity Shares of Rs.10 each	11,000.00	11,000.00
<b>Issued, subscribed and fully paid up</b>		
i) 34,048,861 (31.03.2011:34048861) Equity Shares of Rs.10 each	3,404.89	3,404.89
<b>Total</b>	<b>3,404.89</b>	<b>3,404.89</b>

(Of the above 2,189,650 Equity Shares of Rs.10/- each issued as fully paid bonus shares by way of capitalisation of Rs.218.97 Lakhs from the Profit and Loss account)

**Notes:**

i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year / period

Particulars	Eighteen Months period ended 30.Sep.12		Year ended 31 March 12	
	No.of Shares	Rupees in Lakhs	No.of Shares	Rupees in Lakhs
<b>a) Equity</b>				
Shares outstanding at the beginning of the Year/Period	34048861	3,404.89	34048861	3,404.89
Shares issued during the year/period	—	—	—	—
Shares outstanding at the end of the year/period	34048861	3,404.89	34048861	3,404.89

i) Details of shares held by each share holder holding more than 5% shares

Name of the share holder	Eighteen Months period ended 30.Sep.12		Year ended 31 March 11	
	No.of Shares Held	%	No.of Shares Held	%
a) AB Satyavas Reddy	3,213,858	9.44	3,704,368	10.88
b) Info Tech Infirm & Trading P Ltd	2,200,000	6.46	2,200,000	6.46
c) Satya Straps and Packing Technologies Limited			2,882,790	8.47
	5413858.00		8787158.00	

Rupees in Lakhs

Particular	As at 30 Sep 2012	As at 30 Sep 2011
<b>Note 4: Reserves and surplus</b>		
i) Capital reserve		
Opening balance		
Add: Additions during the year/period ( note : )	4,465.25	—
Closing balance	4,465.25	—
ii) Securities premium account		
Opening balance	23,133.02	24,943.28
Add: Premium on conversion of FCCB's	—	—
Less: Premium on Redemption of FCCB's	4,234.12	1,810.26
	18,898.90	23,133.02
iv) General reserve	125.00	125.00
v) Surplus in statement of profit and loss		
Opening balance	21,965.28	15,781.60
Add: Profit for the year/period	(12,182.81)	6,580.54
Less: Appropriations	—	—
Proposed dividend	—	340.49
Dividend distribution tax	—	56.56
Less : Adjustment	—	—
Closing balance	9,782.47	21,965.09
<b>Total</b>	<b>33,271.62</b>	<b>45,223.11</b>
<b>Note 5: Long term borrowings</b>		
<b>Secured</b>		
a) Term loans from		
i) Banks	1,604.10	7,205.91
ii) Financial institutions	1,429.20	2,286.00
iii) Others	542.11	1,307.23
<b>Unsecured</b>		
i) Bonds	—	22,670.80
ii) others	—	2,051.17
	<b>3,575.41</b>	<b>35,521.11</b>

**Notes:**

- 1) Term Loans from banks viz. Bank of Baroda, Bank of India, Andhra Bank, Indian Bank, Hongkong and Shanghai Banking Corporation Limited, Life Insurance Corporation of India are secured by first pari passu charge on all the immovable and movable fixed assets of the company both present and future and second pari passu charge on the current assets both present and future of the company. Further, these loans are secured by personal guarantees and properties of the Promoter director.

- 2) Terms of repayment are given below:
- Loan taken from Bank of Baroda carries an interest rate of 14.75% p.a and is repayable in 16 quarterly installments of Rs.137.50 lakhs each.
  - Loan taken from Bank of india carries an interest rate of 14.75% p.a and is repayable in 8 quarterly installments of Rs.330.00 lakhs each.
  - Loan taken from Andhra bank carries an interest rate of 14.50% p.a and is repayable in 24 monthly installments of Rs.152.78 lakhs each.
  - Loan taken from Indian bank carries an interest rate of 16.25% p.a and is repayable in 14 quarterly installments of Rs.91.67 lakhs each.
  - Loan taken from Hongkong and shanghai banking corporation Limited carries an interest rate of 18.75% p.a and is repayable in 5 monthly installments of Rs.100.00 lakhs each.
  - Loan taken from Life Insurance Corporation of India carries an interest rate of 13% p.a and is repayable in 21 quarterly installments of Rs.142.80 lakhs each.
- 3) Term loan of Rs.1870.00 lakhs from HP Financial services(India) Pvt Ltd is secured by first charge on the specific purpose assets viz IBM Kiosk Machines of MCD Apka Dwar project.The term loan is repayable in 13 equated quarterly installments of Rs.141.00 lakhs Aggregating Rs.2256.00 lakhs.
- 4) Vehicle Loans from banks and others are secured by hypothecation of the vehicles financed through the loan arrangements and are repayable over 36 months

Particular	As at 30 Sep 2012	As at 30 Sep 2011
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**Note 6: Deferred tax liabilities (net)**

Deferred tax liability:

On difference between book balance and tax balance of fixed assets	3,880.40	5,013.39
	<u>3,880.40</u>	<u>5,013.39</u>

Deferred tax asset:

Provision for employee benefits	47.28	21.40
Provision for doubtful trade receivables, loans and advances	139.77	156.27
Unabsorbed /Depreciation	—	1,524.88
	<u>187.06</u>	<u>1,702.55</u>

Deferred tax liabilities (net)

<u>3,693.34</u>	<u>3,310.84</u>
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**Note 7: Long-term provisions**

Provision for Employee benefits (Refer note 28)	156.30	65.96
Provision for Premium payable on FCCB	—	5,364.30
	<u>156.30</u>	<u>5,430.26</u>

**Note 8: Short-term borrowings**

Loans repayable on demand

From Banks	18,334.63	15,969.13
From Others	—	—
Unsecured	4.26	—
	<u>18,338.89</u>	<u>15,969.13</u>

- i) Loans repayable on demand includes an amount of Rs. 17123.69 lakhs (31.03.2011:Rs. 15969.13 lakhs) represents working capital loans from banks are inter alia secured by way of pari passu first charge on current assets and pari passu second charge on fixed assets both present and future. Further these loans are secured by personal guarantee and properties of certain directors. Unsecured is the shortterm advance received from the subsidiary Bartronics Asia Pte Ltd

Rupees in Lakhs

Particular	As at 30 Sep 2012	As at 30 Sep 2011
<b>Note 9: Trade payables</b>		
<i>(Refer Note no. 47 for details of dues from Micro and small enterprises)</i>		
Acceptances	—	—
Other than acceptances	25,456.65	23,872.98
	<u>25,456.65</u>	<u>23,872.98</u>
<b>Note 10: Other current liabilities</b>		
Current maturities of long-term debt <i>(Refer note No. 5)</i>	37,963.97	7,206.98
Interest accrued but not due on borrowings	35.84	60.77
Interest accrued and due on borrowings	1,951.63	—
Inter corporate Deposits	4,499.93	—
Other liabilities	759.16	270.30
Unclaimed dividends	13.19	9.57
Statutory remittances	192.27	103.34
Payables for Capital works	204.42	211.11
Advances from customers	185.88	1,100.17
	<u>45,806.30</u>	<u>8,962.24</u>
<b>Note 11: Short-term provisions</b>		
Provision for employee benefits	—	—
Provision for income tax	6,665.81	4,890.83
Provision for FBT	727.88	727.88
Proposed Dividend	—	340.49
Dividend Distribution Tax	56.56	56.55
Provision for Premium Payable on Redemption of FCCB	9,598.43	—
	<u>17,048.68</u>	<u>6,015.75</u>
<b>Note 13: Non-current investments</b>		
<i>(At cost unless otherwise stated)</i>		
Trade		
Bartronics Asia Pte Ltd	8,654.17	204.38
Equity 769500 @ SGD 1(31.03.11 - 769500 @ SGD 1)		
Cumulative Redeemable Preference Shares 21097042 @ USD 1 (31.3.11 - Nil)		
Bartronics America Inc	21,544.86	0.60
Equity 1500 @ USD 1(31.03.11 - 1500 @ USD 1)		
Non convertible non cumulative Preference shares 4994 @ USD 10000 (31.3.11 - Nil)		
Bartronics Middle East FZE	18.96	18.96
Equity 1 @ AED 150000(31.03.11 - 1 @ AED 150000)		
ROI Public Relations Pvt Ltd	—	3.13
Less: Provision for diminution in Value of Investment	—	(3.13)
	<u>30,217.99</u>	<u>223.94</u>
Book value of unquoted investments	<u>30,217.99</u>	<u>223.94</u>

<b>Note : 12 A</b>											
Tangible Assets Particulars	GROSS BLOCK ( At Cost)				DEPRECIATION				NET BLOCK		
	As at 1st April 2011	Additions	Del/Adj	Ast at 30th Sep 2012	As At 1st April 2011	For the Period	Del/Adj	Ast at 30th Sep 2012	As on 30.09.12	As on 31.03.11	
Land	41.92	0.00	0.00	41.92	0.00	0.00	0.00	0.00	41.92	41.92	
Buildings	303.84	2.14	0.00	305.98	23.23	15.37	0.00	38.60	267.38	280.61	
Plant And Machinery	7,127.45	6.17	0.00	7,133.62	1,397.05	797.22	0.00	2,194.27	4,939.30	5,730.40	
Electrical Installation	426.74	0.24	0.00	426.98	83.96	44.46	0.00	128.42	298.56	342.78	
Computers	10,565.99	77.91	0.00	10,643.90	3,937.37	2,562.55	0.00	6,499.92	4,143.98	6,628.62	
Office Equipment	50.30	5.54	0.00	55.84	23.07	3.14	0.00	26.21	29.63	27.23	
Furniture and Fixtures	191.29	4.52	0.00	195.81	119.40	8.08	0.00	127.48	68.33	71.89	
Vehicles	291.14	0.00	0.00	291.14	90.62	34.67	0.00	125.29	165.85	200.52	
Leasehold Improvements	47.92	0.79	0.00	48.71	1.78	14.57	0.00	16.35	32.37	46.14	
<b>TOTAL (A)</b>	<b>19,046.60</b>	<b>97.31</b>	<b>0.00</b>	<b>19,143.91</b>	<b>5,676.48</b>	<b>3,480.06</b>	<b>0.00</b>	<b>9,156.54</b>	<b>9,987.33</b>	<b>13,370.12</b>	
<i>Previous Year</i>	<i>18,700.35</i>	<i>346.39</i>	<i>0.15</i>	<i>19,046.59</i>	<i>3,382.30</i>	<i>2,294.18</i>	<i>0.01</i>	<i>5,676.47</i>	<i>13,370.12</i>	<i>15,318.05</i>	

**Note : 12 B**

<b>Note : 12 B</b>											
Intangible Assets Particulars	GROSS BLOCK ( At Cost)				DEPRECIATION				NET BLOCK		
	As at 1st April 2011	Additions	Del/Adj	Ast at 30th Sep 2012	As At 1st April 2011	For the Period	Del/Adj	Ast at 30th Sep 2012	As on 30.09.12	As on 31.03.11	
Software	17,751.65	90.09	0.00	17,841.74	6,930.90	3,751.46	0.00	10,682.36	7,159.37	10,820.75	
<b>TOTAL (B)</b>	<b>17,751.65</b>	<b>90.09</b>	<b>0.00</b>	<b>17,841.74</b>	<b>6,930.90</b>	<b>3,751.46</b>	<b>0.00</b>	<b>10,682.36</b>	<b>7,159.37</b>	<b>10,820.75</b>	
<i>Previous Year</i>	<i>17,739.05</i>	<i>12.61</i>	<i>00.0</i>	<i>17,751.66</i>	<i>3988.47</i>	<i>2942.44</i>	<i>0</i>	<i>6,930.91</i>	<i>10820.75</i>	<i>13,750.58</i>	
<b>Gross Total (A +B)</b>	<b>36,798.25</b>	<b>187.40</b>	<b>0.00</b>	<b>36,985.65</b>	<b>12,607.38</b>	<b>7,231.53</b>	<b>0.00</b>	<b>19,838.91</b>	<b>17,146.70</b>	<b>24,190.87</b>	
<i>Previous Year</i>	<i>36,439.40</i>	<i>359.00</i>	<i>0.15</i>	<i>36,798.25</i>	<i>7,370.77</i>	<i>5,236.62</i>	<i>0.01</i>	<i>12,607.38</i>	<i>24,190.87</i>	<i>29,068.63</i>	

Rupees in Lakhs

Particular	As at 30 Sep 2012	As at 30 Sep 2011
<b>Note 14: Long-term loans and advances</b>		
i) (Unsecured and considered good)		
a) Capital Advances	8,312.07	15,265.87
b) Security deposits	3,363.84	3,386.75
c) Loans and advance to related parties	520.71	32,611.98
e) MAT credit entitlement	1,777.52	1,777.52
g) Deposits with government authorities	2.55	2.55
	<b>13,976.68</b>	<b>53,044.67</b>
<b>Note 15: Current investments</b>		
(At lower of cost and fair value)		
Investment in mutual funds (Unquoted)		
In PNB- Principal Large Cap Fund- Growth Plan	—	25.00
	—	25.00
Aggregate Book Value of Quoted Investments	—	25.00
<b>Note 16: Inventories (At lower of cost and net realisable value)</b>		
Raw Materials	268.32	412.57
Finished Goods	206.66	459.40
Stock in Progress	32.86	112.12
Export Software	—	950.08
	<b>507.84</b>	<b>1934.17</b>
<b>Note 17: Trade receivables (Unsecured)</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered Good	55,696.92	36,577.76
[Include amount due from a subsidiary of Rs.3161.00 Lacs (31.03.2011: Rs.1601.50 Lakhs)]		
Considered Doubtful	430.80	467.56
	<b>56,127.72</b>	<b>37,045.32</b>
Less: Provision for doubtful trade receivables	(430.80)	(467.56)
(A)	<b>55,696.92</b>	<b>36,577.76</b>
Trade receivables outstanding for a period less than six months from the date they were due for payment		
Considered Good	24,491.99	21,956.63
Considered Doubtful	—	—
	<b>24,491.99</b>	<b>21,956.63</b>
Less: Provision for doubtful trade receivables		
(B)	<b>24,491.99</b>	<b>21,956.63</b>
(A+B)	<b>80,188.92</b>	<b>58,534.39</b>

Note: All the outstanding Trade Receivables are subject to Confirmation



Rupees in Lakhs

Particular	As at 30 Sep 2012	As at 30 Sep 2011
<b>Note 18: Cash and bank balances</b>		
Cash and cash equivalents		
Cash on Hand	3.37	2.66
Balances with Banks:		
In current accounts	27.83	471.79
In EEFC account	0.24	0.40
In Deposit accounts	—	26.42
Other bank balances		
In Ear marked Accounts		
Margin Money deposits	274.44	196.83
- In Dividend Account	13.20	9.57
Balance held as margin monies (Refer note below)		
	319.08	707.67
<b>Note:</b>		
Balances with banks include margin monies amounting to Rs39.90 lakhs (31.03.2011:99 lakhs) which have an original maturity of more than 12 months.		
<b>Note 19: Short-term loans and advances</b>		
Loans and advances to related parties	—	—
Security deposits	193.65	126.94
Loans and advances to employees	20.42	14.04
Prepaid expenses	256.18	437.40
CENVAT credit receivable	0.09	61.79
Service tax credit receivable	0.03	
TDS receivable	113.22	
Advances for supply of goods and rendering of services	1,146.94	5,952.32
Others	1,694.52	158.34
Less: Provision for Doubtful Advances	(14.08)	(14.08)
	3,410.98	6,736.75
<b>Note 20: Other current assets</b>		
Interest accrued but not due on deposits	96.99	7.62
Advance tax	3,331.37	2,634.70
	3,428.35	2,642.32

Rupees in Lakhs

Particulars		Eighteen Months Period ended 30 Sep 2012	Year Ended 31.03.2011
<b>Note 21: Revenue from operations</b>			
<b>A) Exports- Software</b>			
Value Added	Domestic	4,229.51	6,880.31
Self Developed	Exports	9,550.85	12,618.94
<b>B) Manufacturing</b>		1,124.53	2,281.94
<b>C) Trading</b>			
Software			7,998.89
Hardware		40,199.85	17,165.44
<b>D) Services</b>		512.15	12,759.49
<b>E) Other Operating Revenue</b>			
Sale of scrap		3.64	–
<b>Total</b>		<b>55,620.53</b>	<b>59,705.01</b>

Particulars of sale of products	Eighteen Months Period ended 30 Sep 2012		Year Ended 31.March.2011	
	Qty ( Nos.)	Rupees in Lakhs	Qty ( Nos.)	Rupees in Lakhs
<b>A Manufactured goods</b>				
Cards & RFID	7,966,794	1,124.53	19,963,330	2,281.94
<b>Total</b>	<b>7,966,794</b>	<b>1,124.53</b>	<b>19,963,330</b>	<b>2,281.94</b>
<b>B Traded goods</b>				
High sea sales		38,870.68		24,567.37
Others		1,329.18		596.96
<b>Total</b>		<b>40,199.85</b>		<b>25,164.33</b>
<b>C Export Sales</b>				
Value added software		4,229.51		6,880.31
Self Developed Software		9,550.85		12,618.94
<b>Total</b>		<b>13,780.36</b>		<b>19,499.25</b>
<b>Total</b>		<b>55,104.74</b>		<b>46,945.52</b>

Particulars		Eighteen Months Period ended 30 Sep 2012	Year Ended 31.03.2011
<b>Note 22: Other Income</b>			
a)	Interest on deposit with banks and others	100.36	18.10
b)	Exchange gain(net)	2,791.56	807.60
c)	Creditors no longer payable	173.92	
d)	Miscellaneous income	49.50	86.98
		<b>3,115.35</b>	<b>912.68</b>

Rupees in Lakhs

Particulars	Eighteen Months Period ended 30 Sep 2012	Year Ended 31.03.2011
<b>Note 23.a: Cost of materials consumed</b>		
Opening Stock	1,362.65	1,444.78
Add : Purchases	3,262.70	7,595.24
	<b>4,625.35</b>	<b>9,040.02</b>
Less : Closing stock	268.32	1,362.65
<b>Details of raw materials consumed</b>	<b>4,357.03</b>	<b>7,677.37</b>

Particulars	Eighteen Months Period ended 30 Sep 2012		Year ended 31 March 2011	
	Units (Nos./Kgs)	Rupees in Lakhs	Units (Nos./Kgs)	Rupees in Lakhs
Cards/RFID	7,153,864	998.22	19,964,990	1,819.00
Software		3,358.81		5,858.37
<b>Total</b>	<b>7,153,864</b>	<b>4,357.03</b>	<b>19,964,990</b>	<b>7,677.37</b>
<b>Note 23.b: Details of purchase of traded goods</b>			36,524.60	21,111.31
High sea purchases		35,685.08		20,482.38
Others		839.52		628.93
<b>Total</b>		<b>36524.60</b>		<b>21,111.31</b>

**Note 23.c: Changes in inventories of finished goods, work in progress and stock-in-trade**

	For the Eighteen Months Period Ended 30 Sep 2012	Year ended 31 March 2011
Inventories at the beginning of the year:		
Finished goods	459.40	397.63
Work in progress	112.12	127.97
Stock in trade	0.00	0.00
	<b>571.53</b>	<b>525.60</b>
Inventories at the end of the year:		
Finished goods		459.40
Work in progress	32.86	112.12
Stock in trade	206.66	
	<b>239.52</b>	<b>571.52</b>
Net (increase) / decrease	<b>332.01</b>	<b>-45.92</b>

**Note 24: Employee benefit expense**

Salaries, wages and bonus	2,391.33	941.68
Contribution to provident and other funds	160.46	34.23
Staff welfare expenses	57.43	79.28
	<b>2,609.22</b>	<b>1,055.19</b>

Rupees in Lakhs

Particulars	For the Eighteen Months Period Ended 30 Sep 2012	Year ended 31 March 2011
<b>Note 25: Finance costs</b>		
Interest expense on Borrowings	6,844.35	5,090.27
interest on delayed payment of income tax	65.60	535.95
Others	434.60	389.96
	<b>7,344.55</b>	<b>6,016.18</b>
<b>Note 26: Other expenses</b>		
Advertisement	189.53	126.07
Bank charges	47.61	44.43
Business promotion	14.54	–
Communication	219.40	51.32
Directors' Sitting fees	1.95	1.35
Donations	0.13	113.45
Electricity charges	52.31	27.91
Factory maintenance	0.91	12.88
Insurance	95.71	96.53
Job work charges	4.21	12,413.78
Legal and professional	349.63	185.92
Loss on sale of fixed assets	–	–
Miscellaneous expenses	78.35	86.65
Other manufacturing expenses	2.15	–
Power and fuel	35.36	42.62
Payments to auditors (Refer Note (i) below)	50.00	92.50
Maintenance Charges-MCD	2.93	-
Printing and stationery	27.47	33.62
Project Expenses	55.04	78.91
Provision for doubtful trade receivables, loans and advances	–	489.42
Bad Debts	4,793.87	–
Rates and taxes	39.05	15.64
Rent	232.22	142.74
Lease rentals	724.23	–
Repairs and Maintenance-Machinery	4.47	6.92
Impairment of carrying cost of CWIP	4,093.40	–
Repairs and Maintenance-Others	42.78	56.75
RSBY Enrolment Expenses	481.35	–
Security Charges	139.16	–
Travelling and conveyance	359.50	261.42
	<b>12,137.26</b>	<b>14,380.83</b>
<b>Note (i): Payments to the auditors (net of service tax input credit)</b>		
As auditors -statutory audit	81.89	79.41
Other Services	0.94	0.29
<b>Total</b>	<b>82.83</b>	<b>79.70</b>

## Notes to Account:

### 27. Contingent Liabilities:

Letters of Credit and Guarantees issued:

Rs. & USD. In Lakhs

Particulars	As At 30. 09. 2012	As At 31. 03. 2011
Letters of Credit	—	—
Counter Guarantees Given To Banks Towards:		
- Bank Guarantees Issued	Rs. 573.83	Rs. 497.97
- Corporate Guarantees	USD 150	

### 28. Claims Against The Company Not Acknowledged As Debts:

Disputed Taxes	As At 30. 09. 2012	As At 31. 03. 2011
Income Tax	2,111.02	297.74
Sales Tax	5.95	54.25

29. Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance Rs.8,312.07 lakhs (31.03.2011 Rs. 15,265.87 lakhs)] Rs1,555.54 lakhs (31.03.2011: Rs. 29,643.67 lakhs )

### 30. Share Warrants:

The Company has issued 6,300,000 Convertible Share Warrants of Rs 10 each at a premium of Rs 222 per warrant belonging to the promoter and promoter group and 2,000,000 Compulsory Convertible Warrants of Rs.10 each at a premium of Rs.152.25 per warrant to non-promoter group during February, 2010. These are convertible into equity shares at a later date but before expiry of 18 months from the date of issue in one or more tranches. As per the terms of issue, the Company has received 25% value as advance against the said Compulsory Convertible Warrants aggregating to Rs. 4,465.25 Lakhs. The advance amount has been capitalized as the warrant holder had intimated the company about their non-exercise of their right of conversion.

### 31. Reserves & Surplus:

#### Securities Premium:

a. As stated in Significant Accounting Policies No. 15 of Schedule 20, the Company charges the premium payable on redemption of Foreign Currency Convertible Bonds to the securities premium account over the life of the bond. Had the Company provided the full liability of premium payable on redemption of bonds in terms of the provisions of Accounting Standard-29 'Provisions, Contingent Liabilities & Contingent Assets' in Securities Premium Account in the year of issue, the additional liability would have been Rs.789.79 Lakhs (31.03.2011 Rs. 3,581.92 Lakhs).

### 32. Unsecured Loans:

#### Foreign Currency Convertible Borrowings (FCCB):

The Company raised US\$ 50 Million ('FCCB') on 04.01.2008 through the issue of zero coupon Foreign Currency Convertible Bonds. The Bond holders have an option to convert each bond of US\$ 100000 into shares of Rs. 10/- each at the conversion price of Rs.290/-. These bonds are redeemable with a yield to maturity of 6.65%. The bonds unless converted will be redeemed on 4th February, 2013.

FCCB Price Reset: Pursuant to the terms and conditions of FCCB-II Bond issue the conversion price has been reset from Rs.290 to Rs.232 on 6 July, 2009 and further to Rs.191.25 on 4 January, 2010.

Movement of Foreign Currency Convertible Bonds is given below:

Rs. in Lakhs

	As At 30.09.2012		As At 31.03.2011	
	FCCB	Total	FCCB	Total
	(Redeemable in 2013)		(Redeemable in 2013)	
<b>Opening Balance</b>	22,670.80	22,670.80	22,450.00	22,450.00
Add: FCCB raised during the year.	—	—	—	—
Add: Foreign Exchange Loss (net)	3654.2	—	220.8	220.8
Less: Foreign Exchange Gain (net)	—	—	—	—
<b>Closing Balance</b>	<b>26,325.00</b>	<b>—</b>	<b>22,670.80</b>	<b>22,670.80</b>

### 33. Derivative Instruments:

Un-hedged foreign currency exposures by way of derivative instruments or otherwise are as follows:

Rs. in Lakhs

Particulars	As At 30. 9. 2012		As At 31. 3. 2011	
	US Dollar (lakhs)	Rupee Equivalent ( lakhs)	US Dollar (lakhs)	Rupee Equivalent ( lakhs)
Amount Receivable on Account of				
Export of Goods	1,465.82	77,175.66	1,273.37	57,736.65
Other Receivables	—	—	719.25	32,611.98
Amount Payable on account of				
Import of Goods & Services	348.53	18,350.61	245.25	11,118.67
Capital Imports	—	—	—	—
Foreign Currency Convertible Bonds	500	26,325.00	500.00	22,670.80
Redemption Premium on FCCB	1,823.06	9,598.43	118.31	5,364.31
Other Payables	—	—	63.40	2,874.76

### 34. Related Party Disclosures:

The following are related parties as defined in “Accounting Standard (AS) 18- Related Party Disclosures” notified under The Companies (Accounting Standards) Rules, 2006.

#### A. List of Related Parties

##### 1. Subsidiaries

Subsidiaries of Bartronics India Limited	Country of Incorporation	Percentage of Ownership Interest
1. Bartronics Asia Pte Ltd.	Singapore	100%
2. Bartronics Middle East FZE	UAE	100%

<b>Subsidiaries of Bartronics America Inc.</b>			
1.	Empower Technology Solutions Inc	USA	100%
2.	Performica Software Private Limited	India	100%
3.	Quality E People	USA	100%
<b>Subsidiary of Bartronics Asia Pte Ltd.</b>			
1.	Bartronics Hongkong	Hong Kong	100%
2.	Veneta Holdings Limited	Mauritius	100%
3.	Bartronics America Inc	USA	99.9%
4.	Bartronics Global Solutions	India	99%
5.	Burbank Holdings Limited	Mauritius	100%

## 2. Key Management Personnel

Mr. Sudhir Rao – Managing Director

## B. Related Party Transactions:

Rs. in Lakhs

Transactions	Subsidiaries	Key Management Personnel and their Relatives		
		2010-11	2011-12	
	2011-12	2010-11	2011-12	2010-11
<b>Sales</b>				
Bartronics Asia Pte Ltd.	7.66	13.63	—	—
Bartronics Middle East FZE	1138.07	1,658.30	—	—
Bartronics America Inc.	—	311.62	—	—
Empower Technology Solutions Inc.	—	52.70	—	—
<b>Purchases</b>				
Bartronics America Inc.	—	10,744.64	—	—
Bartronics Asia Pte Ltd.	—	0.57	—	—
Diminution in value of Investment.	—	—	—	—
ROI Public Relations Pvt Ltd.	3.12	—	—	—
Advances Written-Off	—	—	—	—
ROI Public Relations Pvt Ltd.	—	6.50	—	—
<b>Advances to</b>				
Bartronics America Inc.	—	531.91	—	—
Bartronics Asia Pte Ltd.	(4.26)	—	—	—
ROI Public Relations Pvt Ltd.	—	6.50	—	—
Bartronics Middle East FZE.	0.54	—	—	—
<b>Investment in Equity Shares</b>				
Bartronics Middle East FZE.	18.96	18.96	—	—
Bartronics Asia Pte Ltd	204.37	204.37	—	—
Bartronics America Inc.	0.60	0.60	—	—
<b>Investment in Preference Shares</b>				
Bartronics Asia Pte Ltd	8,449.79	—	—	—

Bartronics America Inc.	21,544.25	—	—	—
Remuneration Paid	—	—	82.18	82.18
Mr. Sudhir Rao	—	—	82.18	82.18
<b>Outstanding Balances as at Sep 31,2012</b>				
<b>Advances</b>				
Bartronics America Inc.	—	23,046.11	—	—
Bartronics Asia Pte Ltd.	—	9,565.32	—	—
Bartronics Middle East FZE	0.54	0.54	—	—
<b>Receivables</b>				
Bartronics Asia Pte Ltd.	5.69	13.05	—	—
Bartronics America Inc.	—	52.48	—	—
Empower Technology Solutions Inc	—	69.80	—	—
Bartronics Middle East FZE	3159.55	1601.50	—	—
<b>Payables</b>				
Bartronics America Inc.	—	1,619.24	—	—

### 35. Disclosure as per Clause 32 of the Listing Agreement

#### Loans and Advances in the Nature of Advances Given To Subsidiaries:

Rs. in Lakhs

Name of the Company	Relationship	Amount Outstanding As On 30.09. 12	Maximum Balance Outstanding During the Year
Bartronics Asia Pte Ltd	Subsidiary	(4.26) <i>9,565.33</i>	(4.26) <i>9565.33</i>
Bartronics America Inc	Subsidiary	— <i>23,046.11</i>	— <i>23,046.11</i>
Bartronics Middle East FZE	Subsidiary	0.54 <i>0.54</i>	0.54 <i>19.50</i>
<b>Total</b>		0.54 <i>32,611.98</i>	0.54 <i>32,630.94</i>

Figures in italics represent previous year's figures.

### 36. Managerial Remuneration

Rs. in Lakhs

Particulars	2011-12	2010-11
Salaries & Allowances	82.09	82.09
Contribution to Provident Fund	0.09	0.09
Directors' Sitting Fees	1.95	1.35
<b>Total</b>	<b>84.13</b>	<b>83.53</b>

- The above figures exclude provision for gratuity and compensated absences actuarially valued as separate figures are not available.
- As per the term of appointment, no commission is payable to Managing Director or Whole time Directors, accordingly computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956 is not given.



## 37. Auditor's Remuneration

Rs. in Lakhs

Particulars	2011-12	2010-11
Audit Fees	15.00	32.50
Limited Reivews	35.00	35.00
Other Services	—	25
<b>Total</b>	<b>50.00</b>	<b>92.50</b>

## 38. Segment Reporting

- The activities of the Company relate to only one business segment i.e. the business of providing Automatic Identification & Data Capture (AIDC) solutions.
- Information relating to Secondary Segment based on geographical location:

Rs. in Lakhs

Particulars	Segment Revenue				Segment Assets			
	Sales				Debtors			
	2011-2012		2010-2011		2011-2012		2010-2011	
Hong Kong	5,651.63	10.16	18,228.07	30.53	10,173.18	12.62	30,192.04	51.17
UAE	28,029.60	50.39	13,237.11	22.17	30,163.03	37.42	15,262.89	25.87
USA	15,556.34	27.97	12,535.46	21.00	16,770.74	20.80	2,119.22	3.59
Others	6,382.91	11.48	12,601.44	21.10	23,512.30	29.16	10,162.50	17.22
<b>Outside India</b>	<b>50,771.75</b>	<b>91.28</b>	<b>56,602.08</b>	<b>94.80</b>	<b>77,175.66</b>	<b>95.73</b>	<b>57,736.65</b>	<b>97.85</b>
<b>Within India</b>	<b>4,848.73</b>	<b>8.72</b>	<b>3,102.93</b>	<b>5.20</b>	<b>3,444.06</b>	<b>4.27</b>	<b>1,265.30</b>	<b>2.15</b>
<b>Total</b>	<b>55,620.48</b>	<b>100.00</b>	<b>59,705.01</b>	<b>100.00</b>	<b>80,619.72</b>	<b>100</b>	<b>59,001.95</b>	<b>100.00</b>

## 39. Composition of Deferred Tax Liability:

Rs. in Lakhs

Particulars	As At 31. 03. 2011	Movement During the Year	As At 31. 09. 2012
<b>Deferred Tax Liability:</b>			
Relating to Fixed Assets	5,013.39	(1,132.99)	3,880.40
<b>Total</b>	<b>5,013.39</b>	<b>(1,132.99)</b>	<b>3,880.40</b>
<b>Deferred Tax Assets:</b>			
Provision for Doubtful Debts / Advances / Deposits	156.27	(16.50)	139.77
Disallowances under Section 43B	21.40	25.88	47.28
Unabsorbed Depreciation	1,524.88	(1,523.88)	—
<b>Total</b>	<b>1,702.55</b>	<b>(1,515.49)</b>	<b>187.06</b>
<b>Net Deferred Tax Liability</b>	<b>3,310.84</b>	<b>382.50</b>	<b>3,693.34</b>

Note: Based on expert opinion the deferred tax expense in the previous year has been recognized using previous year applicable effective tax rate being Minimum Alternate Tax (MAT) rate.

## 40. Earnings Per Share:

Particulars	2011-2012	2010-2011
Profit after Taxation (Rs. in Lakhs)	-12,182.81	6,580.544
Profit attributable to Equity shareholders for Basic and Diluted EPS (Rs. in Lakhs)	-12,182.81	6,580.544
Weighted average number of equity shares used in computing Basic Earnings Per Share	34,048,861	34,048,861
Add: Effect of potential equity shares on conversion of FCCB and Warrants outstanding	—	186,45,098
Weighted average number of equity shares used in computing Diluted Earnings Per Share	—	52,693,959
Earnings per share – Face Value: Rs.10/- each	—	—
- Basic	(35.78)	19.33
- Diluted	—	12.49

## 41. Consumption of Directly Imported And Indigenously Obtained Raw Materials, Stores And Spares And Components

Particulars	2011-12		2010-11	
	Rs. in Lakhs	%	Rs. in Lakhs	%
<b>Raw Materials</b>				
-Imported	2,928.23	67.21%	5,858.37	76.31%
-Indigenous	1,428.80	32.79%	1,819.00	23.69%
<b>Total</b>	<b>4,357.03</b>	<b>100%</b>	<b>7,677.37</b>	<b>100%</b>

## 42. CIF Value of Imports

Rs. in Lakhs

Particulars	2011-2012	2010-2011
Raw Material	2,928.23	5,822.11
Goods for resale	35,811.91	20,482.38
<b>Total</b>	<b>38,740.14</b>	<b>26,304.49</b>

## 43. Earnings in Foreign Exchange (on accrual basis)

Rs. in Lakhs

Particulars	2011-12	2010-11
FOB Value of Exports	50,771.80	44,066.62

## 44. Expenditure in Foreign Currency (on accrual basis)

Rs. in Lakhs

Particulars	2011-12	2010-11
Foreign Travel	7.00	4.72
Others	—	—

## 45. Disclosures as required under Accounting Standard AS-15

*The company liability on account of Employee benefits comprising Gratuity- a defined benefit scheme and compensated absences has been determined in accordance with the requirements of Accounting Standard (AS)-15 notified by the Companies (Accounting Standards) Rules, 2006. Disclosures required in terms of the requirement of AS-15.*

(Rupees in lakhs)

<b>Expenses recognised in statement of profit and loss account</b>			
<b>Particulars</b>	<b>Gratuity</b>	<b>Compensated Absences</b>	<b>Total</b>
Current Service Cost	<b>47.64</b>	<b>39.35</b>	<b>86.99</b>
	<i>10.45</i>	<i>14.25</i>	<i>24.70</i>
Interest Cost	<b>5.48</b>	<b>2.64</b>	<b>8.12</b>
	<i>2.79</i>	<i>.44</i>	<i>3.22</i>
Actuarial (Gains)/Losses	<b>(2.12)</b>	<b>(2.64)</b>	<b>(4.76)</b>
	<i>(12.49)</i>	<i>4.25</i>	<i>(8.24)</i>
Total expense included in the Statement of Profit & Loss	<b>50.99</b>	<b>39.35</b>	<b>90.34</b>
	<i>.75</i>	<i>18.94</i>	<i>19.69</i>
<b>Net Liability recognized in Balance Sheet</b>			
Present Value of Defined Benefit Obligation	<b>44.46</b>	<b>60.85</b>	<b>105.31</b>
	<i>46.47</i>	<i>21.50</i>	<i>65.97</i>
Fair Value on Plan Assets	—	—	—
	—	—	—
Net Liability recognised in Balance Sheet	<b>95.45</b>	<b>60.85</b>	<b>156.3</b>
	<i>44.46</i>	<i>21.50</i>	<i>65.97</i>
<b>Change in Defined Benefit Obligations (DBO)</b>			
Present Value of DBO at Beginning of Period / Year	44.46	21.50	65.96
	<i>46.47</i>	<i>7.25</i>	<i>53.72</i>
Current Service Cost	47.64	39.35	86.99
	<i>10.45</i>	<i>14.25</i>	<i>24.70</i>
Interest Cost	5.47	2.64	8.11
	<i>2.79</i>	<i>0.44</i>	<i>3.23</i>
Actuarial (Gains)/Losses	(2.12)	(2.64)	(4.76)
	<i>(12.49)</i>	<i>4.25</i>	<i>8.24</i>
Benefits Paid	—	—	—
	<i>(2.75)</i>	<i>(4.69)</i>	<i>(7.44)</i>
Present Value of DBO at the End of Period/Year	95.45	60.85	156.3
	<i>44.46</i>	<i>21.50</i>	<i>65.96</i>

<b>Assumptions</b>	
Interest / Discount Rate	<b>8.5%</b>
	8.00%
Rate of escalation in salary	7.00%
	7.00%
Attrition Rate	4.00%
	4.00%

Note: Figures in italics relate to previous year

Note: Only Provisions has been Made in the books but no payments were made.

**i) Discount Rate**

The discount rate is based on the prevailing market yield on Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

**ii) Salary Escalation Rate**

The estimates of future salary increase considered takes into account the inflation, seniority and other relevant factors

Net Asset/(Liability) recognised in Balance Sheet					
Particulars	2011-2012	2010-11	2009-10	2008-09	2007-08
	<b>Gratuity</b>				
Present value of defined benefit obligation	95.45	44.46	46.47	18.59	13.96
Fair value of plan assets	—	—	—	—	—
Status [Surplus / (Deficit)]	(95.45)	(44.46)	(46.47)	(18.59)	(13.96)
	<b>Compensated Absences</b>				
Present value of defined benefit obligation	60.85	21.5	7.25	14.71	20.72
Fair value of plan assets	—	—	—	—	—
Status [Surplus / (Deficit)]	(60.85)	(21.5)	(7.25)	(14.71)	(20.72)

46. The Company's significant leasing arrangements are in respect of operating leases for premises (office, stores, godowns, etc.). The leasing arrangements, which are not non-cancellable, range between eleven months and five years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent in to the profit and loss account.
47. The dues to Micro and Small enterprises as defined in The Micro, Small & Medium Enterprises Development Act, 2006 (the Act) are identified by the Company based on enquiries with the parties and information available with the Company. There are no dues to be paid by the company to The Micro, Small & Medium enterprises. This has been relied upon by the auditors.
48. The Company was awarded the "Aapke Dwar" Project in 2009 by the Municipal Corporation of Delhi (MCD). The project envisages availment of various Government to Citizen (G2C) services. The Company is required to install and operate 2,000 kiosks at various location in the city to facilitate the above. The Company has also the right to display advertisements on the external walls of the kiosks.
49. As at the balance sheet date 300 kiosks have been constructed and for the balance 1,700 kiosks, allotment of clear sites by MCD is awaited. Capital Work-in-progress includes the amounts expended on such construction which aggregates to Rs.1,426.34 Lakhs(2010-2011 : Rs. 4,112.58 lakhs). Further amounts aggregating to Rs. 13,474.47 Lakhs(2010-2011:Rs. 14,893.10 lakhs )has been advanced for work to be carried out.
50. In view of the unseemly delays in the allocation of sites by the MCD, the Company has filed a petition in the High Court of Delhi which has initiated the process of arbitration. The Company is confident of arriving at an amicable solution shortly.
51. The Financial Statements have been prepared for 18 months i.e. 01 April 2011 to 30 Sep 2012 and are not strictly comparable with previous period's figures as the same is for 12 months period i.e. from 1 April 2010 to 31 March 2011.
52. The Revised Schedule VI has become effective from 1 April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation of made in the statements. Previous period's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

**Sudhir Rao**  
Managing Director

**A.B.S.Reddy**  
Director

**A. Chand Basha**  
Company Secretary

Place: Hyderabad  
Date: 24.11.12

# CONSOLIDATED FINANCIAL STATEMENTS

## AUDITORS' REPORT

To The Board of Directors of  
**BARTRONICS INDIA LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **BARTRONICS INDIA LIMITED** (“the Company”) and its subsidiaries (the Company and its subsidiaries constitute “the Group”) as at 30<sup>th</sup> September 2012 the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the period ended on that date, both annexed thereto in which are incorporated the Returns from a overseas branch which are unaudited. These financial statements are the responsibility of the Company’s Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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. Without qualifying our opinion, we invite attention to Note 44 forming part of the financial statements regarding the uncertainties relating to MCD - Aapke Dwar Project.
4. We invite attention to:  
Note 17 forming part of the financial statements regarding trade receivables balance aggregating to Rs.1,11,753.88 Lakhs and in respect of which no provision has been made for reasons stated therein. We are unable to form an opinion on the extent to which the debts may prove irrecoverable
5. We have not conducted the audit of the financial statements of 2 subsidiaries whose financial statements reflect total assets of Rs.31,006.89 Lakhs as at 30<sup>th</sup> September 2012, total revenues of Rs.60,960.03 Lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements are unaudited and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the financial statement of the management.
6. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
7. Based on our audit and on the other financial information of the components and to the best of our information and according to the explanations given to us, and *subject to the effect of adjustments that may be required in respect of matters referred to in paragraph 4 above, the effect of which we have not been able to determine and paragraphs 5 above*, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30<sup>th</sup> September 2012;
  - ii) In the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date
  - iii) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For T. Raghavendra & Associates**  
Chartered Accountants  
(FRN No.003329S)

Place: HYDERABAD,  
Date : 24<sup>th</sup> November, 2012.

**T. Raghavendra**  
(Mem No.023806)

# CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2012

Rupees in Lakhs

	Note No	For the Current Reporting Date 30 Sep 2012	For the Previous Reporting Period 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a) Share capital	3	3,404.89	3,404.89
b) Share warrants		—	4,465.25
c) Reserves and surplus	4	43,016.02	51,336.79
		<u>46,420.91</u>	<u>59,206.93</u>
<b>2 Non- current liabilities</b>			
a) Long-term borrowings	5	3,575.41	35,521.11
b) Deferred tax liabilities (net)	6	3,648.01	3,531.59
c) other non current liabilities			
d) Long term Provisions	7	156.30	5,430.28
		<u>7,379.72</u>	<u>44,482.98</u>
<b>3 Current liabilities</b>			
a) Short-term borrowings	8	25,917.67	15,969.13
b) Trade payables	9	38,622.44	31,189.28
c) Other current liabilities	10	46,359.60	11,288.14
d) Short-term provisions	11	17,048.68	6,030.43
		<u>127,948.38</u>	<u>64,476.98</u>
<b>TOTAL</b>		<u>181,749.00</u>	<u>168,166.89</u>
<b>II. ASSETS</b>			
<b>1 Non- current assets</b>			
a) Fixed assets			
i) Tangible assets	12 A	10,413.21	13,741.98
ii) Intangible Assets	12 B	26,629.11	30,270.35
iii) Capital work in progress		1,555.52	4,348.21
		<u>38,597.84</u>	<u>48,360.54</u>
b) Non-current investments	13	-0.00	0.00
c) Long-term loans and advances	14	20,366.27	23,931.57
Good will on consolidation		392.75	399.25
		<u>59,356.85</u>	<u>72,691.36</u>
<b>2 Current assets</b>			
a) Current investments	15		25.00
b) Inventories	16	507.84	1,934.17
c) Trade receivables	17	111,753.88	76,228.84
d) Cash and bank balances	18	2,941.02	1,122.12
e) Short-term loans and advances	19	3,709.31	13,523.08
f) Other current assets	20	3,480.10	2,642.32
		<u>122,392.15</u>	<u>95,475.53</u>
<b>TOTAL</b>		<u>181,749.00</u>	<u>168,166.89</u>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For T.Raghavendra & Associates  
Chartered Accountants  
(FRN : 003329S)

**T.Raghavendra**  
(Mem No. 023806)

Place : Hyderabad

Date : 24 November 2012

For and on behalf of the Board of Directors

**Sudhir Rao**  
Managing Director

**A.B.S.Reddy**  
Director

**A.Chand Basha**  
Company Secretary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Note No	For the Eighteen months period ended 30 Sep 2012	For the year ended 31 March 2011
<b>I. Revenue</b>			
Revenue from operations (gross)		116,461.45	89,084.23
Less: Excise duty		141.12	265.35
Revenue from operations (net)	21	116,320.33	88,818.88
Other income	22	3,375.57	943.12
<b>Total revenue</b>		119,695.90	89,762.00
<b>II. Expenses</b>			
Cost of materials consumed	23.a	4,357.03	7,677.37
Purchase of stock-in-trade	23.b	74,807.27	42,951.31
Change in inventories of finished goods, work in progress and stock-in-trade	23.c	332.01	(45.92)
Employee benefits expense	24	4,369.23	2,863.29
Finance costs	25	7,345.90	6,016.18
Depreciation and amortisation expense	12A&12B	7,341.37	5,361.02
Other expenses	26	27,861.30	14,928.31
<b>Total expenses</b>		126,414.10	79,751.56
<b>III. Loss before tax (I-II)</b>		(6718.20)	10,010.44
<b>IV. Tax expense:</b>			
a) Current tax expense for current year		21.31	1081.92
b) MAT credit relating to earlier years		—	(1,777.52)
		21.31	(695.60)
c) Deferred tax		(397.60)	(292.57)
		(418.91)	(988.17)
<b>V. Profit for the year/period (III-IV)</b>		(7,137.11)	10,998.61
Basic Rs.		(20.96)	32.30
Diluted Rs.		—	20.87

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

For T.Raghavendra & Associates  
Chartered Accountants  
(FRN : 003329S)

**Sudhir Rao**  
Managing Director

**A.B.S.Reddy**  
Director

**T.Raghavendra**  
(Mem No. 023806)

**A.Chand Basha**  
Company Secretary

Place : Hyderabad  
Date : 24 November 2012



## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2012

Particulars	For the eighteen months Period ended 30 Sep 2012	For the Year ended 31.03.2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Taxation	(6,718.20)	10,010.44
<b>Adjusted for:</b>		
Wealth Tax	—	0.85
Depreciation & Amortisation	7,341.37	5,361.02
Interest Income	(100.51)	(18.10)
Interest Expense	7,345.90	6,016.18
Unrealised Foreign Exchange Loss (Net)	(3,086.84)	555.36
Creditors No longer payable	(173.92)	—
Bad debts written off	4,793.87	—
Subsidiaries Advances Written Off	—	6.50
CWIP written off	4,093.40	—
Adjustment of Previous Year Profits	(1,408.29)	—
<b>Operating Profit Before Working Capital Changes</b>	<b>12,086.77</b>	<b>21,932.25</b>
Changes in:		
Trade and Other Receivables	(31,006.67)	(9,761.90)
Inventories	1,426.33	36.21
Trade and Other Payables	26,426.62	(339.21)
<b>Cash Generated From Operations</b>	<b>8,933.05</b>	<b>11,867.35</b>
Taxes Paid	(795.86)	(2,435.73)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>8,137.18</b>	<b>9,431.62</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (after adjustment of Increase/Decrease in Capital Work in Progress)	(366.62)	(2,454.78)
Refund of Advances for Capital Expenses	—	2,239.71
Sale of Fixed Assets	—	0.15
Interest Received	11.00	37.27
Investment in Subsidiaries	—	(392.73)
Investment in current investment	—	(25.00)
Proceeds from Sale of investments	25.00	—
Advances to Subsidiaries	—	(6.50)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(330.63)</b>	<b>(601.88)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds From Long Term Borrowings	—	1,990.12
Repayment of Longterm Borrowings	(4,842.88)	(8,446.48)
Proceeds from Working Capital Borrowings (Net)	9,948.54	964.85
Proceeds from Unsecured Loans (Net of repayments)	(5,333.62)	2,051.17
Interest & Finance Expenses Paid	(5,419.20)	(5,373.40)
Dividend Paid (Including Distribution tax)	(340.49)	(390.30)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES (C)</b>	<b>(5,987.65)</b>	<b>(9,204.04)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>1,818.90</b>	<b>(374.30)</b>
Cash And Cash Equivalents As At The Beginning Of The Year	1,122.12	1,496.42
Cash And Cash Equivalents As At The End Of The Year	<b>2,941.02</b>	<b>1,122.12</b>
	<b>1,818.90</b>	<b>(374.30)</b>

1. The Cash Flow Statement is prepared in accordance with the Indirect Method as set out in Accounting Standard - 3 on Cash Flow Statements notified in Section 211(3C) of the Companies Act, 1956.
2. Cash and Cash Equivalents include Rs 274.44 lakhs (31.03.2011: Rs. 223.25 lakhs ) in Fixed Deposits and Margin Deposits lodged with Banks against guarantees/ letter of credit issued.
3. Previous year's figures have been regrouped/ rearranged/reclassified wherever necessary to conform with those of the current year.
4. Figures in bracket represents cash outflow.

In terms of our report attached  
For T.Raghavendra & Associates  
Chartered Accountants  
(FRN : 003329S)

**T.Raghavendra**  
(Mem No. 023806)

Place : Hyderabad  
Date : 24 November 2012

For and on behalf of the Board of Directors  
**Sudhir Rao**  
Managing Director

**A.B.S.Reddy**  
Director

**A.Chand Basha**  
Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company was incorporated as a private limited Company by the name of Super Bar Tronics Private Limited on September 10, 1990. Further, the Company changed its name from Super Bar Tronics Private Limited to Super Bartronics Limited and subsequently converted into a Public Limited Company w.e.f. from July 27, 1995. The name of the Company was changed to Bartronics India Limited on January 1, 1996.

Bartronics is currently engaged in providing solutions based on Bar Coding, one of the oldest AIDC technologies. Since then, in the past two decades, it has been pioneer in introducing newer technologies and solutions in India based on Biometrics, RFID, POS, EAS, and Smart Cards etc

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### A) Principles of Consolidation

The consolidated financial statements relates to Bartronics India Limited ("the Company") and its subsidiary companies (the "Group"). The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits or losses on intra-group transactions as per Accounting Standard 21 - "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006.
- b) The financial statements of the subsidiaries used in the consolidation are drawn up to the reporting date as that of the Company, i.e. March 31, 2012.
- c) The excess of cost to the Company, of its investment in the subsidiaries

over the Company's share of equity is recognised in the financial statements as Goodwill.

- d) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from current liabilities and equity of the company.

Minority Interest in the net assets of consolidated subsidiaries consists of:

- i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - ii) The minorities' share of movements in the equity since the date the parent subsidiary relationship came into existence.
- e) Minority interest in the net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
  - f) In case of foreign subsidiaries, being integral operations, revenue items are consolidated at yearly average of exchange rate prevailing during the year. All assets and liabilities are converted at the rate prevailing at the end of the year. Foreign subsidiaries being integral, exchange gain/ (loss) arising on consolidation is recognized as Foreign Exchange Fluctuation gain/ (loss).
  - g) Intra-group balances and intra- group transactions and resulting unrealised profit/loss have been eliminated.
  - h) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to extent possible, in the same manner as the Company's separate financial statements.

B. Investment in subsidiary not considered for consolidation has been accounted as per Accounting Standard 13- “Accounting for Investments” notified by Companies (Accounting Standard) Rules, 2006.

**C. Basis of preparation of financial statements.**

a) The Consolidated Financial Statements are prepared on accrual basis under historical cost convention in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and accounting standards prescribed in Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of section 211(3C) of the companies Act, 1956.

**b) Use of Estimates:**

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Actual results could differ from those estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the financial statements.

**c) Fixed Assets**

Tangible Assets

**Parent Company:**

Fixed Assets are stated at cost (net of duties and taxes) less accumulated depreciation. Cost includes installation and expenditure during construction, including import duties freight, insurance and incidental expenses relating to acquisition. Fixed Assets costing less than Rs.5,000 are fully depreciated in the year of

purchase. Assessment of indication of impairment of an asset is made at the year-end and impairment loss, if any, is recognised. Depreciation is provided pro-rata on straight line method as per the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, except the following fixed assets where the rates applied are higher than the rates prescribed in Schedule XIV of the Companies Act, 1956:-

Plant & Machinery	7.42%
Electrical Installations	7.42%

**Subsidiaries:**

Fixed assets are depreciated over the estimated useful lives of the assets as follows .

Computers	3-5 Years
Furniture and Fixtures	5-7 Years
Office Equipment	5-7 Years
Vehicles	7 Years

**Intangible Assets**

**Parent Company:**

Intangible Assets are stated at cost less accumulated amortisation. These are amortised on a straight line basis using the following rates such that the related assets are depreciated over their estimated useful lives.

Intellectual Property Rights	10.00%
Software	16.67%

**Subsidiaries:**

Goodwill on acquisition is being tested for impairment annually and where the recoverable amount is less than the carrying value of the Goodwill, such reduction is recorded as an impairment loss.

**d) Borrowing Costs**

Borrowing costs that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time i.e., more than 12 months to get ready

for its intended use. All other borrowing costs are recognised as expense in the Profit and Loss account.

**e) Impairment of Assets**

At each balance sheet date, Management reviews the carrying amounts of its assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss recognized in prior years if any is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in the prior years.

**f) Investments**

Long-term Investments are carried at cost less diminution which is other than temporary in the value of investments. Current investments are carried at lower of cost and fair value.

**g) Inventories**

Inventories are valued at lower of cost and net realisable value. The method of arriving at cost of various categories of inventories is as below.

a)	Raw Materials	First in First Out Method
b)	Finished Goods and Stock in Progress	Direct Material cost plus appropriate overheads

**h) Income Taxes**

**i. Indian Entities**

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Group. Tax expense relative to overseas operations is determined in accordance with the tax laws applicable in countries where such operations are domiciled. Deferred tax charge or credits are recognised for the future tax consequences attributable to timing differences that result between the profit / (loss) offered for income taxes and the profit as per the financial statements.

Deferred tax in respect of timing differences which originate during the tax holiday period but reverse after the tax holiday period is recognised in the year in which the timing differences originate. For this purpose the timing differences which originate first are considered to reverse first. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, when there is a brought forward loss or unabsorbed depreciation under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably / virtually certain to be realised. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and intends to settle such assets and liabilities on a net basis.

**MAT credit**

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, in accordance with the provisions contained in the Guidance Note on Accounting for Credit Available under Minimum Alternative Tax, issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss account and shown as "MAT Credit Entitlement". The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**ii. Foreign Entities:**

Foreign Companies recognize tax liabilities and assets in accordance with local laws.

**i) Employee Benefits*****Defined contribution plans***

Contributions payable to the recognised provident fund and pension fund maintained with the Central Government and superannuation fund, which are defined contribution schemes, are charged to the Profit and Loss account on accrual basis. The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

***Defined benefit plans***

The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains and losses are charged to the Profit and Loss account in the period in which they arise. Obligation under the defined benefit plan is measured at the present value of the estimated future cash flow using a discount rate that is determined

by reference to the prevailing market yields at the Balance Sheet date on Indian Government Bonds where the currency and terms of the Indian Government Bonds are consistent with the currency and estimated term of the defined benefit obligation.

***Compensated absences***

The Company accounts for its liability towards compensated absences based on actuarial valuation done as at the Balance Sheet date by an independent actuary using the Projected Unit Credit method. The liability includes the long term component accounted on a discounted basis and the short term component which is accounted for on an undiscounted basis.

**j) Revenue Recognition****A. Export Sales:**

Revenue from Sale of Export Software is recognized upon transmission of software to customers through electronic form, when significant risks and rewards relating to the ownership of products are transferred to the customers by Company.

**B. Manufactured Sales:**

Revenue from Sale of Manufactured Goods is recognized upon dispatch of goods to customer, when significant risks and rewards relating to ownership of products are transferred to the customers by the Company. Gross Sales are inclusive of Excise duty.

**C. Trading Sales:**

Revenue from Trading sales are recognized upon transmission of software to customer through electronic data transfer or by endorsement of bill of lading as the case may be, when significant risks and rewards relating to ownership of products are transferred to the customers by the company.

**D. Service Income:**

Revenue from services consist primarily of revenue earned from

services performed on a “time and material” basis. The related revenue is recognised as and when the services are rendered and related costs are incurred and when there is no significant uncertainty in realising the same.

**k) Foreign Currency Translation and foreign currency transactions**

**i. Wholly Owned Foreign Subsidiaries**

Wholly owned foreign subsidiaries are classified as integral operations. All foreign currency monetary items outstanding at the yearend are translated at the year-end exchange rates. Income and expenses are translated at the average rates. The resulting exchange gains and losses are recognised in the profit & loss account.

**ii. Foreign Branch**

Assets (other than Fixed Assets) and Liabilities of the foreign branch are translated into Indian Rupees at the exchange rate prevailing as at the Balance Sheet date. Fixed Assets are carried at the exchange rate prevailing on the date of transaction. Revenue and Expenses are translated into Indian Rupees at yearly average rates.

**iii. Other Foreign Currency transactions:**

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies at year end are restated at the exchange rate on the date of the Balance Sheet date. Non-monetary items denominated in foreign currencies are carried at cost. Exchange differences on settlement or restatement are adjusted in the Profit and Loss account.

**l) Leases**

The Company’s significant leasing

arrangements are in respect of operating leases for premises and equipments. The leasing arrangements range from 11 months to 5 years generally and are usually cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable and receivable are charged as rent or recognised as income, in the Profit and Loss Account.

**m) Earnings Per Share**

Basic earnings per equity share (“EPS”) is calculated by dividing the Net Profit/ (Loss) after Tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share is computed by dividing the net profit or loss after tax for the year referred to above adjusted for any attributable change in expenses or income that would result from the conversion of the dilutive potential equity shares, by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti dilutive.

**n) Provisions and contingent Liabilities**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not provided for but disclosed in the notes to the financial statements.

**o) Redemption Premium**

Premium payable on redemption of Foreign Currency Convertible Bonds (“FCCB”) is charged to Securities Premium Account over the life of the Bond.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Rupees in Lakhs

Particulars	As at 30 September 2012	As at 31 March 2011
<b>Note 3: Share capital</b>		
Authorised	11,000.00	11,000.00
i) 110,000,000 (31.03.2011:110,000,000) Equity Shares of Rs.10 each	11,000.00	11,000.00
Issued, subscribed and fully paid up		
i) 34,048,861 (31.03.2011:34048861) Equity Shares of Rs.10 each	3,404.89	3,404.89
<b>Total</b>	<b>3,404.89</b>	<b>3,404.89</b>

(Of the above 2,189,650 Equity Shares of Rs.10/- each issued as fully paid bonus shares by way of capitalisation of Rs.218.97 Lakhs from the Profit and Loss account)

**Notes:**

- i) **Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year / period**

Particulars	Eighteen Months period ended 30.Sep.12		Year ended 31 March 12	
	No.of Shares	Rupees in Lakhs	No.of Shares	Rupees in Lakhs
<b>a) Equity</b>				
Shares outstanding at the beginning of the Year/Period	34,048,861	3,404.89	34,048,861	3,404.89
Shares issued during the year/period	—	—	—	—
Shares outstanding at the end of the year/period	<u>34,048,861</u>	<u>3,404.89</u>	<u>34,048,861</u>	<u>3,404.89</u>

- i) **Details of shares held by each share holder holding more than 5% shares**

Particulars	Eighteen Months period ended 30.Sep.12		Year ended 31 March 12	
	No.of Shares	Rupees in Lakhs	No.of Shares	Rupees in Lakhs
a) A. B. Satyavas Reddy	3,213,858	9.44	3,704,368	10.88
b) Info Tech Infirm & Trading P Ltd	2,200,000	6.46	2,200,000	6.46
c) Satya Straps and Packing Technologies Limited	—	—	2,882,790	8.47
	<u>5,413,858</u>		<u>8,787,158</u>	

Rupees in Lakhs

Particulars	As at 30 September 2012	As at 31 March 2011
<b>Note 4: Reserves and surplus</b>		
i) Capital reserve		
Opening balance		6.50
Add: Additions during the year/period ( note : )	4,465.25	
Closing balance	4,465.25	6.50
ii) Securities premium account		
Opening balance	23,133.02	24,943.28
Add: Premium on conversion of FCCB's	—	—
Less: Premium on Redemption of FCCB's	4,234.12	1,810.26
	18,898.90	23,133.02
iii) General reserve	125.00	125.00
iv) Surplus in statement of profit and loss		
Opening balance	28,072.27	18,350.75
Add: Profit for the year/period	(7,137.11)	10,998.61
Less: Appropriations	0.00	
Proposed dividend	0.00	340.49
Dividend distribution tax	0.00	56.55
Less : Adjustment	(1,408.29)	(880.05)
Closing balance	19,526.87	28,072.27
<b>Total</b>	<b>43,016.02</b>	<b>51,336.79</b>
<b>Note 5: Long term borrowings</b>		
<b>Secured</b>		
a) Term loans from		
i) Banks	1,604.10	7,205.91
ii) Financial institutions	1,429.20	2,286.00
iii) Others	542.11	1,307.23
<b>Unsecured</b>		
i) Bonds	—	22,670.80
ii) others	—	2,051.17
	<b>3,575.41</b>	<b>35,521.11</b>

**Notes:**

- 1) Term Loans from banks viz. Bank of Baroda, Bank of India, Andhra Bank, Indian Bank, Hongkong and Shanghai banking corporation Limited, Life Insurance Corporation of India are secured by first pari passu charge on all the immovable and movable fixed assets of the company both present and future and second pari passu charge on the current assets both present and future of the company. Further, these loans are secured by personal guarantees and properties of the Promoter director.



- 2) Terms of repayment are given below:
- Loan taken from Bank of Baroda carries an interest rate of 14.75% p.a and is repayable in 16 quarterly installments of Rs.137.50 lakhs each, default is 2 inatallments.
  - Loan taken from Bank of india carries an interest rate of 14.75% p.a and is repayable in 18 quarterly installments of Rs.330.00 lakhs each default is 4 inatallments. .
  - Loan taken from Andhra bank carries an interest rate of 14.50% p.a and is repayable in 24 monthly installments of Rs.152.78 lakhs each default is 12 installments .
  - Loan taken from Indian bank carries an interest rate of 16.25% p.a and is repayable in 14 quarterly installments of Rs.91.67 lakhs each, default is 5 inatallments. .
  - Loan taken from Hongkong and shanghai banking corporation Limited carries an interest rate of 18.75% p.a and is repayable in 5 monthly installments of Rs.100.00 lakhs each, default is 4 inatallments. .
  - Loan taken from Life Insurance Corporation of India carries an interest rate of 13% p.a and is repayable in 21 quarterly installments of Rs.142.80 lakhs each, default is 7 inatallments. .
- 3) Term loan of Rs.1870.00 lakhs from HP Financial services(India) Pvt Ltd is secured by first charge on the specific purpose assets viz IBM Kiosk Machines of MCD Apka Dwar project.The term loan is repayable in 13 equated quarterly installments of Rs.141.00 lakhs Aggregating Rs.2256.00 lakhs, default is 6 inatallments. .
- 4) Vehicle Loans from banks and others are secured by hypothecation of the vehicles financed through the loan arrangements and are repayble over 36 months

Particulars	As at 30 September 2012	As at 31 March 2011
<b>Note 6: Deferred tax liabilities (net)</b>		
Deferred tax liability:		
On difference between book balance and tax balance of fixed assets	3,917.34	5,353.21
	<u>3,917.34</u>	<u>5,353.21</u>
Deferred tax asset:		
Provision for employee benefits	47.28	275.34
Provision for doubtful trade receivables, loans and advances	222.05	21.40
Unabsorbed /Depreciation	—	1,524.88
	<u>269.33</u>	<u>1,821.62</u>
Deferred tax liabilities (net)	<u>3,648.01</u>	<u>3,531.59</u>
<b>Note 7: Long-term provisions</b>		
Provision for Employee benefits	156.30	65.97
Provision for Premium payable on FCCB	—	5,364.31
	<u>156.30</u>	<u>5,430.28</u>
<b>Note 8: Short-term borrowings</b>		
Loans repayable on demand		
From Banks	18,346.43	15,969.13
From Others	—	
Unsecured	7,571.23	
	<u>25,917.67</u>	<u>15,969.13</u>

- i) Loans repayable on demand includes an amount of Rs. 17123.69 lakhs (31.03.2011:Rs. 15969.13 lakhs) represents working capital loans from banks are inter alia secured by way of pari passu first charge on current assets and pari passu second charge on fixed assets both present and future. Further these loans are secured by personal guarantee and properties of certain directors. Unsecured is the shortterm advance received from the subsidiary Bartronics Asia Pte Ltd

Rupees in Lakhs

Particulars	As at 30 September 2012	As at 31 March 2011
<b>Note 9: Trade payables</b>		
Other than acceptances	38,622.44	31,189.28
	<u>38,622.44</u>	<u>31,189.28</u>
<b>Note 10: Other current liabilities</b>		
Current maturities of long-term debt	37,963.97	7,206.95
Interest accrued but not due on borrowings	35.84	60.77
Interest accrued and due on borrowings	1,951.63	—
Other liabilities	759.16	1,303.81
Unclaimed dividends	13.19	9.57
Inter corporate deposits	4,499.93	—
Statutory remittances	192.27	103.34
Payables for Capital works	204.42	211.11
Advances from customers	739.17	2,392.59
	<u>46,359.60</u>	<u>11,288.14</u>
<b>Note 11: Short-term provisions</b>		
Provision for employee benefits	—	—
Provision for income tax	6,665.81	4,905.51
Provision for FBT	727.88	727.88
Proposed Dividend	0.00	340.49
Dividend Distribution Tax	56.56	56.55
Provision for Premium Payable on Redemption of FCCB	9,598.43	—
	<u>17,048.68</u>	<u>6,030.43</u>
<b>Note 13: Non-current investments (At Cost unless otherwise stated)</b>	—	—
<b>Note 14: Long-term loans and advances</b>		
i) (Unsecured and considered good)	—	—
a) Capital Advances	8,312.07	15,053.43
b) Security deposits	3,504.92	3,442.26
c) Loans and advance to related parties	23.38	—
e) MAT credit entitlement	1,777.52	1,777.52
g) Deposits with government authorities	2.55	2.55
h) Other Advances	6,745.83	3,655.81
	<u>20,366.27</u>	<u>23,931.57</u>
<b>Note 15: Current investments (At lower of cost and fair value)</b>		
Investment in mutual funds (Unquoted)		
In PNB- Principal Large Cap Fund- Growth Plan	—	25.00
	<u>—</u>	<u>25.00</u>
Aggregate Book Value of Quoted Investments	—	25.00

Note : 12 A											
Tangible Assets	GROSS BLOCK ( At Cost)					DEPRECIATION				NET BLOCK	
	As at 1st April 2011	Additions	Del/Adj	Ast at 30th Sep 2012	As At 1st April 2011	For the Period	Del/Adj	Ast at 30th Sep 2012	As on 30.09.12	As on 31.03.11	
<b>Tangible</b>											
Land	41.92	0.00	0.00	41.92	0.00	0.00	0.00	0.00	41.92	41.92	
Buildings	303.84	2.14	0.00	305.98	23.23	15.37	0.00	38.60	267.38	280.61	
Plant And Machinery	7,127.45	6.17	0.00	7,133.62	1,397.20	797.22	0.00	2,194.43	4,939.19	5,730.25	
Electrical Installation	426.74	0.24	0.00	426.98	83.80	44.46	0.00	128.26	298.72	342.94	
Computers	11,144.07	121.80	0.00	11,264.18	4,257.25	2,593.69	0.00	6,850.94	4,413.54	6,885.47	
Office Equipment	62.54	5.54	0.00	68.09	25.45	3.14	0.00	28.60	39.49	37.09	
Furniture& Fixtures	358.14	65.16	0.32	422.98	219.43	22.31	0.00	241.59	181.39	138.85	
Vehicles	338.27	44.39	16.07	366.59	100.76	78.57	11.95	167.38	199.21	237.51	
Leasehold Improvements	47.92	0.79	0.00	48.71	1.78	14.57	0.00	16.35	32.36	46.14	
<b>Total (A)</b>	<b>19,850.90</b>	<b>246.23</b>	<b>16.39</b>	<b>20,079.05</b>	<b>6,108.91</b>	<b>3,569.33</b>	<b>11.95</b>	<b>9,666.15</b>	<b>10,413.21</b>	<b>13,740.78</b>	
<i>Previous Year</i>	<i>19,447.76</i>	<i>419.9</i>	<i>16.76</i>	<i>19,850.90</i>	<i>3706.94</i>	<i>2418.58</i>	<i>16.61</i>	<i>6108.91</i>	<i>13741.99</i>	<i>15740.82</i>	

Note : 12 B

Note : 12 B											
Intangible	GROSS BLOCK ( At Cost)					DEPRECIATION				NET BLOCK	
	As at 1st April 2011	Additions	Del/Adj	Ast at 30th Sep 2012	As At 1st April 2011	For the Period	Del/Adj	Ast at 30th Sep 2012	As on 30.09.12	As on 31.03.11	
<b>Intangible</b>											
Goodwill	13,453.89	-	-	13,453.89	-	-	-	-	13,453.89	13,453.89	
Patents	6,875.75	-	-	6,875.75	880.05	-	-	880.05	5,995.71	5,995.71	
Software	17,751.65	142.74	-	17,894.39	6,930.92	3,783.98	-	10,714.88	7,179.51	10,820.75	
<b>Total (B)</b>	<b>38,081.30</b>	<b>142.74</b>	<b>-</b>	<b>38,224.03</b>	<b>7,810.97</b>	<b>3,783.98</b>	<b>-</b>	<b>11,594.93</b>	<b>26,629.11</b>	<b>30,270.35</b>	
<i>Previous Year</i>	<i>38,068.69</i>	<i>12.61</i>	<i>-</i>	<i>38,081.30</i>	<i>3,988.47</i>	<i>3,822.49</i>	<i>-</i>	<i>7,810.96</i>	<i>30,270.34</i>	<i>34,080.22</i>	
<b>Grand Total (A+B)</b>	<b>57,932.19</b>	<b>388.97</b>	<b>16.39</b>	<b>58,303.09</b>	<b>13,919.87</b>	<b>7,353.32</b>	<b>11.95</b>	<b>21,261.08</b>	<b>37,042.32</b>	<b>44,011.13</b>	
<i>Previous Year</i>	<i>57,516.45</i>	<i>432.51</i>	<i>16.76</i>	<i>57,932.20</i>	<i>7,695.41</i>	<i>6,241.07</i>	<i>16.61</i>	<i>13,919.87</i>	<i>44,012.33</i>	<i>49,821.04</i>	

	Rupees in Lakhs	
	As at 30 September 2012	As at 31 March 2011
<b>Note 16: Inventories (At lower of cost and net realisable value)</b>		
Raw Materials	268.32	412.57
Finished Goods	206.66	459.40
Stock in Progress	32.86	112.12
Export Software	—	950.08
	<b>507.84</b>	<b>1,934.17</b>
<b>Note 17: Trade receivables (Unsecured)</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered Good	77,640.81	45,113.86
[Include amount due from a subsidiary of Rs.3161.00 Lacs (31.03.2011: Rs.1601.50 Lakhs)]		
Considered Doubtful	582.63	534.60
	<b>78,223.43</b>	45,648.46
Less: Provision for doubtful trade receivables	<b>(582.63)</b>	<b>(534.60)</b>
(A)	<b>77,640.81</b>	<b>45,113.86</b>
Trade receivables outstanding for a period less than six months from the date they were due for payment		
Considered Good	34,113.08	31,114.98
Considered Doubtful	—	—
	<b>34,113.08</b>	31,114.98
Less: Provision for doubtful trade receivables	—	—
(B)	<b>34,113.08</b>	<b>31,114.98</b>
(A+B)	<b>111,753.88</b>	<b>76,228.84</b>
Note: All the outstanding Trade Receivables are subject to Confirmation		
<b>Note 18: Cash and bank balances</b>		
Cash and cash equivalents	—	—
Cash on Hand	1,871.17	2.66
Balances with Banks:	—	—
In current accounts	781.97	886.24
In EEFC account	0.24	0.40
In Deposit accounts	—	26.42
Other bank balances	—	—
In Ear marked Accounts	—	—
Margin Money deposits	274.44	196.83
‘- In Dividend Account	13.20	9.57
Balance held as margin monies (Refer note below)	—	—
	<b>2,941.02</b>	<b>1,122.12</b>

**Note:**

Balances with banks include margin monies amounting to Rs39.90 lakhs (31.03.2011: 99 lakhs) which have an original maturity of more than 12 months.

Rupees in Lakhs

As at 30  
September 2012

As at 31  
March 2011

**Note 19: Short-term loans and advances**

Loans and advances to related parties	—	—
Security deposits	193.65	126.09
Loans and advances to employees	24.34	14.04
Prepaid expenses	363.42	589.08
MAT Credit Receivable	—	—
CENVAT credit receivable	0.09	61.78
Service tax credit receivable	0.03	—
TDS receivable	113.22	—
Advances for supply of goods and rendering of services	1,273.69	12,587.83
Others	1,754.94	158.34
Less: Provision for Doubtful Advances	(14.08)	(14.08)
	<u>3,709.31</u>	<u>13,523.08</u>

**Note 20: Other current assets**

Interest accrued but not due on deposits	96.99	7.62
Advance tax	3,383.12	2,634.70
	<u>3,480.10</u>	<u>2,642.32</u>

Rupees in Lakhs

Particulars	Eighteen Months Period Ended	Year Ended 31.03.2011
<b>Note 21: Revenue from operations</b>		
<b>A) Exports- Software</b>		
Value Added Domestic	4,229.51	6,880.31
Self Developed Exports	9,550.85	12,618.94
<b>B) Manufacturing</b>	<b>1,124.53</b>	2,281.94
<b>C) Trading</b>		
Software	—	24,567.37
Hardware	72,304.48	27,028.93
<b>D) Services</b>	<b>29,107.32</b>	15,441.39
<b>E) Other Operating Revenue</b>		
Sale of scrap	3.64	—
<b>Total</b>	<b>116,320.33</b>	<b>88,818.88</b>

Particulars of sale of products	Eighteen Months Period ended 30 Sep 2012		Year Ended 31 March 2011	
	Qty (Nos.)	Rupees in Lakhs	Qty (Nos.)	Rupees in Lakhs
<b>A Manufactured goods</b>				
Cards & RFID	7,966,794	1,124.53	19,963,330	2,282
<b>Total</b>	<b>7,966,794</b>	<b>1,124.53</b>	<b>19,963,330</b>	<b>2,282</b>
<b>B Traded goods</b>				
High sea sales	—	38,870.68	—	24,567.37
Others	—	33,433.81	—	27,028.93
<b>Total</b>	<b>—</b>	<b>72,304.49</b>	<b>—</b>	<b>51,596.30</b>
<b>C Export Sales</b>				
Value added software	—	4229.51	—	6880.31
Self Developed Software	—	9550.85	—	12618.94
<b>Total</b>	<b>—</b>	<b>13,780.36</b>	<b>—</b>	<b>19,499.25</b>
<b>Total</b>	<b>—</b>	<b>87209.37</b>	<b>—</b>	<b>73377.49</b>

Rupees in Lakhs

Particulars	Eighteen Months Period Ended	Year Ended 31.03.2011
<b>Note 22: Other Income</b>		
a) Interest on deposit with banks and others	100.51	18.10
b) Exchange gain(net)	2,791.56	837.20
c) Creditors no longer payable	173.92	
d) Miscellaneous income	309.58	87.82
	3,375.57	943.12
<b>Note 23.a: Cost of materials consumed</b>		
Opening Stock	1,362.65	1,444.78
Add : Purchases	3,262.70	7,595.24
	4,625.35	9,040.02
Less : Closing stock	268.32	1,362.65
Details of raw materials consumed	4,357.03	7,677.37

Particulars	Eighteen Months Period ended 30 Sep 2012		Year ended 31 March 2011	
	Units ( Nos./Kgs)	Rupees in Lakhs	Units ( Nos./Kgs)	Rupees in Lakhs
Cards/RFID	7,153,864	998	19,964,990	1,819
Software	—	3,359	—	5,858
<b>Total</b>	7,153,864	4,357	19,964,990	7,677
<b>Note 23.b: Details of purchase of traded goods</b>	—	—	74807	42951
High sea purchases	—	35,685.08	—	20,482.38
Others	—	39,122.19	—	22,468.93
Total	—	74,807.27	—	42,951.31

Particulars	Eighteen Months Period Ended	Year Ended 31.03.2011
<b>Note 23.c: Changes in inventories of finished goods, work in progress and stock-in-trade</b>		
<i>Inventories at the beginning of the year:</i>		
Finished goods	459.40	397.63
Work in progress	112.12	127.97
Stock in trade	—	—
	571.53	525.60
<i>Inventories at the end of the year:</i>		
Finished goods	—	459.40
Work in progress	32.86	112.12
Stock in trade	206.66	0.00
	239.52	571.52
<b>Net (increase) / decrease</b>	332.01	(45.92)

Rupees in Lakhs

Particulars	Eighteen Months Period Ended	Year Ended 31.03.2011
<b>Note 24: Employee benefit expense</b>		
Salaries, wages and bonus	4,151.34	2,713.11
Contribution to provident and other funds	160.46	53.92
Staff welfare expenses	57.43	96.26
	4,369.23	2,863.29
<b>Note 25: Finance costs</b>		
Interest expense on		
Borrowings	6,845.70	50,90.27
interest on delayed payment of income tax	65.60	535.95
Others	434.60	389.96
	7,345.90	6,016.18
<b>Note 26: Other expenses</b>		
Advertisement	189.53	140.47
Bank charges	47.61	101.31
Service Related Expenses	14,796.58	11,691.99
Business promotion	14.54	–
Communication	219.40	114.23
Directors' sitting fees	1.95	1.35
Donations	0.13	113.45
Electricity charges	52.31	27.91
Factory maintenance	0.91	12.88
Insurance	146.15	179.12
Job work charges	4.21	–
Legal and professional	349.63	348.93
Loss on sale of fixed assets	13.57	–
Miscellaneous expenses	202.01	158.61
Other manufacturing expenses	2.15	–
Exchange loss	12.10	360.19
Power and fuel	35.36	42.62
Payments to auditors (Refer Note (i) below)	150.86	94.85
Maintenance Charges-MCD	2.93	–
Printing and stationery	27.47	54.09
Project Expenses	65.07	–
Provision for doubtful trade receivables, loans and advances	96.56	474.04
Bad Debts	4,793.87	–
Rates and taxes	66.69	15.64
Rent	423.66	458.15
Lease rentals	724.23	–
Repairs and Maintenance-Machinery	4.47	–
Impairment of carrying cost of CWIP	4,093.40	–
Repairs and Maintenance-Others	43.06	64.49
RSBY Enrolment Expenses	481.35	–
Security Charges	139.16	–
Travelling and conveyance	660.38	473.99
	2,7861.30	14,928.31



27. Disclosure of Particulars regarding subsidiaries in terms of AS-21 are as follows:-

Name of the Entity	Country of Incorporation	Ownership in % either directly or through subsidiaries
Bartronics Asia Pte Ltd.	Singapore	100%
Bartronics Middle East FZE	UAE	100%

28. **Contingent Liabilities:** Rs&USD. In Lakhs

Particulars	As At 30. 09. 2012	As At 31. 03. 2011
Counter Guarantees Given To Banks Towards:		
-Bank Guarantees Issued	Rs.573.83	497.97
Corporate Guarantees	\$150	

29. **Claims Against The Company Not Acknowledged As Debts:**

Disputed Taxes	As At 30. 09. 2012	As At 31. 03. 2011
Income Tax	2,111.02	297.74
Sales Tax	5.95	54.25

30. Estimated amount of contracts remaining to be executed on capital account and not provided for [Net of advance Rs.8,312.07 lakhs (31.03.2011 Rs. 15,265.87 lakhs)] Rs. 1555.54 lakhs (31.03.2011: Rs. 29,643.67 lakhs )

31. **Share Warrants:**

The Company has issued 6,300,000 Convertible Share Warrants of Rs 10 each at a premium of Rs. 222 per warrant belonging to the promoter and promoter group and 2,000,000 Compulsory Convertible Warrants of Rs.10 each at a premium of Rs.152.25 per warrant to non-promoter group during February, 2010. These are convertible into equity shares at a later date but before expiry of 18 months from the date of issue in one or more tranches. As per the terms of issue, the Company has received 25% value of the Compulsory Convertible Warrants aggregating to Rs.4,465.25 Lakhs. The advance amount has been capitalized as the warrant holder had intimated the company about their non-exercise of their right of conversion.

32. **Reserves & Surplus:**

**Securities Premium:**

- a. As stated in Significant Accounting Policies No. 15 of Schedule 20, the Company charges the premium payable on redemption of Foreign Currency Convertible Bonds to the securities premium account over the life of the bond. Had the Company provided the full liability of premium payable on redemption of bonds in terms of the provisions of Accounting Standard-29 'Provisions, Contingent Liabilities & Contingent Assets' in Securities Premium Account in the year of issue, the additional liability would have been Rs. 789.79 Lakhs (31.03.10 Rs 3,581.92 Lakhs).

33. **Unsecured Loans:**

**Foreign Currency Convertible Borrowings (FCCB):**

The Company raised US\$ 50 Million ('FCCB') on 04.01.2008 through the issue of zero coupon Foreign Currency Convertible Bonds. The Bond holders have an option to convert each bond of US\$ 100000 into shares of Rs. 10/- each at the conversion price of Rs.290/-. These bonds are redeemable with a yield to maturity of 6.65%. The bonds unless converted will be redeemed on 4th February, 2013.

FCCB Price Reset: Pursuant to the terms and conditions of FCCB Bond issue the conversion price has been reset from Rs.290 to Rs.232 on 6 July, 2009 and further to Rs.191.25 on 4 January, 2010.

Movement of Foreign Currency Convertible Bonds is given below:

	As At 30.09.2012		As At 31.03.2011	
	FCCB	Total	FCCB	Total
	(Redeemable in 2013)		(Redeemable in 2013)	
<b>Opening Balance</b>	22,670.80	22,670.80	22,450.00	22,450.00
Add: FCCB raised during the year.	—	—	—	—
Add: Foreign Exchange Loss (net)	3654.2	—	220.8	220.8
Less: Foreign Exchange Gain (net)	—	—	—	—
<b>Closing Balance</b>	<b>26,325.00</b>	<b>—</b>	<b>22,670.80</b>	<b>22,670.80</b>

#### 34. Sales:

##### Self Developed Software

The Development cost for self-developed software's has been charged to the profit & loss accounts in the earlier years

#### 35. Related Party Disclosures:

##### 1. Key Management Personnel

Mr. Sudhir Rao - Managing Director

##### A. Related Party Transactions:

Rs. in Lakhs

Transactions	Subsidiaries		Key Management Personnel	
	2011-12	2010-11	2011-12	2010-11
<b>Diminution in value of Investment. Investments</b>				
ROI Public Relations Pvt Ltd.	—	—	—	—
<b>Advances Written-Off</b>				
ROI Public Relations Pvt Ltd.	—	6.50	—	—
<b>Advances to</b>				
ROI Public Relations Pvt Ltd.	—	6.50	—	—
<b>Remuneration Paid</b>				
Mr. Sudhir Rao	—	—	82.18	82.18

#### 36. Auditors' Remuneration

Rs in Lakhs

Particulars	2011-12	2010-11
Audit Fees	15.00	32.50
Limited Reviews	35.00	35.00
Other Services	—	25.00
<b>Auditors of Subsidiaries</b>		
Audit fees	3.21	2.35
<b>Total</b>	<b>150.86</b>	<b>94.85</b>

The above excludes applicable service tax and cess thereon.

## 37. Segment Reporting

- a. The activities of the Company relate to only one business segment i.e. the business of providing Automatic Identification & Data Capture (AIDC) solutions.
- b. Information relating to Secondary Segment based on geographical location

Rs. in Lakhs

Particulars	2011-2012	2010-2011
<b>Segment Revenue</b>		
- Within India	3,703.00	3,102.93
- Outside India	1,12,617.28	85,715.95
<b>Total Revenue</b>	<b>1,16,320.33</b>	<b>88,818.88</b>
<b>Segment Assets</b>		
- Within India	41,663.91	61,644.71
- Outside India	1,38,390.57	106,522.18
<b>Total Assets</b>	<b>1,80,054.48</b>	<b>168,166.89</b>
<b>Segment Liabilities</b>		
- Within India	56,121.75	23,714.85
- Outside India	75,571.90	23,016.33
<b>Total Liabilities</b>	<b>1,31,693.65</b>	<b>46,731.18</b>
<b>Capital Expenditure</b>		
<b>Tangible Assets:</b>		
- Within India	135.55	346.39
- Outside India	110.68	73.51
<b>Intangible Assets:</b>		
- Within India	90.09	12.61
- Outside India	52.65	—
<b>Total Capital Expenditure</b>	<b>388.97</b>	<b>432.51</b>

## 38. Composition of Deferred Tax Liability:

Rs. in Lakhs

Particulars	As At 31. 03. 2011	Movement During the Year	As At 30. 09. 2012
<b>Deferred Tax Liability:</b>			
Relating to Fixed Assets	5,353.21	-1435.87	3,917.34
<b>Total</b>	<b>5,353.21</b>	<b>-1435.87</b>	<b>3,917.34</b>
<b>Deferred Tax Assets:</b>			
Provision for Doubtful Debts / Advances / Deposits	275.34	-228.05	47.28
Disallowances under Section 43B	21.40	200.64	222.05
Unabsorbed Depreciation	1,524.88	-1524.88	—
<b>Total</b>	<b>1,821.62</b>	<b>-1552.92</b>	<b>269.33</b>
<b>Net Deferred Tax Liability</b>	<b>3,531.59</b>	<b>116.42</b>	<b>3,648.01</b>

**Note:** The Company based on expert opinion the deferred tax expense in the previous year has been recognized using previous year applicable effective tax rate being Minimum Alternate Tax (MAT) rate and in the current year calculated at the regular tax rate enacted at the balance sheet date.

## 39. Earnings Per Share:

Particulars	2011-2012	2010-2011
Profit after Taxation (Rs. in Lakhs)	-7,137.10	10,998.61
Profit attributable to Equity shareholders for Basic and Diluted EPS (Rs. in Lakhs)	-7,137.10	10,998.61
Weighted average number of equity shares used in computing Basic Earnings Per Share	34,048,861	34,048,861
Add: Effect of potential equity shares on conversion of FCCB and Warrants outstanding	17,575,387	18,645,098
Weighted average number of equity shares used in computing Diluted Earnings Per Share	51,624,248	52,693,959
Earnings per share – Face Value: Rs.10/- each		
- Basic	-20.96	32.30
- Diluted	—	20.87

## 40. Disclosures as required under Accounting Standard AS-15

*The company liability on account of Employee benefits comprising Gratuity- a defined benefit scheme and compensated absences has been determined in accordance with the requirements of Accounting Standard (AS)-15 notified by the Companies (Accounting Standards) Rules, 2006. Disclosures required in terms of the requirement of AS-15.*

(Rupees in lakhs)

Expenses recognised in statement of profit and loss account			
Particulars	Gratuity	Compensated Absences	Total
Current Service Cost	47.64	39.35	86.99
	10.45	14.25	24.70
Interest Cost	5.48	2.64	8.12
	2.79	.44	3.23
Actuarial (Gains)/Losses	(2.12)	(2.64)	(4.76)
	(12.49)	4.23	(8.24)
Total expense included in the Statement of Profit & Loss	50.99	39.35	90.34
	.75	18.94	19.69
Net Liability recognised in Balance Sheet			
Present Value of Defined Benefit Obligation	44.46	60.85	105.31
	46.47	21.5	65.97
Fair Value on Plan Assets	—	—	—
	—	—	—
Net Liability recognised in Balance Sheet	95.45	60.85	156.3
	44.47	21.50	65.97

Change in Defined Benefit Obligations (DBO)			
Present Value of DBO at Beginning of Period / Year	44.46	21.50	65.96
	<i>46.47</i>	<i>7.25</i>	<i>53.72</i>
Current Service Cost	47.64	39.35	86.99
	<i>10.45</i>	<i>14.25</i>	<i>24.70</i>
Interest Cost	5.47	2.64	8.11
	<i>2.79</i>	<i>0.44</i>	<i>3.23</i>
Actuarial (Gains)/Losses	(2.12)	(2.64)	(4.76)
	<i>(12.49)</i>	<i>4.25</i>	<i>8.24</i>
Benefits Paid	—	—	—
	<i>(2.75)</i>	<i>(4.69)</i>	<i>(7.44)</i>
Present Value of DBO at the End of Period/Year	95.45	60.85	156.3
	<i>44.46</i>	<i>21.50</i>	<i>65.96</i>

Assumptions	
Interest / Discount Rate	8.50%
	8.00%
Rate of escalation in salary	7.00%
	7.00%
Attrition Rate	4.00%
	4.00%

Note: Figures in italics relate to previous year

Note: Only Provisions has been Made in the books but no payments were made.

**i) Discount Rate**

The discount rate is based on the prevailing market yield on Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

**ii) Salary Escalation Rate**

The estimates of future salary increase considered takes into account the inflation, seniority and other relevant factors

Net Asset/(Liability) recognised in Balance Sheet					
Particulars	2011-2012	2010-11	2009-10	2008-09	2007-08
	<b>Gratuity</b>				
Present value of defined benefit obligation	95.45	44.47	46.47	18.59	13.96
Fair value of plan assets	—	—	—	—	—
Status [Surplus / (Deficit)]	(95.45)	(44.47)	(46.47)	(18.59)	(13.96)
	<b>Compensated Absences</b>				
Present value of defined benefit obligation	60.85	21.5	7.25	14.71	20.72
Fair value of plan assets	—	—	—	—	—
Status [Surplus / (Deficit)]	(60.85)	(21.5)	(7.25)	(14.71)	(20.72)

**41. Current Income Tax:**

Current tax represents income tax payable as per relevant tax laws for the foreign operation in the countries in which they are domiciled.

42. Adjustment represents the difference in the net profit after tax between management accounts and audited accounts of the previous year relating to a subsidiary to the extent of Rs.1,408.29 lakhs (31.03.2011: Rs. 880.05 lakhs). Had this amount been accounted as current year expenditure the profit after tax would have been lower by Rs.1,408.29 lakhs (31.03.2010: Rs.880.05 lakhs). The basic earnings per share would be lower by Rs.4.14.
43. The Company's significant leasing arrangements are in respect of operating leases for premises (offices, equipments etc.). The leasing arrangements, which are not non-cancellable, range between eleven months and five years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent expense to the profit and loss account.
44. The Company was awarded the "Aapke Dwar" Project in 2009 by the Municipal Corporation of Delhi (MCD). The project envisages availment of various Government to Citizen (G2C) services. The Company is required to install and operate 2,000 kiosks at various locations in the city to facilitate the above. The Company has also the right to display advertisements on the external walls of the kiosks.
45. As at the balance sheet date 300 kiosks have been constructed and for the balance 1,700 kiosks, allotment of clear sites by MCD is awaited. Capital Work-in-progress includes the amounts expended on such construction which aggregates to Rs.1,426.34 Lakhs(2010-2011 : Rs. 4,112.58 lakhs). Further amounts aggregating to Rs. 13,474.47 Lakhs(2010-2011:Rs. 14,893.10 lakhs) has been advanced for work to be carried out.
46. In view of the unseemly delays in the allocation of sites by the MCD, the Company has filed a petition in the High Court of Delhi which has initiated the process of arbitration. The Company is confident of arriving at an amicable solution shortly.
47. The Financial Statements have been prepared for 18 months i.e. 01 April 2011 to 30 Sep 2012 and are not strictly comparable with previous period's figures as the same is for 12 months period i.e. from 1 April 2010 to 31 March 2011.
48. The Revised Schedule VI has become effective from 1 April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation of made in the statements. Previous period's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

**Sudhir Rao**  
Managing Director

**A.B.S.Reddy**  
Director

**A. Chand Basha**  
Company Secretary

Place: Hyderabad

Date: 24.11.12

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(Amount in Lakhs)

<b>I</b>	<b>REGISTRATION DETAILS</b>	
	CIN Number	L29309AP1990PLC011721
	Balance Sheet	30.09.2012
	State Code	01
<b>II</b>	<b>CAPITAL RAISED DURING THE YEAR</b>	
	Public Issue	NIL
	Rights Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL
<b>III</b>	<b>POSITION OF MOBILISATION OF AND DEPLOYMENT OF FUNDS</b>	
	Total Liabilities	150,752.08
	Total Assets	150,752.08
	Sources of Funds	
	Paid up Capital	3,404.89
	Share Application Money	—
	Reserves & Surplus	33,271.62
	Deferred Tax Liability	3,693.34
	Secured Loans	3,575.41
	Un-Secured Loans	4.26
	Application of Funds	
	Net Fixed Assets	17,146.70
	Capital Work in Progress	1,555.54
	Investments	30,217.99
	Net Current Assets	87,855.17
	Misc. Expenditure	NIL
	Accumulated Losses	NIL
<b>IV</b>	<b>PERFORMANCE OF THE COMPANY</b>	
	Total Turnover	58,735.88
	Total Expenditure	70,536.20
	Profit before Tax	(11,800.32)
	Profit after Tax	(12,182.81)
	Earnings per Share in Rs.	
	- Basic	(35.78)
	- Diluted	—
	Dividend rate %	—
<b>V</b>	<b>GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)</b>	
	ITEM CODE (IT CODE NO.)	N.A.
	PRODUCT DESCRIPTION	COMPUTER SOFTWARE

**BARTRONICS INDIA LIMITED**

Survey No. 351, Raj Bollaram Village,  
Medchal Mandal, R.R. Dist. Andhra Pradesh - 501 401.

Regd. Folio No. : .....

No.of Shares Held : .....

**PROXY FORM**

I/We ..... resident(s)

of..... being a member / members of BARTRONICS

INDIA LIMITED hereby appoint Mr./Mrs.....

of ..... or failing him / her .....

of..... as my / our proxy to attend and vote for me / us on my / our behalf at the 21st Annual General Meeting of the Company to be held on Monday, December 24, 2012 at 11.00 A.M. and at any adjournment thereof.

Signed this the ..... day of December, 2012

Signature .....

Note : The instrument of proxy shall be deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the time for holding the Meeting.

PROXY NEED NOT BE A MEMBER



**BARTRONICS INDIA LIMITED**

Survey No. 351, Raj Bollaram Village,  
Medchal Mandal, R.R. Dist., Andhra Pradesh - 501 401.

Member's Folio Number .....

No.of Shares held .....

**ATTENDANCE SLIP  
(21st AGM)**

This Attendance Slip duly filled in to be handed over at the entrance of the Meeting Hall.

Name of the Attending Member or Proxy (In Block Letters) .....

I hereby record my presence at the 21st Annual General Meeting held on Monday, December 24, 2012 at 11.00 A.M. at Survey No. 351, Raj Bollaram Village, Medchal Mandal, R.R. Dist., Andhra Pradesh - 501 401.

To be signed at the time of handing over this slip

.....

Member's / Proxy's Signature



BOOK-POST

*If undelivered please return to:*



**BARTRONICS INDIA LIMITED**

***Registered Office:***

Survey No. 351, Raj Bollaram Village, Medchal Mandal, R.R. Dist.,  
Andhra Pradesh - 501 401

[www.bartronics.com](http://www.bartronics.com)