

## **BARTRONICS INDIA LIMITED**

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- BOARD OF DIRECTORS** : Shri Sudhir Rao, Managing Director  
Shri A.B.S. Reddy, Director\*  
Shri R.Satish Reddy, Director\*  
Shri B.Narayanaswamy, Director\*\*  
Shri T.Venkateswara Rao, Director\*\*  
Shri K.N.Dupare, Director (IDBI Nominee)\*\*
- \* Promoter Non Executive Directors  
\*\* Independent Non-Executive Directors
- AUDIT COMMITTEE** : Shri T.Venkateswara Rao  
Shri A.B.S.Reddy  
Shri B.Narayanswamy  
Shri K.N.Dupare
- REMUNERATION COMMITTEE** : Shri T.Venkateswara Rao  
Shri B.Narayanswamy  
Shri K.N.Dupare
- SHAREHOLDERS/INVESTOR  
GRIEVANCES COMMITTEE** : Shri A.B.S.Reddy  
Shri Sudhir Rao  
Shri R.Satish Reddy  
Shri K.N.Dupare
- SHARE TRANSFER COMMITTEE** : Shri Sudhir Rao  
Shri R.Satish Reddy  
Shri K.N.Dupare
- COMPANY SECRETARY** : Shri H.Arun Shourie
- REGISTERED OFFICE** : BARTRONICS INDIA LIMITED,  
5-9-22/B/404, My Home Sarovar,  
Near Mediciti Hospital,  
Secretariat Road,  
Hyderabad-500 004  
Tel : 040-23298073/8074
- AUDITORS** : M/s Yaji Associates  
Chartered Accountants,  
10-3-281/1/301  
Humayun Nagar, Mehidipatnam  
Hyderabad – 500 028  
Tel : 040-23532597/98
- BANKERS** : Bank of Baroda,  
Basheerbagh Branch, Hyderabad.
- LISTING** : Bombay Stock Exchange Limited  
National Stock Exchange of India Limited
- REGISTRAR AND TRANSFER AGENTS** : 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

## **BARTRONICS INDIA LIMITED**

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### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Fifteenth Annual General Meeting of the members of the company will be held on Friday, 28<sup>th</sup> July 2006 at 11.00 A.M at Naina Gardens, Kukatpally, Hyderabad to transact the following business

#### **Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To re-appoint a Director in place of Shri R.Satish Reddy who retires by rotation and who being eligible offers himself for reappointment.
3. To re-appoint Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company on a remuneration to be fixed by the Board of Directors of the company on a later date. The retiring Auditor, M/s YAJI Associates, Chartered Accountants, Hyderabad, being eligible, offers themselves for reappointment.

#### **Special Business:**

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

“RESOLVED THAT in Super session of the earlier resolution passed by the member of the Company at the Extraordinary General Meeting held on 17<sup>th</sup> July 1999, the consent of the members of the Company be and is hereby accorded under Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) up to a limit not exceeding in the aggregate of Rs.250 Crores including Foreign borrowings like Foreign Currency Convertible Bonds, Foreign Currency Bonds etc. notwithstanding that moneys to be borrowed, together with the moneys already borrowed by the Company apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business will exceed the aggregate of the paid up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.”

5. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:

“RESOLVED THAT in modification of the resolution passed in the Extraordinary General Meeting of the Company held on 20<sup>th</sup> September 2004 and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines

## **BARTRONICS INDIA LIMITED**

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for managerial remuneration issued by the Central Government from time to time, the Company hereby approves increase in the remuneration payable to Managing Director w.e.f. 1st April, 2006 as set out hereafter and with further liberty to the Board (which term shall be deemed to include the Remuneration Committee, constituted by the Board) from time to time to alter the said terms and conditions in such manner as may be agreed to between the Board and Shri Sudhir Rao, in the best interests of the Company, but subject to the restrictions, if any, contained in the Companies Act, 1956 and Schedule XIII to the said act as amended up to date or otherwise as may be permissible at law:-

- a) Salary: Rs.1, 70,000/- (Rupees One Lakh Seventy Thousand) per month.
- b) Perquisites: Rs.30, 000/- (Rupees Thirty Five Thousand Only) per month.
- c) The Basic Salary and perquisites shall be restricted to 5% of the Net Profits.

“RESOLVED FURTHER THAT Subject as aforesaid, the Managing Director shall be governed by such other rules as are applicable to the Senior Executives of the Company from time to time”

“RESOLVED FURTHER THAT So long as Shri Sudhir Rao, functions as Managing Director of the Company, he shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.”

“RESOLVED FURTHER THAT Where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the aforesaid remuneration and perquisites shall be paid to the Managing Director in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if any required.”

**BY ORDER OF THE BOARD  
For BARTRONICS INDIA LIMITED**

**PLACE: HYDERABAD  
DATE: 10.06.2006**

Sd/-  
**SUDHIR RAO  
MANAGING DIRECTOR**

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### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY HELD AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. Members/Proxies are requested to bring along with them Annual Reports being sent to them.
3. The Share Transfer books and Register of Members of the Company will remain closed during the period from 27.07.2006 to 28.07.2006 (both days inclusive).
4. 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.

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5. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956:

### **Item No: 4**

The Board of Directors were authorized by a resolution passed at the Extra-ordinary General Meeting held on 17<sup>th</sup> July 1999, to borrow monies up to a limit of Rs.50 Crores under Section 293(1)(d) of the Companies Act, 1956. In order to meet the increasing financial requirements of the Company it is felt necessary that the borrowing powers of the Board of Directors be increased from Rs.50 Crores to Rs. 250 Crores. A fresh resolution under Section 293(1)(d) of the Companies Act, 1956 is therefore proposed as item No. 4 of the accompanying notice. The Board commends the Resolution set out at Item No. 4 of the Notice for your approval.

None of the Directors are interested in the above resolution.

### **Item No: 5**

Considering the Background, competence and experience of Shri Sudhir Rao, Managing Director of the Company under whose management the Company could successfully complete the Public Issue of the Company thereby getting the Equity Shares of the Company Listed on BSE and NSE and comparing the remuneration packages of similarly placed personnel of corporate bodies in the country, the Board of Directors at its meeting held on 10<sup>th</sup> June 2006, revised the remuneration of the Managing Director of the Company, as set out in the resolutions of the accompanying notice for the remaining period of their appointment with effect from April 1, 2006.

Since the increase in the remuneration payable to Shri Sudhir Rao, Managing Director requires the approval of the members of the Company in General Meeting pursuant to Section 198, 309, 311 read with Schedule XIII to the Companies Act, 1956, the resolutions as set out in the accompanying notice are recommended for the approval of the members.

Shri Sudhir Rao is interested in the above resolutions to the extent of the remuneration payable to him. None of the other Directors are interested in the above resolutions.

The terms and conditions of the increase in the remuneration as stated in the resolutions of the Notice in respect of Shri Sudhir Rao, may be regarded as an abstract under Section 302 of the Companies Act, 1956.

**BY ORDER OF THE BOARD  
For BARTRONICS INDIA LIMITED**

Sd/-

**SUDHIR RAO  
MANAGING DIRECTOR**

PLACE : HYDERABAD

DATE : 10.06.2006

## **BARTRONICS INDIA LIMITED**

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### **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited Accounts for the Financial Year ended 31<sup>st</sup> March 2006 comprising of twelve (12) months from 01.04.2005 to 31.03.2006.

#### **COMPANY'S FINANCIAL PERFORMANCE:**

Your Directors do hereby report that your Company has achieved the total income of Rs.29, 47,39,960/- during the financial year under review as against the total income of Rs.18, 17,18,106 during the previous financial year.

The highlights of the financial results are as follows:

(Rs. in Lakhs)

<b>Particulars</b>	<b>2005-2006</b>	<b>2004-2005</b>
Total Income	2947.40	1817.18
Total Expenses other than Interest	2260.02	1434.04
Interest	76.52	107.92
Total Expenses	2336.54	1541.96
Profit Before Tax	610.86	275.22
Provision for Tax	77.00	35.50
Profit After Tax	533.85	239.72
Amount Brought Forward	194.60	173.85
Balance Carried forward	728.46	413.57

#### **INITIAL PUBLIC OFFER (IPO) :**

During the period under review your Company has come out with a Public Issue of 65,00,000 Equity Shares of Rs.10/- each through 100% Book-Building Process at a Premium of Rs.65/- Per Share and mobilized funds aggregating to Rs.48.75 Crores. The issue was opened on 20<sup>th</sup> December 2005 and closed on 24<sup>th</sup> December 2005 and the issue has received an overwhelming response with an over subscription of 29 times. The Shares were allotted on 5<sup>th</sup> January 2006 and the Equity Shares of the Company were listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) from 12<sup>th</sup> January 2006.

#### **PUBLIC ISSUE FUND UTILIZATION:**

The Company has mobilized funds of Rs.48.75 Crores from IPO and out of the proceeds of the said IPO a sum of Rs.20.29 Crores was utilized towards objects of the Issue and the balance amount of Rs.28.46 Crores remains unutilized which is to be spent in due course towards the issue objects.

#### **OUTLOOK FOR THE CURRENT YEAR:**

The Company during the year 2005-2006 has achieved a turnover of Rs.29 Crores with a 60% growth over the previous year's turnover and during the current year the Company is expected to achieve better results with an increased growth rate in comparison to previous year, as the funds raised through public issue of the Company have been deployed in to the operations of the company.

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During the Year, the Company is to set up manufacturing facility for the purpose of manufacturing of Smart Card and the R& D Technology Center as proposed in the objects of the Public Issue is also to be set up for the purpose of exploring the emerging technologies in various fields in which the Company is operating.

The Company is at a stage of rapid expansion and the Company is exploring its opportunities in the international and domestic markets for making domestic and overseas acquisitions and with the advantages to be reaped out of reduced financial burden by repayment of term loan of IDBI and extensive marketing strategies, the company is expected to achieve a top line of about Rs.50 Crores during the year 06-07.

### **SHARE CAPITAL:**

During the year under review the Authorized Share Capital of the Company was increased from Rs.12 Crores to Rs.17 Crores on 2<sup>nd</sup> May 2005

### **BONUS ISSUE AND PREFERENTIAL ISSUE:**

During the year under review the Company has also made Bonus Issue of 21,89,650 Equity Shares of Rs. 10/- each by way of capitalization of reserves, in the ratio of One Equity Share of Rs.10/- Each for every Two Equity Shares of Rs.10/- Each held by the members as on record date being 29<sup>th</sup> April 2005 and the allotment of such shares was made on 2<sup>nd</sup> May 2005 and the Company has also made Preferential Allotment of 15,00,000 Equity Shares of Rs.10/- Each at a Premium of Rs.40/- Per Share on 5<sup>th</sup> September 2005.

### **DEMATERIALIZATION OF SHARES:**

During the year under review the Company has entered in to tripartite agreement with Central Depository Services India Limited (CDSIL) for providing the facility to the Shareholders of the Company to hold share in dematerialized form with Depository Participants registered with CDSIL. The Company has also Changed its Registrar and Transfer Agents (RTA) from Aarthi Consultants Private Limited to Bigshare Services Private Limited.

### **DIVIDEND**

As the Company intends to plough back the profits for the ultimate benefit of shareholders, no dividend is proposed.

### **HUMAN RESOURCE MANAGEMENT**

It is your Company's belief that Competent Human Resources are the driving force for any organization, with which the Company grows step by step. The Company has been able to create a favorable work environment that encourages continuous learning and thereby leading to innovation. With vibrant work atmosphere, the Company provides an opportunity to employees to work with New Technologies. Your Company has put in place a Scalable Recruitment and Human Resources Plan, devised to attract and retain high caliber personnel.

### **DIRECTORS:**

Shri R.Satish Reddy, Director of your Company, is liable to retire by rotation in this forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

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### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm:

- a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- c. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. that the directors had prepared the annual accounts on a going concern basis.

### **AUDITORS :**

The Auditors of the Company M/s. YAJI Associates, Chartered Accountants, Hyderabad, retire at the conclusion of the forthcoming Annual General Meeting of the Company and being eligible, offers themselves for re-appointment.

### **EMPLOYEE PARTICULARS :**

Employee particulars as required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable being no employee of your Company falls within the purview of the aforesaid provisions.

### **FIXED DEPOSITS:**

Your Company has not accepted any deposits from the public for the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

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

Information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo forming part of directors' report in terms of section 217(1)(e) of the companies act, 1956, and Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is as follows:

#### **CONSERVATION OF ENERGY**

The Operations of your Company are not Energy Intensive. Your Company takes various measures to reduce the Energy Consumption by using energy efficient Computer Systems and with minimal energy consumption it is ensured to have optimal use of energy, avoid wastage and conserve energy as far as possible. As an ongoing process the Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

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### **TECHNOLOGY ABSORPTION**

Your Company has, in its endeavor to obtain and deliver the best technology in its field, upgraded itself in line with the latest technology in the world. At the same time, your Company has also attached tremendous significance to indigenous development and upgradation of technology.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO :**

(Rs. in Lakhs)

<b>Particulars</b>	<b>2005-2006 (Rs.)</b>	<b>2004-2005 (Rs.)</b>
Foreign Exchange Earnings	1260.90	271.38
Foreign Exchange Outgo	793.15	152.44

### **EXPLANATIONS TO AUDITORS' REPORT :**

There are no adverse remarks or qualifications made in the Auditor's Report.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report is provided as Annexure-I to Director's Report.

### **CORPORATE GOVERNANCE :**

A report on Corporate Governance is annexed separately as Annexure-II along with a Certificate of Compliance from the Auditors of the Company.

### **ACKNOWLEDGEMENTS:**

Your directors place on record their sincere appreciation for the Support and help extended by Company's clients, vendors, investors, customers, its Financial Institution IDBI Limited and the Company's Bankers, Bank of Baroda for the continued support provided during the year and appreciate the contributions made by the employees at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the Company to achieve consistent growth.

**BY ORDER OF THE BOARD  
For BARTRONICS INDIA LIMITED**

PLACE: HYDERABAD  
DATE: 10.06.2006

Sd/-  
**SUDHIR RAO  
CHAIRMAN**



**ANNEXURE-I TO DIRECTORS' REPORT**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**1. Industry Structure and Developments**

Bartronics is in the Automatic Identification and Data Capture (AIDC) business. AIDC is the industry term used to describe the identification, and/or direct collection of data into a microprocessor controlled device such as a computer system or a programmable logic controller (PLC), without the use of a keyboard. The technology supports two fundamental requirements viz. eliminating errors associated with identification and/or data collection and accelerating the throughput process. The key application of the technologies is in tracking and traceability of products/articles, product and item identification and sortation, information and data processing, security and access control and inventory management. The AIDC technology covers six distinct groups of technologies and services. They are: Card Technologies, Data Communications Technologies, Bar Code Technologies, Radio Frequency Identification Technologies, Emerging Technologies, and the Support and Supplies which serve the industry.

The Indian market for AIDC and RFID business is estimated to be about Rs.100 Crores in FY 2005. The market has been growing at an estimated CAGR of over 50% over the past few years and is poised to grow rapidly due to the retail and manufacturing growth in the country. The AIDC potential is expected to develop strongly in the emerging markets as mentioned above.

Bartronics India Limited has an enviable track record, having served some of the leading manufacturing companies in India, over the past 15 years. Apart from a large client-base, the Company has the advantage of profound understanding and a sound knowledge-base acquired over the years. This assists in providing the best After-Sales Service to the customer, building customer confidence, which would take years for a competitor to develop, in this industry. The Company expects the traditional technology area of AIDC to grow at a rate of 20-30% per annum (also substantiated by one of the recent reports by Frost & Sullivan). Biometrics, as a technology zone, will see rapid increase in demand in the coming couple of years backed by implementation opportunities on a large scale, on account of heightened security concerns. However, it is difficult to establish a growth-rate estimate since the technology is fairly new to the country.

Based on Bartronics' experience over the past two years in the RFID segment, the Company deems that this is a sunrise domain, awaiting exploitation. The first-mover advantage that Bartronics enjoys is being supplemented with focused field-level efforts, whereby customers are given awareness of RFID technology through road shows, demonstrations and presentations. Further, every pilot assignment that the Company has implemented in the last two years is maturing, and this itself presents a huge opportunity in terms of top and bottom line performance of the Company. The Industry itself is at a growing stage yet; costs are cutting down every year, and many big consumers, like WalMart and US military, are adopting the technology at a swift pace. These are significant growth indicators for the near future. In addition, development of standards for implementation of RFID is another advancement, which has far-reaching implications.

### **2. Opportunities and Threats**

#### **Opportunities**

The Company is in the business of providing Barcode Solutions since 1990 and the Company is an acknowledged expert in system integration for Barcode solutions, which has applications in areas such as inventory management, attendance recording, dispatch management etc. The Company has also successfully expanded into Biometrics and RFID solutions and is in a position to successfully leverage its expertise in these core areas and with wide local presence with branches spread across the country and with impressive clientele and with strong international alliances for sourcing of necessary products and technology the Company is considered as dominant player in the country for these kind of solutions.

The Company's activities also have added advantages such as, the Bar coded cargo gets faster clearance worldwide by Customs, freight forwarders etc., thereby enhancing the prospects for the bar coding technology and the company can enjoy enhanced product / exporter's image by virtue of compliance with International standards and the benefits of using the technology in the retail sector and the availability of service providers across the country makes it easy for the client to adopt and implement the bar coding technology. The Biometric technologies will be used for verifying or recognizing the identity of a living person based on a physiological characteristic through fingerprint identification, voice identification, facial feature identification, etc. This could open up new avenues wherein the technology can be applied.

Following the successes of Enterprise Resource Planning, Customer Relationship Management and Supply Chain Management across industries over the past few years, AIDC is receiving a good amount of attention as it can leverage past IT investments better through automated data collection and input. The RFID is also considered as one of the best applications for handling the process of supply chain investment. The RFID market is expected to jump from \$1.4 billion annually this year to as much as \$6.1 billion in 2010.

The Overall Indian market, largely comprising of smart cards, bar code solutions, RFID and Biometrics is experiencing an annual growth rate of 40%. With RFID and biometric solutions making their presence felt in the current year the market has been growing at an estimated CAGR of over 50% over the past few years and is poised to grow rapidly due to the retail and manufacturing growth in the country.

#### **Threats**

Technology obsolescence is perceived as a threat to the industry as well as to the company and entry of global players into the Indian Market is also perceived as a threat to the Company. The market demand assessed by the Company to be existent for its services may not be appropriate, there being absence of specific Industry Reports and guidelines.

### **3. Segment-wise or Product-wise Performance**

The Company's business fall under a single Product Segment, i.e. of providing solutions using AIDC technologies. However the revenue generated by the company can be

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segmented geographically with 56.48% of the revenues generated from Domestic Sales and 43.52% of the revenues generated from export sales (with 26.29% revenues from Singapore and 11.29% revenues being from Malaysia and remaining 5.94% revenues from other Countries).

### **4. Outlook for the current year**

The Company during the year 2005-2006 has achieved a turnover of Rs.29 Crores and the EPS of the Company is at Rs.3.66 per Share. During the current year, the Company is expected to achieve better results in comparison to the previous year's results, as the funds raised through public issue of the Company have been deployed in to the operations of the company. The Company is at a stage of rapid expansion and the Company is exploring its opportunities in the international and domestic markets and as per the market demands the Company shall setup overseas and domestic braches for catering to the needs of the various customers. The Company may also go for some domestic and overseas acquisitions, which will further spur the rapid growth of the Company. With these strategies, the company is expected to achieve a top line of about Rs. 50 crores during the year 06-07.

### **5. Risks and concerns**

- 1) The Company is planning for expanding of the operation of the Company and its market outside India, this expansion may, in some fronts, increase costs of operations.
- 2) The Company is dependent on external suppliers for most of its key materials and hardware components that the company deals in any failure of such suppliers to deliver these materials in time and in necessary quantities for the purpose of adhering to the delivery schedules could adversely affect the business of the Company.
- 3) The Company's geographically diverse business operations and its rapid growth have placed constraints on the Company's ability to generate financial information in a timely manner. If the Company has difficulty in integrating and upgrading its reporting systems, the Company's ability to provide its management and investors with financial information, particularly for interim periods, may be adversely affected.
- 4) The Company has significant planned capital expenditures; its capital expenditure plans may not yield the benefits intended. The capital expenditure mentioned in the Objects of the Issue has not been appraised by any bank or financial institution.
- 5) The Company may mainly face competition from the new entrants in to the markets, which may affect the profitability of the Company.

### **6. Discussion on financial performance with respect to operational performance**

During the year under review the Company's revenue from operations stood at Rs. 28.97 Crores with an increase of 60% over the previous year's turnover, which is a significant growth in comparison to previous year and the Company has earned a total net profit of Rs. 5.33 Crores during the previous year (a 120% increase over previous years profit) making the Earnings Per Share (EPS) Rs. 3.66. The Company has achieved an Export Turnover of Rs. 12.61 Crores during the last year, through its 100% EOU Unit under the ambit of STPI.

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(Rs. in Lakhs)

Particulars	2005-2006	2004-2005	% Increase/ Decrease
Total Income	2947.40	1817.18	62.20
Total Expenses other than Interest	2260.02	1434.04	57.60
Interest	76.52	107.92	(29.09)
Total Expenses	2336.54	1541.96	51.53
Profit Before Tax	610.86	275.22	121.95
Provision for Tax	77.00	35.50	116.90
Profit After Tax	533.85	239.72	122.70
Amount Brought Forward	194.60	173.85	11.94
Balance Carried forward	728.46	413.57	76.14

**7. Internal control systems and their adequacy**

The Company has suitable internal control systems and processes in place for the smooth conduct of its businesses. The company maintains a system of internal controls designed to provide reasonable assurance regarding the Effectiveness and efficiency of operations and for safeguarding the assets of the Company and for ensuring appropriate recording and reporting of financial information for ensuring reliability of financial controls and for ensuring compliance of applicable laws and regulations

The Internal Audit covers a wide variety of operational matters and ensures compliance with specific standards with regard to availability and suitability of policies and procedures. The Internal Audit function to evaluate the effectiveness of Management Information Systems (MIS) takes steps for safeguarding the assets of the Company

The Audit Committee of the Company monitors the performance of Internal Audit functioning of the Company on a periodical basis through continuous reviewing of the audit plans, audit findings & by ensuring to have corrective measures if any for rectification of any findings

**8. Material developments in Human Resources / Industrial Relations**

The workforce has been one of the main strength's of the Company, right since its inception. With the current employee strength of 130, the Company is aptly positioned to exploit opportunities. Technical manpower constitutes mainly of diploma engineers, who undergo a rigorous, six-month in-house training, before being conferred the opportunity to serve customers. Of late, the Company has been, additionally, recruiting engineering graduates. Of the 130 employees, 65 engineers form the core group manning the R&D, Technical and Service functions. Additionally, 45 engineers perform the sales and marketing functions, and the remaining handle the administration and personnel operations.

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### **ANNEXURE-II TO DIRECTORS' REPORT**

#### **REPORT ON CORPORATE GOVERNANCE**

##### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company believes that the fundamental and sound principles of Corporate Governance are transparency in operations with greater accountability and fair dealing by way of providing all the required information to the stakeholders in order to protect their interest. The Company is committed in adhering to good corporate governance practices by providing detailed information on various issues concerning the company's business and financial performance to the Shareholders of the Company. The Board is committed towards welfare of shareholders with broad principles of Corporate Governance, which may drive the actions of the Company towards achieving of company's objectives.

Bartronics India Limited has become a Listed Company with effect from 12<sup>th</sup> January 2006 and is committed to the adoption of best Corporate Governance Practices.

##### **2. BOARD OF DIRECTORS:**

###### **a) Composition of Board:**

The Majority of Board of Directors of the Company consists of Professional Directors and the Composition of the Board meets with the requirement of Corporate Governance Code prescribed in Clause 49 of the Listing Agreement with not less than 50% of the Board of Directors of the Company being Non-Executive Directors and with 50% of the Board of Directors of the Company being Independent Directors. The Composition of Board is as follows:

The Board of Directors of Bartronics India Limited in total consists of 6 Directors.

1	Shri Sudhir Rao	Managing Director
2	Shri A.B.S.Reddy	Promoter - Non-Executive Director
3	Shri R.Satish Reddy	Promoter - Non-Executive Director
4	Shri T.Venkateswara Rao	Independent Non-Executive Director
5	Shri B.Narayanswamy	Independent Non-Executive Director
6	Shri K.N.Dupare	Nominee Director of IDBI Limited

###### **b) Board Procedures:**

The Board of Directors of the Company has prescribed appropriate Systems and Procedures for the purpose of conducting of meetings of Board of Directors of the Company, which can be briefed as under

- 1) The Meetings are convened by giving proper notice to the Stock Exchanges as may be required and to the members of the Board
- 2) The Agenda and other explanatory notes are circulated in advance among the Board Members and other invitees.
- 3) The Chairman, generally at the commencement of the meeting explains to the Board Members about the developments that have taken place in the Company from the last Board Meeting

## **BARTRONICS INDIA LIMITED**

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- 4) The Chairman at the Meeting will place the information, which cannot be circulated in advance to the Members.
- 5) The Board if required, considering the necessity or urgency of the issue will take up any other item of business, which is not part of agenda.
- 6) The Minutes of the Meetings are recorded and are entered in the Minutes Book and these minutes will be confirmed in next Board Meeting and the same will be signed by the Chairman.
- 7) The Company Secretary of the Company ensures compliance of the all applicable Provisions of Companies Act and Rules and Regulations of Stock Exchanges, SEBI or any other statutory Authority as per the requirements

**c) Number of Board meetings held and dates on which the meetings were held.**

During the year under review, the Board met 13 (thirteen) times and the meetings were held on 25<sup>th</sup> April 2005, 2<sup>nd</sup> May 2005, 19<sup>th</sup> September 2005, 27<sup>th</sup> September 2005, 26<sup>th</sup> November 2005, 5<sup>th</sup> December 2005, 17<sup>th</sup> December 2005, 27<sup>th</sup> December 2005, 29<sup>th</sup> December 2005, 5<sup>th</sup> January 2006, 6<sup>th</sup> January 2006, 31<sup>st</sup> January 2006, 17<sup>th</sup> March 2006.

**d) Attendance of each director at the Board meetings and the last AGM :**

Name of the Directors	Category	Number of Board Meetings held	Number of Board Meetings Attended	Attendance at the last AGM held on 02.05.2005
Shri Sudhir Rao	Managing Director	13	12	YES
Shri A.B.S.Reddy	Non-Executive Director	13	10	YES
Shri R.Satish Reddy	Non-Executive Director	13	7	YES
Shri T.Venkateswara Rao	Non- Executive Independent Director	13	12	YES
Shri B.Narayanswamy	Non-Executive Independent Director	13	11	YES
Shri K.N.Dupare	Nominee Director of IDBI Limited – Independent Director	13	5	No

## **BARTRONICS INDIA LIMITED**

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### **e) Number of other Directorships and Chairmanships/Memberships of Committees of Directors in various companies:**

Name of the	Other Directorships as on 31.03.2006	Committee memberships in Companies as on 31.03.2006*	Committee Chairman Ships in Companies as on 31.03.2006*
Shri Sudhir Rao	NIL	1	-
Shri A.B.S.Reddy	6	1	1
Shri R.Satish Reddy	NIL	1	-
Shri T.Venkateswara Rao	1	-	1
Shri B.Narayanswamy	2	1	-
Shri K.N.Dupare	1	3	-

\* In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only the Audit Committee and Shareholders/Investor Grievances Committee of all Public Limited companies have been considered.

### **3. AUDIT COMMITTEE:**

The Company has constituted Audit Committee as per the provisions of Section 292A of the Companies Act 1956 during the year 2005 in its Board Meeting held on 25.04.2005 and the Audit Committee at the time of initial constitution comprised of the following members

- a) Shri T.Venkateswara Rao, Chairman
- b) Shri A.B.S.Reddy, Member
- c) Shri K N Dupare, Member.

The Audit Committee was mainly constituted for the purpose of overseeing and monitoring the audit aspects of the Company and for reviewing with the management the annual financial statements and to review the adequacy of internal control systems, functions, structures and frequency of reporting of audit systems and to review the financial and risk management policies.

Subsequent to Listing of the Equity Shares of the Company on Bombay Stock Exchange Limited and National Stock Exchange of India Limited from 12<sup>th</sup> January 2006, the Audit Committee constituted by the Company now has additional functions / features as required under Clause 49 of the Listing Agreement.

#### **a) The terms of reference of the Audit Committee are as under**

1. To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

## **BARTRONICS INDIA LIMITED**

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2. Recommending to the Board, the appointment, re-appointment and, if required, the Replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as 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 creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.



## **BARTRONICS INDIA LIMITED**

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The Audit Committee will also mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), 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; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by Audit Committee.

### **b) Composition, Name of members and Chairperson:**

At Present the Audit Committee consists of four members, the composition of which is as follows:

1 Shri T.Venkateswara Rao	Chairman	Independent Non-executive Director
2 Shri A.B.S.Reddy	Member	Promoter, Non-Executive Director
3 Shri B.Narayanswamy	Member	Independent Non-Executive Director
4 Shri K.N.Dupare	Member	Nominee Director of IDBI Limited

### **c) Details of Audit Committee Meetings and attendance:**

During the year ended 31<sup>st</sup> March 2006 and subsequent to listing of the Equity Shares of the Company on BSE and NSE from 12<sup>th</sup> January 2006, 2 Meetings of Audit Committee of Board of Directors of the Company were held on 31<sup>st</sup> January 2006 and 17<sup>th</sup> March 2006 and the attendance at such Audit Committee meetings is as under

<b>Names of the Directors</b>	<b>Number of Audit Committee Meetings held</b>	<b>Number of Audit Committee Meetings attended</b>
Shri T.Venkateswara Rao	2	2
Shri A.B.S.Reddy	2	1
Shri B.Narayanswamy	2	2
Shri K.N.Dupare	2	-

## **4. REMUNERATION COMMITTEE:**

The Remuneration Committee in the Company was constituted during the financial year 2005-2006 on 25-04-2005 and all the members of the Remuneration Committee are Non-Executive Directors, with the Chairman being Independent Director. The committee was mainly formed to look into the matters relating to payment of Compensation by way of salary, perquisites and other benefits to Executive Directors and to set guidelines for

## BARTRONICS INDIA LIMITED

deciding the payment of salary and other benefits to the senior employees of the Company and other matters such as performance appraisal in relation to those senior employees.

### a) Composition, Name of members and Chairperson:

The Committee currently comprises of three members as under

Shri T.Venkateswara Rao	Chairman	Independent Non-Executive Director
Mr. B. Narayanswamy	Member	Independent Non-Executive Director
Shri K.N.Dupare	Member	Nominee Director of IDBI Limited

During the year under review no meeting of Remuneration Committee was held, as there was no business to be transacted in such meeting.

### b) Remuneration policy

The Remuneration Committee of Board of Directors of the Company generally decides and makes recommendations to the Board of Directors about the remuneration to be paid to the Directors and other Key Managerial Persons of the Company. The Remuneration recommendations about the remuneration of Directors are subject to the approval of the Members of the Company and the remuneration of the key managerial persons is to be recommended by the remuneration committee to the Board.

The Company is proposing to have a plan for continuous appraisal of various parameters to analyze the performance of the Directors and Key Managerial Persons and to decide the annual compensation to be paid to them.

### c) Details of Remuneration to the Directors:

- 1) For the Financial year ended 31<sup>st</sup> March 2006, Shri Sudhir Rao, Managing Director of the Company is paid remuneration as follows:

Salary & Perquisites	Other Benefits
Rs.5,65,368/-	-

- 2) There is no Pecuniary Relationship or there are no transactions involving pecuniary relationship between the Company and Non-Executive Directors of the Company

- 3) Particulars of Sitting Fee paid to Directors:

Sl No	Name of the Director	Sitting Fee paid (Rs.)
1	Shri T.Venkateswara Rao	12,000
2	Shri B.Narayanswamy	11,000
3	Shri K.N.Dupare	5,000

\* Sitting fee will be paid at a rate of Rs.1000/- for attending each Board Meeting

- 4) Except the following Directors, None of the Directors of the Company hold any shares in the Company.

S.No.	Name	No of Shares	% of Total Share Holders
1	Shri A.B.S. Reddy	16,36,400	11.23
2.	Sri R. Satish Reddy	13,90,000	9.54

## **BARTRONICS INDIA LIMITED**

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### **5. SHAREHOLDERS/INVESTOR GRIEVANCES COMMITTEE:**

The Company has constituted Shareholders/Investor Grievances Committee for the purpose of specifically looking into the matters relating to Shareholders and Investor Grievances such as non-receipt of refund orders; non-receipt of balance sheets and non-receipt of declared dividends etc.

a) The constitution of the Shareholders Grievance Committee is as follows

1 Shri A.B.S.Reddy	Chairman	Non-Executive Director
2 Shri Sudhir Rao	Member	Managing Director
3 Shri R.Satish Reddy	Member	Non-Executive Director
4 Shri K.N.Dupare	Member	Nominee Director of IDBI

b) Details of Shareholders' Complaints received/Disposed off:

The Status of Investor Complaints during the year 2005-2006 is as under

Number of Investor Complaints received during the period from 01.04.2005 to 31.03.2006 (Complaints are related to Non-receipt of Refund Orders in the Public Issue and Non Credit of Shares in to demat Account for the shares allotted in the Public Issue)	311
Number of Investor Complaints resolved	311
Number of Complaints not resolved to the satisfaction of the Shareholders	NILL
Number of investor Complaints pending as on 31.03.2006	NILL

### **6) SHARE TRANSFER COMMITTEE:**

The Company has constituted Share Transfer Committee for the purpose of specifically looking in to matters relating to share transfers, rejection of share transfers, consolidation and subdivision of shares and issue of duplicate share certificates.

Subsequent to Listing of Equity Shares, the shares of the Company shall be traded on Stock Exchanges only in Dematerialized Form and are automatically transferred on delivery, but as 36% of the Shareholding of the Company is held on Physical Form as on 31.03.2006, the share transfer committee constituted by the Board of Directors of the Company in order to serve to the needs of the Shareholders, holding shares in physical form and for expediting the requests relating to such shareholders, has delegated the necessary Powers to Shri H.Arun Shourie, Company Secretary of the Company who shall attend to such requests..

Composition of the committee:

The Committee presently comprises of three members as under

Shri Sudhir Rao	Chairman	Managing Director
Shri R.Satish Reddy	Member	Non-Executive Director
Shri K.N.Dupare	Member	Nominee Director of IDBI Limited

## **BARTRONICS INDIA LIMITED**

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One meeting of Sharetransfer committee of Board of Directors of the Company was held during the year 2005-2006, for the purpose of approving the transfer of 10,55,200 Equity Shares of Rs.5/- Each (Before consolidation of face value of Equity Shares of the Company in to Equity Share of Rs.10/- Each)

The Compliance Officer is Shri H. Arun Shourie, Company Secretary of the Company.

### **7. GENERAL BODY MEETINGS:**

a) Location, Date, Time and Place of Last Three AGMs:

The last Three Annual General Meetings of the Company were held on the date, time and place as given below

Date	Time	Place of Meeting
2 <sup>nd</sup> Day of May 2005	11.30 A.M	3 <sup>rd</sup> Floor, Plot No.18, Nagarjuna Hills, Hyderabad- 500 082
30 <sup>th</sup> Day of December 2004	11.30 A.M	3 <sup>rd</sup> Floor, Plot No.18, Nagarjuna Hills, Hyderabad- 500 082
30 <sup>th</sup> Day of September 2003	11.30 A.M	3 <sup>rd</sup> Floor, Plot No.18, Nagarjuna Hills, Hyderabad- 500 082

b) Whether any special resolutions passed in the previous 3 AGMs:

The Following are the details of the Special Resolutions passed at the last three AGMs.

Date of AGM	Particulars of Special Resolutions Passed
02.05.2005	Issue of Bonus Shares to the Equity Share holders of the Company in the ratio of one Equity Share for every two Equity Shares held by them
02.05.2005	To Issue and allot Equity Shares to the Employees of the Company under Employee Stock Option Scheme as per the provisions of Section 81(1A) of the Companies Act, 1956
02.05.2005	To Issue Shares through Public Issue and Preferential Allotment as per Provisions of Section 81(1A) of the Companies Act, 1956
02.05.2005	Alteration of Article of Association of the Company by inserting Article 3 (B) (II) relating to Further Issue of Shares and Article 3 (M) relating to provision of Buyback of Equity Shares and Article 110 relating to provision of transfer of amounts in Unpaid Dividend Account to Investor Education and Protection Fund.

Note: No Special Resolutions were passed at Annual General Meetings held for the year 2002-2003, 2003-2004

## **BARTRONICS INDIA LIMITED**

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- c) Details of Special Resolution passed last year through Postal Ballot:  
None of the Special Resolutions passed at the last Annual General Meeting are to be passed through Postal Ballot.
- d) Whether any special resolution is proposed to be conducted through postal ballot  
No Resolution proposed to be passed at the ensuing Annual General Meeting is required to be passed through Postal Ballot, but The Company now being a Listed Company, the Company shall adhere to the procedures of the postal ballot whenever any resolution required for being passed through postal ballot has been taken up for the approval of the members.

### **8. DISCLOSURES:**

#### **a) Disclosures on related party transactions:**

The Company does not have any related party transactions, which have a potential conflict with the Interest of the Company at Large The Board of Directors of the Company shall, as a measure of good corporate governance, make proper disclosures about the transactions if any to be entered into with the related parties.

#### **b) Details about Statutory Compliances:**

The Company has complied with all the requirements of the Stock Exchanges as per Listing Agreement and all the rules and regulations of Securities and Exchange Board of India and all other statutory authorities regulating the Capital Markets.

#### **c) Management Discussion and Analysis Report:**

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

#### **d) Details of Director seeking Reappointment at the forthcoming Annual General Meeting as required under clause 49 of the Listing Agreement:**

Name of the Director	Shri R.Satish Reddy
Date of Birth	17.11.1962
Date of Appointment	30.06.2000
Areas of Experience	Shri R.Satish Reddy has held the position of 'Production In charge' in M/s. Megaflex Laminations (P) Ltd. Hyderabad, a Tool Design and Heavy Presses Manufacturing concern. He has worked with Tata Consultancy Services in the position of 'Technical Support Professional'. He has been a Software developer for Engineering Product Description and Development. He was involved in many New Technology

## BARTRONICS INDIA LIMITED

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	Developments and Application projects where he also served as the Coordinator. Digitization Conversion and Mapping of Software Development Solutions, E.R.P. solutions and Electron hardware applications are some of the various areas he has a first hand experience of.
Educational Qualifications	Mr. R. Satish Reddy holds a Bachelors Degree (B.E.) in Mechanical Engineering (1993-98) from Bangalore University. And also holds a Masters Degree in Computer Science from Tennessee State University, U.S.A.
Directorship in other companies	NIL
Membership or Chairmanship in Board Committees	Shri R.Satish Reddy is a member of Shareholder and Investor Grievance committee of Bartronics India Limited
Shareholding particulars	Shri R.Satish Reddy holds 13,90,000 Equity Shares of Rs.10/- each in the Company constituting 9.54% of the Paid-up Equity Share Capital of the Company.

### e) CEO/CFO Certification:

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

## 9. MEANS OF COMMUNICATION.

### a) Quarterly results:

The Company's Financial Year begins on 1<sup>st</sup> April and ends on 31<sup>st</sup> March of immediately subsequent year. Subsequent to listing of the Equity Shares of the Company on 12<sup>th</sup> January 2006 the Company has declared its un-audited financial results for the Quarter ended 31.12.2005 in its Board Meeting held on 31.01.2006

b) The Financial Results of the Company are generally published in Economic Times and in Andhra Bhoomi

c) The Vital information about the Company, concerning the shareholders of the Company including its Financial performance which is represented with the quarterly, half yearly and annual results of the Company is provided to the shareholders by way of posting the same on the Company's website i.e. [www.bartronicsindia.com](http://www.bartronicsindia.com).

### d) Code of Conduct:

i) The Board of Directors of the Company has laid down Code of Conduct for all Board Members and Senior Management Persons of the Company.

## **BARTRONICS INDIA LIMITED**

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ii) CEO Certification for Code of Conduct:

All the Members of the Board and Senior Management personnel have affirmed compliance with the Company's Code of Conduct.

Sudhir Rao  
Managing Director

### **10. GENERAL SHAREHOLDER INFORMATION:**

1. AGM: Date, time and venue: The Annual General Meeting for the year 2005-2006 will be held on 28<sup>th</sup> July 2006 at Naina Gardens, Kukatpally, Hyderabad at 11.00 A.M
2. Financial year: The financial year of the Company starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March of immediately subsequent year
3. Dates of Book closure: The Book Closure dates for the current Annual General Meeting are from 27.07.2006 to 28.07.2006 (Both days Inclusive), during which the Register of Members and Share Transfer books of the Company shall remain closed.
4. Listing on Stock Exchanges:  
The Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) from 12<sup>th</sup> January 2006 .
5. Stock code:

<b>Stock Exchange</b>	<b>Scrip Code/Symbol</b>
Bombay Stock Exchange Limited	532694
National Stock Exchange of India Limited	BARTRONICS

The Company has paid the Annual Listing Fee to Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the financial year 2006-2007.

6. Market Price Data:

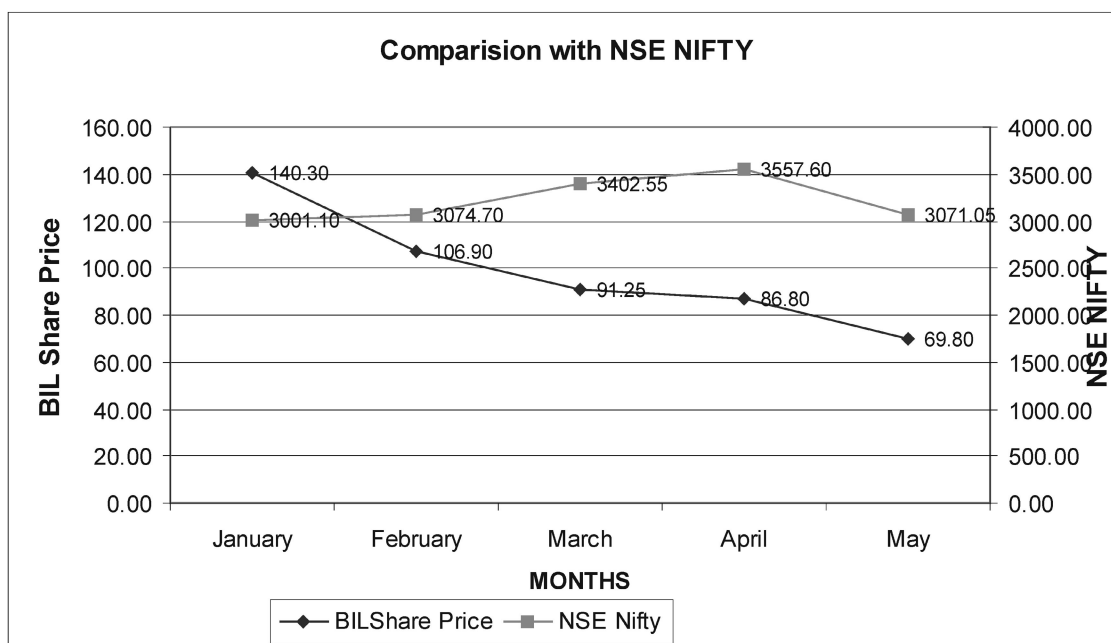
The Company's Equity Shares were listed on BSE and NSE on 12<sup>th</sup> January 2006, so the Market Price Data from January 2006 to May 2006 is provided.

#### **National Stock Exchange of India Limited:**

<b>Month</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>	<b>S&amp;P CNX NIFTY (Closing)</b>
January 2006	106.00	154.60	106.00	140.30	3001.10
February 2006	142.00	142.80	103.20	106.90	3074.70
March 2006	107.20	115.90	83.15	91.25	3402.55
April 2006	93.00	108.80	83.05	86.80	3557.60
May 2006	87.95	89.90	64.00	69.80	3071.05

Performance in comparison to Broad-based indices such as S&P CNX NIFTY is provided hereunder:

## BARTRONICS INDIA LIMITED

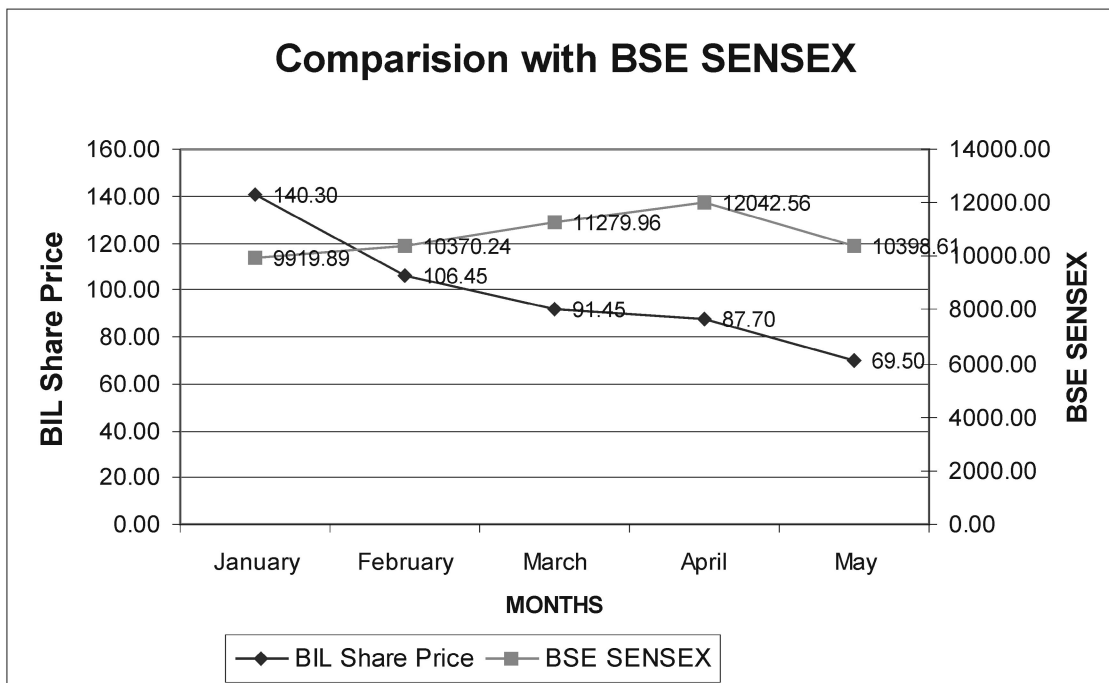


### Bombay Stock Exchange Limited:

Month	Open	High	Low	Close	BSE SENSEX (Closing)
January 2006	130.00	154.90	109.25	140.30	9919.89
February 2006	141.50	142.95	104.00	106.45	10370.24
March 2006	107.70	115.90	91.00	91.45	11279.96
April 2006	93.50	108.70	83.40	87.70	12042.56
May 2006	89.90	91.50	64.00	69.50	10398.61

Performance in comparison to Broad-based indices such as BSE-Sensex is provided hereunder:





**7. Registrar and Transfer Agents**

The Registrar and Transfer Agents of the Company are Bigshare Services Private Limited, a Category I SEBI Registered Registrar and Transfer Agent, with its offices at the following addresses:

<b>Registered office</b>	<b>Branch Office</b>
Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai- 400 072 Tel: 022-2847 0652 Fax: 022-2847 5207	Bigshare Services Private Limited G-10, Left Wing, Amrutha Ville, Opp: Yashoda Hospital, Somajiguda, Raj Bhavan Road, Hyderabad-500 082. Tel: 040-2337 4967

**8. Share Transfer System:**

The Investors are advised to contact either the Company or Bigshare Services Private Limited, the Registrar and Share Transfer Agent of the Company in case of any problems relating to transfer or transmission of Shares

## BARTRONICS INDIA LIMITED

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### 9. Distribution of Shareholding

The Distribution of Shareholding as on 31<sup>st</sup> March 2006 is as under

Shareholding of Nominal Value (in Rupees)	No of Shareholders	% (Percentage)	No of Shares held	% (Percentage)
Up to 5,000	18,905	92.36	2298967	15.78
5,001 –10,000	836	4.08	695286	4.77
10,001 – 20,000	373	1.82	582362	4.00
20,001 – 30,000	107	0.53	283514	1.94
30,001 – 40,000	58	0.28	206231	1.42
40,001 – 50,000	46	0.23	215286	1.48
50,001 – 1,00,000	63	0.31	476182	3.27
1,00,001 and above	80	0.39	9811250	67.34
	<b>20,468</b>	<b>100.00</b>	<b>14569078</b>	<b>100.00</b>

Category	No of Shares	Percentage %
Promoters and Promoter Group	8568950	58.82
Mutual Funds	33336	0.23
Banks, Financial Institutions, Insurance Companies	178979	1.23
Private Corporate Bodies	1452325	9.97
NRIs/OCBs	35706	0.25
Indian Public	4153349	28.51
Trust and others	146433	1.01
<b>TOTAL</b>	<b>14569078</b>	<b>100.00</b>

### 10 Dematerialization of Shares:

The Company has provided an option to the Shareholders to hold the shares of the Company either in Physical Form or in Dematerialized Form. For the purpose of holding the Equity Shares of the Company in Dematerialization Form, the company has entered into Tripartite Agreement with both National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSIL). The ISIN Number for the Equity Shares of the Company allotted by NSDL & CDSIL is INE855F01034. The Position of Physical and Dematerialized holding as on 31.03.2006 is as under

## **BARTRONICS INDIA LIMITED**

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<b>Holding Position</b>	<b>Shares</b>	<b>Percentage</b>	<b>Number of Shareholders</b>
a) Electronic Mode			
-In NSDL	7798980	55.53	16125
-In CDSIL	1493748	10.25	4324
<b>Total (a)</b>	<b>9292728</b>	<b>63.78</b>	<b>20449</b>
b) Physical Mode	5276350	36.22	19
<b>Total (b)</b>	<b>5276350</b>	<b>36.22</b>	<b>19</b>
<b>Total (a) + (b)</b>	<b>14569078</b>	<b>100.00</b>	<b>20468</b>

The Annual Custodial Charges to National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSIL) for the financial year 2006-2007 have been paid.

11. There are no outstanding GDRs/ ADRs/ Warrants or any convertible instruments, which may have an impact on the Equity.

12. Plant Location:

The Company as on date does not have any manufacturing facilities setup, but the company is proposing to set up an R & D technology center as enumerated in the Objects of the Public Issue.

13. Address for correspondence

The Investors may contact the Company Secretary of the Company Shri H.Arun Shourie at the Registered office of the Company for any shareholding related queries and all the correspondence should be made to the following address

**BARTRONICS INDIA LIMITED**

5-9-22/B/404, My Home Sarovar,  
Near Mediciti Hospital,  
Secretariat Road,  
Hyderabad-500 004

Ph: 91-40- 2329 8073/ 2329 8074

Fax: 91-40-2329 8076

Email: [info@bartronicsindia.com](mailto:info@bartronicsindia.com)

**CEO & CFO CERTIFICATION**

We, Sudhir Rao, Managing Director & Chief Executive Officer and Shri T.V.Ramakrishna, DGM 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.

S/d  
**Sudhir Rao**  
Managing Director  
Chief Executive Officer

S/d  
**T.V.Ramakrishna**  
DGM Finance & Accounts

Date : 10.06.2006

Place : Hyderabad

## **BARTRONICS INDIA LIMITED**

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### **CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
BARTRONICS INDIA LIMITED

We have examined the compliance of conditions of corporate governance by BARTRONICS INDIA LIMITED, for the year ended on 31<sup>st</sup> March 2006, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievance(s) are pending for a period exceeding one month against the company as per the records maintained by the Shareholders/ Investors Grievance Committee.

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

**For YAJI ASSOCIATES**  
Chartered Accountants

Date: 10<sup>th</sup> June 2006  
Place: Hyderabad

Sd/-  
A.P.P.KASIPATHI  
Partner  
M.No.19442

## **BARTRONICS INDIA LIMITED**

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### **AUDITORS REPORT TO THE MEMBERS OF BARTRONICS INDIA LIMITED**

We have audited the attached Balance Sheet of M/s Bartronics India Limited as at March 31,2006 and also the Profit and Loss Account of the Company for the year ended on that date and Cash Flow statement for the year ended that date annexed thereto. These Financial statements are the responsibility of the company's management and our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting to 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India, in terms of Section 227 (4A) 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.
2. Further to our comments in the annexure referred to above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit :
  - b) In our opinion, proper books of accounts, as required by law, have been kept by the company so far as appears from our examination of those books :
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts :
  - d) In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in sub-clause 3 © of section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors as on March 31,2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March, 31 2006 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956 ; and
  - f) In our opinion and to best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2006
    - ii) In the case of Profit & Loss Account, of the profit for the year ended on that date:

Place : Hyderabad  
Date : 10-06-2006

for Yaji Associates  
Chartered Accountant  
Sd/-  
A.P.P. KASIPATI  
Partner  
M.No.19442

## **BARTRONICS INDIA LIMITED**

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### **ANNEXURE TO THE AUDITORS' REPORT**

(REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE)

In respect of Companies (Auditors Report) Order, 2003

#### **Para 4(i) of the Order**

- a) The company has maintained accounting records to show particulars including quantitative details and situation of fixed assets.
- b) As explained to us, there is a regular program of verification of fixed assets, which in our opinion is reasonable having regard to the size of the company and the Nature of its assets. During the year, as explained to us, no material discrepancies were noticed on such verification.
- c) During the year, the company has not disposed off a substantial part of its fixed assets.

#### **Para 4(ii) of the Order**

- a) As explained to us, the stocks of finished goods and raw materials were verified by the management during the year periodically and at the time of annual closing. In our opinion, the frequency of such physical verification is reasonable.
- b) With regard to the procedures adopted by the management for physical verification of the stocks, we are of the opinion that they are reasonable & adequate in relation to size of the company & the nature of its business.
- c) The company is maintaining adequate records to record the inward and outward movement of raw materials, intermediaries and products. For all other inventory items, in our opinion, there is a need to systematize & improve the records, as they are basically dependent upon a physical verification carried out from time to time. It is explained to us that no material discrepancies were noticed on physical verification.

#### **Para 4(iii) of the Order**

We are informed that the company has not taken or granted any loans, secured or unsecured, from/to any companies, firms or either parties to be listed in the registers to be maintained under Section 301 of the Companies Act, 1956, and hence the matters regarding the rate of interest, terms & conditions of loans, repayments and overdue amounts more than Rupees one lakh are not applicable.

#### **Para 4(iv) of the Order**

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 for the purchase of stores and consumables, plant & machinery, equipments, and other assets and for the sale of goods and services of the company.

While undertaking a detailed review of the internal controls prevailing, no continuing weaknesses have been noticed.

#### **Para 4(v) of the Order**

According to the information and explanations given to us, the purchase of goods and materials & sale of goods and materials and services made in pursuance of contracts of arrangements to be entered in the registers, maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.5 lacs or more in value in respect of each party, are prima facie reasonable having regard to the prevailing market prices at which transactions for similar goods or services have been made with other parties.

## **BARTRONICS INDIA LIMITED**

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### **Para 4(vi) of the Order**

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits falling within the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

### **Para 4(vii) of the Order**

In our opinion the internal audit functions carried out during the year by Chartered Accountant appointed by the management have been commensurate with the size of the Company and the nature of its business.

### **Para 4(viii) of the Order**

We are informed that maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 has not been prescribed for the activities carried out by the company.

### **Para 4(ix) of the Order**

- a) The company had generally regularly deposited during the year statutory dues such as provident fund, ESIC, Income Tax, Sales Tax, Wealth Tax, Customs and Excise duty etc., with the appropriate authorities.
- b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income tax, Sales Tax, Wealth Tax, Customs duty and Excise duty as at the Balance Sheet date for a period of more than 6 months from the date they became payable.

### **Para 4(x) of the Order**

The company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

### **Para 4(xi) of the Order**

Based upon our review of the accounts and the information & explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution or a bank.

### **Para 4(xii) of the Order**

We are informed that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

### **Para 4(xiii) of the Order (First part)**

Is not applicable as the company is not a Chit Fund Company

### **Para 4 (xiii) of the Order (Second Part)**

Sub clauses (a) to (d) therein are not applicable as the company is not a nidhi, mutual benefit or similar society.

### **Para 4(xiv) of the Order**

is not applicable as the company is not dealing or trading in shares, securities debenture or other investments.



## **BARTRONICS INDIA LIMITED**

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### **Para 4(xv) of the Order**

We are informed that the company has not given any guarantee for loans taken by other from banks or financial institutions.

### **Para 4(xvi) of the Order**

The company has not taken any term loan during the year.

### **Para 4(xvii) of the Order**

According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have prima facie not been used for long-term investments.

### **Para 4(xviii) of the Order**

The company has made preferential allotment during the year to the tune of 1500000 equity shares of Rs.10/- each at a premium of Rs.40/- per share and none of such shares have been allotted to the parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956.

### **Para 4(xix) of the Order**

The company has not issued any debentures during the year

### **Para 4(xx) of the Order**

During the year under review the Company has raised Rs.48.75 Crores, through Public Issue of 6500128 equity shares of Rs.10/- each at a premium of Rs.65/- per share. Out of the proceeds of the issue a sum of Rs.20.29 Crores was utilized towards objects of the issue and the balance amount of Rs.28.46 Crores remains unutilized which is to be spent in due course towards the issue objects. Management has disclosed the end use of the money raised by public issue and the same has been verified.

### **Para (xxi) of the Order**

We are informed that no fraud on or by the company has been noticed or reported during the year and during the course of our audit.

**For Yaji Associates**  
Chartered Accountants

Sd/-  
A.P.P KASIPATI  
Partner  
M.No.19442

Place : Hyderabad  
Date : June 10, 2006

**BARTRONICS INDIA LIMITED****BALANCE SHEET AS AT 31ST MARCH, 2006**

PARTICULARS	Schedule No.	AS AT	AS AT
		31.03.06 Rs. (12 Months)	31.03.05 Rs. (12 Months)
<b><u>SOURCE OF FUNDS</u></b>			
Share Capital	1	145,690,780	43,793,000
Reserves & Surplus	2	538,287,371	51,948,721
Deferred Tax Liability		14,235,000	8,735,000
Secured Loans	3	83,186,310	74,008,345
<b>TOTAL</b>		<b>781,399,461</b>	<b>178,485,066</b>
<b><u>APPLICATION OF FUNDS</u></b>			
Fixed Assets	4		
Gross Block		118,611,851	98,357,134
Less: Depreciation		(32,607,746)	22,603,531
Net Block		<u>86,004,105</u>	<u>75,753,604</u>
Capital work In Progress		161,079,944	-
Current Assets, Loans & Advances	5	604,549,960	134,941,649
Less: Current Liabilities & Provisions	6	(70,473,800)	(32,538,436)
Net Current Assets		<u>534,076,161</u>	<u>102,403,212</u>
Miscellaneous Expenditure to the Extent Not Written Off	7	239,250	328,250
		<u>781,399,460</u>	<u>178,485,066</u>
Significant Accounting Policies & Notes To Accounts	13		

As per our report of even date

**For YAJI ASSOCIATES**

Chartered Accountants

Sd/-

A.P.P. KASIPATI

Partner

M.No.19442

Place : Hyderabad

Date : 10.06.2006

For &amp; on behalf of the Board of Directors

**BARTRONICS INDIA LIMITED**

Sd/-

SUDHIR RAO  
Managing Director

Sd/-

T. VENKATESWARA RAO  
Director

Sd/-

H. ARUN SHOURIE  
Company Secretary

**BARTRONICS INDIA LIMITED****PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2006**

<b>PARTICULARS</b>	<b>Schedule No.</b>	<b>31.03.2006 Rs. (12 Months)</b>	<b>31.03.2005 Rs. (12 Months)</b>
<b><u>I INCOME</u></b>			
Sales (net of returns)			
- Domestic		<b>163,646,754</b>	153,414,286
- Exports		<b>126,089,822</b>	27,138,100
Other Income	8	<b>5,003,384</b>	1,165,719
<b>TOTAL</b>		<b><u>294,739,960</u></b>	<b><u>181,718,105</u></b>
<b><u>II EXPENDITURE</u></b>			
Cost Of Goods Sold	9	<b>187,608,648</b>	111,765,434
Employees Remuneration & Benefits	10	<b>14,668,505</b>	11,543,407
Administrative, Selling And Other Exps	11	<b>13,631,333</b>	11,618,614
Depreciation	4	<b>10,004,215</b>	8,387,673
Interest & Financial Charges	12	<b>7,652,263</b>	10,792,108
Misc.expenditure Written Off	7	<b>89,000</b>	89,000
<b>TOTAL</b>		<b><u>233,653,964</u></b>	<b><u>154,196,235</u></b>
Profit Before Tax		<b>61,085,996</b>	27,521,870
Provision For Taxation			
- Current		<b>2,000,000</b>	1,450,000
- Deferred Tax		<b>5,500,000</b>	2,100,000
- Fringe Benefit Tax		<b>200,000</b>	-
Profit After Tax		<b><u>53,385,996</u></b>	<b><u>23,971,870</u></b>
Balance Brought forward from previous year		<b>41,357,221</b>	17,385,351
Less : Utilised for Issue of 21,89,650 equity share of Rs. 10/- each as fully paid Bonus Shares		<b>(21,896,500)</b>	-
Balance carried to Balance Sheet		<b>72,846,717</b>	41,357,221
Earnings Per Share			
- Basic		<b>5.96</b>	5.47
- Diluted		<b>5.96</b>	5.47

**Significant Accounting Policies & Notes to Accounts**

As per our report of even date

**For YAJI ASSOCIATES**

Chartered Accountants

Sd/-

A.P.P. KASIPATI

Partner

M.No.19442

Place : Hyderabad

Date : 10.06.2006

For &amp; on behalf of the Board of Directors

**BARTRONICS INDIA LIMITED**

Sd/-

SUDHIR RAO  
Managing Director

Sd/-

T. VENKATESWARA RAO  
Director

Sd/-

H. ARUN SHOURIE  
Company Secretary

## **BARTRONICS INDIA LIMITED**

### **Cash Flow Statement for the year ended 31.03.2006**

	2005-06	2004-05
<b>Cash Flow From Operations:</b>		
Net Profit before Tax	61,085,996	27,521,870
Adjustment for Depreciation	10,004,215	8,387,673
Non Cash exps written off	89,000	89,000
Financial Expenses	7,652,263	10,792,108
Interest Earned & Other income	(5,003,384)	(1,165,719)
<b>Operating Profit before Working Capital Changes</b>	<b>73,828,090</b>	<b>45,624,932</b>
Adjustments for:		
Decrease/(Increase) in Inventories	(33,871,640)	(13,306,025)
Decrease/(Increase) in Debtors	(72,195,175)	(27,038,072)
Decrease/(Increase) in Loans & advances	(5,421,632)	(3,975,066)
(Decrease)/Increase in Current Liabilities	35,735,364	11,720,384
<b>Cash generated from Operations</b>	<b>(1,924,993)</b>	<b>13,026,153</b>
Other Income	5,003,384	1,165,719
<b>Cash from Operating activities(I)</b>	<b><u>3,078,391</u></b>	<b><u>14,191,872</u></b>
<b>Cash from Financial Activities</b>		
(Decrease)/ Increase in Share Capital	101,897,780	-
(Decrease)/ Increase in Share Premium	432,952,653	-
(Decrease)/ Increase in Working Capital Loans	57,911,472	13,551,967
(Decrease)/ Increase in Long Term Borrowings	(48,733,507)	-
Financial Charges	(7,652,263)	(10,792,108)
<b>Net cash from Financial activities(II)</b>	<b><u>536,376,135</u></b>	<b><u>2,759,859</u></b>
<b>Cash from Investment Activities</b>		
Decrease/ (Increase) in Fixed Assets-Net	(20,254,717)	(16,622,591)
Decrease/ (Increase) in Capital Work-in-Progress	(161,079,944)	-
Decrease/ (Increase) in Miscellaneous Expenditure	-	(350,000)
<b>Cash used in Investment Activities (III)</b>	<b><u>(181,334,661)</u></b>	<b><u>(16,972,591)</u></b>
Net Increase in Cash and Cash equivalent (I+II+III)	358,119,865	(20,860)
Cash & Cash equivalents at beginning of the year	49,463	70,324
Cash & Cash equivalents at end of the year	358,169,327	49,463

As per our report of even date

**For YAJI ASSOCIATES**

Chartered Accountants

Sd/-

A.P.P. KASIPATI

Partner

M.No.19442

Place : Hyderabad

Date : 10.06.2006

For & on behalf of the Board of Directors

**BARTRONICS INDIA LIMITED**

Sd/-

SUDHIR RAO  
Managing Director

Sd/-

T. VENKATESWARA RAO  
Director

Sd/-

H. ARUN SHOURIE  
Company Secretary

**BARTRONICS INDIA LIMITED****SCHEDULE I**

<b>SHARE CAPITAL</b>	<b>AS AT 31.03.2006 Rs. (12 Months)</b>	<b>AS AT 31.03.2005 Rs. (12 Months)</b>
AUTHORISED SHARE CAPITAL (1,70,00,000 Equity Shares of Rs.10/- each) (Previous Year 2,40,00,000 Equity Shares of Rs.5/- each)	<b>170,000,000</b>	120,000,000
ISSUED,SUBSCRIBED & PAID UP SHARE CAPITAL (1,45,69,078 Equity shares of Rs.10/- each) (Previous Year 87,58,600 Equity shares of Rs.5/- each)	<b>145,690,780</b>	43,793,000
of the above 21,89,650 Equity Shares were Issued as fully paid Bonus Shares by utilisation of Rs. 2,18,96,500/- from accumulated Balance in Profit & Loss Accounts		
TOTAL	<b>145,690,780</b>	43,793,000

**SCHEDULE 2**

<b>RESERVES &amp; SURPLUS</b>	<b>AS AT 31.03.2006 Rs. (12 Months)</b>	<b>AS AT 31.03.2005 Rs. (12 Months)</b>
Profit & Loss A/C	<b>72,846,717</b>	41,357,221
Securities Premium Account Opening Balance	<b>10,591,500</b>	10,591,500
Add : Securities Premium Collected on Issue of 80,00,128 Equity Shares of Rs. 10/- each	<b>482,508,320</b>	-
Less: Utilised towards Issue Management Expenses	<b>(27,659,167)</b>	-
TOTAL	<b>538,287,371</b>	51,948,721

**SCHEDULE 3**

<b>SECURED LOANS</b>	<b>AS AT 31.03.2006 Rs. (12 Months)</b>	<b>AS AT 31.03.2005 Rs. (12 Months)</b>
Working Capital Loans from Banks	<b>81,955,954</b>	24,044,482
Term Loans from Financial Institutions	-	48,341,307
Hire Purchase Finance from Banks	<b>1,230,356</b>	1,622,556
TOTAL	<b>83,186,310</b>	74,008,345

**Schedule - 4 : Fixed Assets**

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Opg. Bal As on 01.04.05	Additions	Deletions	Cig. Bal As on 31.03.06	Opg. Bal As on 01.04.05	For the year	Deletions	Cig. Bal As on 31.03.06	Balance As on 31.03.06	Balance As on 31.03.05
Land	1,951,491	--	0	1,951,491	0	0	0	0	1,951,491	1,951,491
Buildings	11,006,107	--	0	11,006,107	374,037	179,400	0	553,437	10,452,671	10,632,071
Plant & Machinery	24,569,862	6,000	0	24,575,862	3,963,486	1,149,649	0	5,113,135	19,462,727	20,606,376
Electrical Installation	402,422	--	0	402,422	126,659	14,538	0	141,197	261,225	275,763
Computers	46,401,135	20,248,717	0	66,649,852	14,129,555	7,667,058	0	21,796,613	44,853,240	3,227,1581
Furniture & Fixtures	9,177,278	--	0	9,177,278	2,468,875	538,482	0	3,007,357	6,169,921	6,708,404
Vehicles	4,848,839	--	0	4,848,839	1,540,920	455,088	0	1,996,008	2,852,831	3,307,919
<b>Total</b>	<b>98,357,134</b>	<b>20,254,717</b>	<b>0</b>	<b>118,611,851</b>	<b>22,603,531</b>	<b>10,004,215</b>	<b>0</b>	<b>32,607,746</b>	<b>86,004,105</b>	<b>75,753,604</b>

## BARTRONICS INDIA LIMITED

### SCHEDULE - 5

CURRENT ASSETS LOANS & ADVANCES	AS AT	AS AT
	31.03.2006	31.03.2005
	Rs.	Rs.
	(12 Months)	(12 Months)
A) CURRENT ASSETS		
Inventories	64,192,790	30,321,150
Sundry Debtors (Unsecured Considered Goods)		
Due More Than 6 Months	26,252,952	2,892,545
Others	143,636,519	94,801,751
Cash On Hand	8,122	17,578
Balance with Scheduled Banks		
a) Current Accounts	62,753,244	31,855
b) Deposit Accounts	10,806,248	-
c) Unutilised issue proceeds in Deposit Accounts	284,601,714	-
TOTAL	<u>592,251,588</u>	<u>128,064,909</u>
B) LOANS & ADVANCES (Unsecured, considered good)		
Advances To Suppliers	773,469	633,866
Deposits	9,377,609	5,100,498
Advance Tax Including Tax Deducted at Source	1,205,882	473,732
Other Current Assets	528,913	602,577
Prepaid Expenses	412,500	66,067
TOTAL	<u>12,298,372</u>	<u>6,876,740</u>
<b>GRAND TOTAL</b>	<b>604,549,960</b>	<b>134,941,649</b>

### SCHEDULE - 6

CURRENT LIABILITIES & PROVISIONS	AS AT	AS AT
	31.03.2006	31.03.2005
	Rs.	Rs.
	(12 Months)	(12 Months)
A) Sundry Creditors		
For Goods And Expenses	60,201,762	25,619,108
Others	5,192,947	4,325,556
TOTAL	<u>65,394,710</u>	<u>29,944,664</u>
B) Provisions		
Income Tax	3,303,082	2,013,082
Gratuity	711,102	580,690
Leave Encashment	1,064,906	-
TOTAL	<u>5,079,090</u>	<u>2,593,772</u>
<b>GRAND TOTAL</b>	<b>70,473,800</b>	<b>32,538,436</b>

**BARTRONICS INDIA LIMITED****SCHEDULE - 7**

	AS AT 31.03.2006 Rs. (12 Months)	AS AT 31.03.2005 Rs. (12 Months)
<b>MISCELLANEOUS EXPENSES</b>		
A Preliminary Expenses	328,250	67,250
Add: Additions During The Year	0	350,000
	328,250	417,250
Less: Written Off For The Year	89,000	89,000
	<u>239,250</u>	<u>328,250</u>
TOTAL	239,250	328,250

**SCHEDULE - 8**

	AS AT 31.03.2006 Rs. (12 Months)	AS AT 31.03.2005 Rs. (12 Months)
<b>OTHER INCOME</b>		
Exchange Fluctuation	974,871	-
Interest Received	3,408,237	5,650
Commission Received	620,276	1,160,069
	<u>5,003,384</u>	<u>1,165,719</u>
TOTAL	5,003,384	1,165,719

**SCHEDULE - 9**

	AS AT 31.03.2006 Rs. (12 Months)	AS AT 31.03.2005 Rs. (12 Months)
<b>COST OF GOODS SOLD</b>		
Opening Stock	30,321,150	17,015,125
Add: Purchases	221,480,288	125,071,459
	251,801,438	142,086,584
Less: Closing Stock	64,192,790	30,321,150
	<u>187,608,648</u>	<u>111,765,434</u>
TOTAL	187,608,648	111,765,434



**BARTRONICS INDIA LIMITED****SCHEDULE - 10**

	AS AT 31.03.2006 Rs. (12 Months)	AS AT 31.03.2005 Rs. (12 Months)
<b>EMPLOYEES REMUNERATION &amp; BENEFITS</b>		
Salaries,Wages & Bonus	12,959,362	10,581,829
Contribution To Provident Fund	787,905	219,780
Directors Remuneration	556,008	556,008
Staff Welfare Expenses	234,818	159,965
Gratuity	130,412	25,824
TOTAL	14,668,505	11,543,406

**SCHEDULE - 11**

	AS AT 31.03.2006 Rs. (12 Months)	AS AT 31.03.2005 Rs. (12 Months)
<b>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Advertisement	313,502	42,062
Rent	1,669,093	976,170
Rates & Taxes	409,167	118,897
Printing & Stationery	213,340	268,385
Postage & Telegrams,Telephones	1,370,911	1,349,861
Insurance	157,392	117,033
Travelling & Conveyance	4,426,932	3,943,891
Electricity Charges	537,282	473,262
Professional Fee	417,886	349,654
Repairs & Maintanance	62,553	91,280
Other Expenses	2,464,008	2,464,265
Sales Promotion	677,104	106,314
Commission On Sales	210,349	817,160
Bank Charges	701,814	500,382
TOTAL	13,631,333	11,618,616

**SCHEDULE - 12**

	AS AT 31.03.06 Rs. (12 months)	AS AT 31.03.05 Rs. (12 months)
<b>INTEREST &amp; FINANCIAL CHARGES</b>		
Interest-term Loan	4,555,250	8,642,052
Interest-cash Credit & Others	2,867,013	2,150,056
Finance Charges	230,000	-
TOTAL	7,652,263	10,792,108

## **BARTRONICS INDIA LIMITED**

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### **SCHEDULE – 13**

#### **A) SIGNIFICANT ACCOUNTING POLICIES**

1. Accounting Convention:

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India.

2. Fixed Assets

Fixed Assets are stated cost less depreciation. Cost of Fixed Assets are inclusive of freight, duty, taxes and incidental expenses thereto wherever applicable. Depreciation of fixed assets is provided on straight-line method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

3. Inventories

Inventories are valued at cost inclusive of customs duty and other landing costs in respect of imported goods.

4. Miscellaneous Expenditure

Preliminary expenses are amortized over a period of 5 years.

5. Retirement Benefits

The Company contributes to the funds maintained by the Government towards Provident Fund to employees. Gratuity liability and Earned Leave Encashment benefits are accounted on accrual basis.

6. Deferred Tax

Deferred tax is accounted for by computing the tax effect of timing differences, which arise during the year and reverse in subsequent periods.

7. Revenue Recognition

Net Sales are exclusive of VAT, Central Sales Tax and include exchange difference on sales transactions.

#### **B) NOTES ON ACCOUNTS**

##### **(Forming part of Balance Sheet and Profit & Loss Account)**

1. Contingent Liabilities not provided in the books of accounts

(Rs. In lacs)

Particulars	2005-06	2004-05
a) Bank Guarantees availed from banks	4.04	44.70
b) Letter of Credit	0	5.09

## BARTRONICS INDIA LIMITED

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### 2. Secured Loans

- a) Cash credit facilities availed from Bank of Baroda are secured by hypothecation of stocks, trade receivables, collateral by way of exclusive charge on the fixed assets of the company and personal guarantee of Directors.
- b) Hire Purchase Finances from banks are secured by hypothecation of vehicles purchased out of the said loans.
- c) Venture Capital Loan availed from Industrial Development Bank of India is repaid in full during the year.
- d) Installments of Loans due within one year

Secured Loans – Rs.4.03 lacs  
Unsecured Loans - NIL

3. Funds raised through Initial Public Offer aggregating to Rs.48.75 Crores were utilized as under: a) Capital working progress and advances Rs.13.03 Crores, b) Repayment of Term Loan Rs.4.15 Crores, c) Issue Management Expenditure Rs.2.92 Crores, d) Marketing & Infrastructure Rs.0.19 Crores and the balance of Rs.28.46 Crores are in deposit accounts with scheduled banks.

### 4. Related parties and nature of relationship

Key Management Personnel  
Mr. Sudhir Rao - Managing Director

Relatives of Key Management Personnel - Nil

### 5. Managerial Remuneration:

(Rs.)

Particulars	2005-06	2004-05
Salaries & Allowances	556,008	556,008
Contribution to Provident Fund	9,360	-
Directors' Sitting Fee	28,000	3,000
Total	593,368	559,008

Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956

(Rs. In lacs)

	2005-06	2004-05
Profit before Tax	610.86	275.22
Add: Managerial Remuneration	5.93	5.56
Net Profit as per Sec 309(5)	616.79	280.78

## **BARTRONICS INDIA LIMITED**

### 6. Auditors Remuneration:

(Rs.)

Particulars	2005-06	2004-05
Audit Fee	120,000	60,000
For other Certification services	55,000	15,000
Total	175,000	75,000

### 7. Current Liabilities & Provisions

- Sundry creditors balances are subject to confirmation.
- There are no dues outstanding more than Rs.1 lakh and more than 30 days to Small Scale Industrial Undertakings. The total outstanding due to Small Scale Industrial undertaking is Nil.

### 8. Segment Reporting

- The activities of the Company relate to only one business segment i.e., providing AIDC Solutions
- Information relating to Secondary Segment (Rs. In lacs)

	2005-06				2004-05			
	Revenue-Sales		Asset-Debtors		Revenue-Sales		Asset-Debtors	
Singapore	761.84	26.29%	448.07	26.37%	0.00	0.00%	0.00	0.00%
Malaysia	327.06	11.29%	149.52	8.80%	203.18	11.25%	203.18	20.80%
Others	171.98	5.94%	162.51	9.57%	68.20	3.78%	68.20	6.98%
Within India	1636.47	56.48%	938.79	55.26%	1534.14	84.97%	705.56	72.22%
	2897.37	100.00%	1698.89	100.00%	1805.52	100.00%	976.94	100.00%

9. The impact of deferred tax in accordance with AS-22 has been considered while forming the accounts and necessary provision has been created.  
Composition of Deferred Tax Liability

(Rs. In lacs)

	2005-06	2004-05
Related to Fixed Assets	152.97	138.85
Deferred Tax Assets	10.63	51.51
Net Deferred Tax Liability	142.34	87.35

## BARTRONICS INDIA LIMITED

### 10. Earning Per Shares

Particulars	2005-06	2004-05
Profit available for Equity Shareholders (Rs)	53385996	23971870
Total Number of Equity Shares	14569078	4379300
Weighted average Number of Equity Shares outstanding		
Basic	8955282	4379300
Diluted	8955282	4379300
Earning per share-Face value of Rs.10/- each		
Basic - Rs.	5.96	5.47
Diluted - Rs.	5.96	5.47

11. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act.

- Information on licensed and installed capacity is not furnished since the company is not involved in any manufacturing activity during the year.
- Turnover, Closing & Opening Stocks

	2005-06		2004-05	
	No.	Rs. In lacs	No.	Rs. In lacs
Turnover				
Hardware	1349	861.96	2285	1431.46
Solutions	274	1927.85	11	219.32
Consumables		107.55		154.75
Total		2897.37		1805.52
Opening stock				
Hardware	548	83.41	312	95.09
Solutions	70	215.18	31	71.32
Consumables		4.62		3.74
Total		303.21		170.15
Closing stock				
Hardware	548	56.37	548	83.41
Solutions	98	584.09	70	215.18
Consumables		1.46		4.62
Total		641.93		303.21



# **BARTRONICS INDIA LIMITED**

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## **INFORMATION PURSUANT TO PART IV OF SCHEDULE V OF THE COMPANIES ACT 1956**

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

<b>1 Registration Details</b>	
Registration No.	11721
State Code	01
Balance Sheet date	31.03.2006
<b>2 Capital Raised during the year</b>	
Public Issue	65001280
Rights Issue	NIL
Bonus Issue	21896500
Private Placement	15000000
<b>3 Position of Mobilization and Deployment of Funds</b>	
Total Liabilities	851873260
Total Assets	851873260
<b>Sources of Funds</b>	
Paid-up Capital	145690780
Reserves and Surplus	538287370
Secured Loans	83186310
Unsecured Loans	NIL
<b>Application of funds</b>	
Net Fixed Assets & Capital WIP	247084049
Investments	NIL
Net current Assets	534076161
Miscellaneous Expenditure	239250
Accumulated Losses	NIL
<b>4. Performance of the Company</b>	
Turnover	289736576
Total Expenditure	233653964
Profit/(Loss) before Tax	61085996
Profit/(Loss) after Tax	53385996
Earnings per Share (Rs.)	5.96
Dividend Rate %	N.A
<b>5 Generic Names of Three Products/Services of Company</b>	
Item Code No. (ITC Code)	N.A
Product Description	Computer Software

