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**CORPORATE INFORMATION****BOARD OF DIRECTORS**

- : Sri. Sudhir Rao, Managing Director  
Sri. A.B.S. Reddy \*  
Sri. R.Satish Reddy \*  
Sri. B. Narayanaswamy \*\*  
Sri. T.Venkateswara Rao, Whole Time Director  
Sri. K.N.Dupare, (IDBI Nominee)\*\*  
Sri. Y R Rao\*\*  
Sri R Subramanian\*\*

\* Promoter Non Executive Directors

\*\* Independent Non Executive Director

**AUDIT COMMITTEE**

- : Sri R Subramanian  
Sri A.B.S. Reddy  
Sri B Narayanswamy  
Sri K.N. Dupare  
Sri Y.R. Rao

**REMUNERATION COMMITTEE**

- : Sri R. Subramanian  
Sri B. Narayanswamy  
Sri K.N. Dupare  
Sri Y.R. Rao

**SHAREHOLDERS/INVESTORS****GREIVANCES COMMITTEE**

- : Sri A.B.S. Reddy  
Sri Sudhir Rao  
Sri R. Satish Reddy  
Sri K.N. Dupare

**SHARE TRANSFER COMMITTEE**

- : Sri Sudhir Rao  
Sri R. Satish Reddy  
Sri K.N.Dupare

**DY. COMPANY SECRETARY**

- : Sri Y. Srinivasa Rao

**REGISTERED OFFICE**

- : 5-9-22/B/404, My Home Sarovar,  
Near Mediciti Hospital, Secretariat Road,  
Hyderabad - 500 004,  
Phone : 040 – 23298073/8074  
URL : [www.bartronicsindia.com](http://www.bartronicsindia.com)

**AUDITORS**

- : M/s.Yaji Associates,  
Chartered Accountants  
10-3-281/1/301, Humayun Nagar, Mehdipatnam,  
Hyderabad – 500028.

**BANKERS**

- : Bank of Baroda, Basheerbagh Branch, Hyderabad  
ABN Amro Bank, Banjara Hills, Hyderabad

**LISTING**

- : Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

**REGISTRARS AND SHARE****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.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of the members of the Company will be held on Monday, 10<sup>th</sup> day of September, 2007 at 11.00 A.M. at Sundraiah Vignana Kendram, 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 to transact the following business

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 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 .B. Narayanswamy 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, offer 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 Shri Y.R. Rao, who was appointed as an Additional Director of the Company with effect from 29.01.2007 and holds office up to the date of this Annual General Meeting of the Company be and is hereby appointed as a Director of the Company, whose period of office is liable to retirement by rotation.”

5. **To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary resolution:**

“RESOLVED THAT Shri R. Subramanian, who was appointed as an Additional Director of the Company with effect from 22.03.2007 and holds office up to the date of this Annual General Meeting of the Company be and is hereby appointed as a Director of the Company, whose period of office is liable to retirement by rotation.”

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

“RESOLVED THAT in modification of the resolution passed in the Annual General Meeting of the Company held on 28<sup>th</sup> July 2006 and pursuant to the provisions of Section 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 for managerial remuneration issued by the Central Government from time to time, the Company hereby approves increase in the remuneration payable to Shri Sudhir Rao, Managing Director w.e.f. 1<sup>st</sup> July, 2007 for the balance period of tenure of his office 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.27,00,000/- (Rupees Twenty Seven Lakhs ) per annum
- b) Allowances : Rs.31,53,840/- (Rupees Thirty One Lakhs Fifty Three Thousand Eight Hundred and Forty Only) per annum
- c) Perquisites : Rs.1,46,160/- (Rupees One Lakh Forty Six Thousand One Hundrd and Sixty Only) per annum
- d) The basic salary, allowances and perquisites shall be restricted to 5% of the Net profits  
“RESOLVED FURTHER THAT Subject to as aforesaid, Shri Sudhir Rao, 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”.

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

“RESOLVED THAT in supersession of the earlier resolution passed by the member of the Company at the Annual General Meeting held on 28<sup>th</sup> July 2006, 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.500 Crores (Rupees Five Hundred Crores only) 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.”

8. **To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary resolution:**

“RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the authorized share capital of the Company be increased from Rs.40,00,00,000/- (Rupees Forty Crores only) divided into 4,00,00,000 (Four Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 (Six Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each by further creation of 2,00,00,000/- (Two Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each”

“RESOLVED FURTHER THAT the Clause V of the Memorandum of Association of the Company be altered as follows :

(V) The Authorized Share Capital of the Company is Rs.60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 (Six Crores only) Equity Shares of Rs.10/- (Ten only) each payable in the manner as may be determined by the Directors from time to time, of the Company with power to increase or reduce the same from time to time subject to the provisions of the Companies Act, 1956”

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

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository receipt Mechanism) Scheme, 1993, the Operative Guidelines for Disinvestment of shares by Indian Companies in the Overseas Market through issue of ADRs/ GDRs as notified by the Government of India, Ministry of Finance, Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re- enactment thereof for the time being in force), and also provisions of any other applicable laws, rules and regulations (including any amendments thereto or re-enactments thereof for the time being in force) and the provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject to other approvals, consents, permissions and sanctions of the GOI, RBI, SEBI and all other appropriate and/or concerned authorities, and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the company (“Board”) (which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), the consent of the members of the company be and is hereby accorded to the Board of Directors to issue, offer and



allot in international offerings any security including, Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) convertible into equity shares, foreign currency convertible bonds (FCCBs), warrants, convertible into depository receipts with underlying equity shares/equity shares (herein after referred to as "securities") for an aggregate sum of up to US\$50 million or equivalent in Indian/or any other currency (ies) with such premium as may be appropriate, directly to foreign/ non-resident investors (where the institutions, bodies-corporate, mutual funds, trusts, foreign institutional investors, banks and/or individuals or otherwise and whether or not such investors are members, promoters, directors or their relatives/associates, of the company) without first offering to the existing shareholders, through public issues, private placements or a combination thereof at such time or times in such tranche or tranches at such price or prices, at such premium as may be appropriate to market price or prices in such manner and on such terms and conditions as may be decided by the Board, wherever necessary in consultation with the lead managers, underwriters, advisors or through the subsidiaries, including by way of the initial public offer in Euro, US or other countries, so as to enable the Company to get listed at any stock exchanges in India and/or outside India".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may, in its absolute discretion deemed necessary or desirable and settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of securities."

"RESOLVED FURTHER THAT in the event of issue of securities in international offerings, including Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) convertible into equity shares, Foreign Currency Convertible Bonds (FCCBs), the relevant date for this purpose will be 11<sup>th</sup> August, 2007 as per the applicable legal provisions".

"RESOLVED FURTHER THAT the Board is hereby authorized to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of securities in international offering may have all or any term or combination or terms in accordance with the international practices."

"RESOLVED FURTHER THAT the Board is also entitled to enter into and execute all such arrangements/ agreements with the lead managers /underwriters/ guarantors/ depository (ies)/ custodians/ advisors/ registrars and all such agencies as may be involved including by way of payment of commission, brokerage, fees, expenses incurred in cash or otherwise in relation to the issue of securities and other expenses, if any, or the like."

"RESOLVED FURTHER THAT the Company and/or any agency or body authorized by the company may issue GDR/ADR/FCCB and/or other form of securities mentioned hereinabove or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital markets."

"RESOLVED FURTHER THAT the securities issued in international offering shall be deemed to have been issued abroad in the markets and/or at the place of issue of the securities in the international markets and shall be governed by English or American law as may be decided by the Board."

"RESOLVED FURTHER THAT the Board be and is hereby authorize to finalise the mode and the terms of issue and allot such number of equity shares/securities as may be required to be issued and allotted upon conversion of any securities referred to in paragraph (s) above as may be necessary in accordance with the terms of offering and all such shares will rank *pari passu* with the existing equity shares of the company in all respect."

"RESOLVED FURTHER THAT the Board do open one or more bank accounts in the name of company, including escrow account, special purpose accounts etc., in Indian currency or foreign currency (ies) which such bank or banks in India and/or such foreign countries as may be required in connection with the aforesaid issue/ offer, subject to requisite approvals from the RBI and other overseas regulatory authorities, if any."

"RESOLVED FURTHER THAT such of this securities as are not subscribed, may be disposed of by the Board in its absolute discretion in such manner as the Board may deem fit."

"RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of



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securities and utilization of proceeds, as it may in its absolute discretion deemed fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of the resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred in such manner as they deem fit.”

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

Sd/-  
**SUDHIR RAO  
MANAGING DIRECTOR**

**Place : Hyderabad**

**Date : 30-07-2007**

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**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES 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. Share Transfer books and Register of Members of the Company will remain closed during the period from 05-09-2007 to 06-09-2007 (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.
5. Members desiring any information on accounts are requested to write to the company at least seven days before the meeting so as to enable to company to keep the information ready and the Members/Proxies are requested to bring the Copies of the Annual Report to the Meeting and the same will not be distributed at the Meeting.
6. 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**

Shri Y R Rao was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 29<sup>th</sup> January, 2007 and he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Y R Rao for the office of Director under the provisions of Section 257 of the Companies Act, 1956, together with the requisite deposit.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Shri Y.R. Rao is concerned or interested in the aforesaid resolution.

**ITEM No.5**

Shri R. Subramanian was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 22<sup>nd</sup> March, 2007 and he holds office upto the date of forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri R. Subramanian for the office of Director under the provisions of Section 257 of the Companies Act, 1956, together with the requisite deposit.

Therefore, your Directors recommend the resolution for your approval.



None of the Directors of the Company except Shri R. Subramanian is concerned or interested in the aforesaid resolution.

**ITEM No.6**

Considering the background, competence and experience of Shri Sudhir Rao, Managing Director of the Company under whose management the Company has performed well over the last few years. Further, Mr. Rao is spearheading the expansion plan to take the Company to new levels of growth. Comparing the remuneration packages of similarly placed personnel of corporate bodies in the country, the Board of Directors at its meeting held on 30<sup>th</sup> July, 2007, 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 his appointment with effect from 1<sup>st</sup> July, 2007.

The existing tenure of his officer is from 21.08.2004 to 20.08.2009 for a period of five years.

The details of the existing remuneration and increased remuneration are as follows :

Existing Remuneration		Increased Remuneration	
Details	Amount per annum (Rs.)	Details	Amount per annum (Rs.)
Basic Salary	10,80,000	Basic Salary	27,00,000
Allowances	4,48,200	Allowances	31,53,840
Perquisites	7,42,440	Perquisites	1,46,160
<b>Total</b>	<b>22,70,640</b>	<b>Total</b>	<b>60,00,000</b>

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.

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

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

**ITEM NO: 7**

The Board of Directors were authorized by a resolution passed at the Annual General Meeting held on 28<sup>th</sup> July 2006, to borrow monies up to a limit of Rs.250 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.250 Crores to Rs. 500 Crores (Rupees Five Hundred Crores only). A fresh resolution under Section 293(1)(d) of the Companies Act, 1956 is therefore proposed as item No. 7 of the accompanying notice. The Board recommends the Resolution set out at Item No. 7 of the Notice for your approval.

None of the Directors are interested in the above resolution.

**ITEM NO.8**

At present the Authorized Share Capital of the Company stands at Rs.40,00,00,000/- (Rupees Forty Crores only) divided into 4,00,00,000 (Four Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each

In order to cater to fund requirement for expansion of its activities in India and abroad and for general corporate purposes including acquisitions abroad, the Company is proposing to issue FCCBs and/or GDRs and/or ADRs for an aggregate sum up to US \$50 million or equivalent in Indian and/or any other currency(ies) and as the present Authorized Share Capital is not sufficient to meet the proposed issue of Share Capital, it is considered necessary to increase the present Authorized Share Capital from Rs.40 Crores to Rs.60 Crores, by further creation of 2,00,00,000 (Two Crores only) Equity shares of Rs.10/- (Rupees Ten only) each, which shall rank pari passu in all respects with the existing Equity Shares of the Company.



The proposed increase of Authorized Share Capital of the Company requires the approval of the members of the Company in the General Meeting. Consequent upon the increase in Authorized Share Capital of the Company, its Memorandum and Articles of Association will require alteration so as to reflect the increase in Share Capital.

None of the Directors of the Company is concerned or interested in the above resolutions except to the extent of their holding of equity shares in the Company.

**ITEM No.9**

In order to cater to fund requirement for expansion of its activities in India including acquisitions abroad, the Company is proposing to issue FCCBs and/or GDRs and/or ADRs for an aggregate sum up to US\$50 million or equivalent in Indian and/or any other currency (ies). The Company feels that international listing of underlying shares would create to a wider public trading market for its equity securities and further International offering would enhance its visibility & brand name and enable the Company to use equity securities for future growth opportunities.

Considering the availability of funds at lower cost in the international market, it is considered prudent to raise capital from international markets through issue of securities viz., FCCBs and/or GDRs/ ADRs to foreign investors on a private placement basis or through a public offering.

The detailed terms and conditions for the offer will be determined in consultation with the Advisers, Lead Managers and Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The relevant date for the purpose of this issue will be 11<sup>th</sup> August, 2007 as per the applicable legal provisions.

Pursuant to Section 81 of the Companies Act, 1956 and the regulations relating to sponsored offerings of FCCBs and GDRs/ADRs framed under the Foreign Exchange Management Act, 1999, the above proposal require consent of the members by way of a special resolution. Accordingly, the resolution is proposed for the approval of shareholders in this regard and to authorize the Board to carry out various deeds and things for giving effect to this resolution.

The Board of Directors recommends the said special resolution for your approval.

None of the Directors of the Company is concerned or interested in the above resolutions except to the extent of their holding of equity shares in the Company.

**Additional information required to be furnished as per the Listing Agreement**

**Brief Profile of Shri Y.R. Rao, who was appointed as Additional Director of the Company eligible for appointment as Director**

Shri Y.R. Rao aged 59 years Engineer from USA has rich experience in IT and Telecommunication Networking. Having served for about 35 years in both the Industries with various Government departments, in areas like Project Development, Planning, Marketing and Project Implementation. He is at present serving as Advisor for Ministry of Shipping, Government of India on implementation of software and automation of Ports.

**Brief Profile of Shri R. Subramanian, who was appointed as Additional Director of the Company eligible for appointment as Director**

Shri R. Subramanian aged about 64 years, is a Fellow Member of Institute of Chartered Accountants and also Associate Member of other two professional Institutes. After putting a considerable service with various Industries in Senior levels for a period of 7 years, he has started own practice as Chartered Accountant at Chennai in the year 1973. His firm is empanelled with C & A.G. of India, R.B.I., I.R.D.A. and I.D.B.I. He is involved in Audits of various Industries from Public Sectors like Coal India to Nuclear Power Corporation etc.

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

Sd/-

**SUDHIR RAO  
MANAGING DIRECTOR**

**Place : Hyderabad  
Date : 30-07-2007**



## DIRECTORS' REPORT

### To the Members

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2007 comprising of twelve (12) months from 01-04-2006 to 31-03-2007.

### Financial Results

Your Directors do hereby report that your Company has achieved a total income of Rs.64.44 Crores during the financial year under review as against a total income of Rs.29.47 Crores during the previous financial year.

(Rs. In lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2007	Previous year ended 31 <sup>st</sup> March, 2006
Total Income	6444.06	2947.40
Total Expenses other than Interest	4832.69	2260.02
Interest	134.31	76.52
Total Expenses	4967.00	2336.54
Profit Before Tax	1477.06	610.86
Provision for Tax	131.50	77.00
Profit After Tax	1345.56	533.85
Add: Profit brought Forward from last year	728.46	194.60
Profit Available for Appropriation	2074.02	728.46

### Allotment of 46,30,000 Convertible Warrants of Rs.10/- each at a price of Rs.130/- per warrant to the Promoters / Non Promoters of the Company

The Company in the Extra-Ordinary General Meeting held on 29.01.2007 has taken the approval of shareholders to issue 46,30,000 Convertible Warrants of Rs. 10/- each at a price of Rs. 130/- per warrant to the existing members of the Company and/or Promoters or Promoters Group members and/or non-promoters and/or Strategic Investors and/or Financial Institutions/Banks whether resident in India or non-resident Indians, Overseas Corporate Bodies (OCBs), Mutual Funds, Debenture Holders, Employees, Foreign Institutional Investors (FIIs), Companies, other entities/authorities on preferential basis, in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, for the purpose of expansion project of the Company relating to Manufactures of Smart Cards and RFID related Products.

Accordingly, the Company allotted 46,30,000 convertible warrants to the promoters / non promoters on 08.03.2007. These warrants are compulsorily convertible into equity shares within a period of eighteen months from the date of allotment i.e. 8<sup>th</sup> March 2007.

### The Statement of utilization of proceeds of 46,30,000 Convertible Warrants :

#### 1. Nature of Issue

Issue of 46,30,000 Convertible Warrants of Rs. 10/- each at a price of Rs. 130/- per warrant of the existing members of the Company and / or Promoters or Promoter Group members and/or non-promoters on preferential basis.

#### 2. Size of the Issue

46,30,000 Convertible Warrants

#### 3. Aggregate amount of the Issue

Rs. 60.19 Crores

#### 4. Objects of the Issue

For the purpose of expansion Project of the Company relating to manufacture of Smart Cards and RFID related products.

#### 5. Utilization of the Issue :

Funds have been utilized for the envisaged project. The production is commenced during the current financial year.





### **Qualified Institutional Placement (QIP)**

The Company in the Extra-Ordinary General Meeting held on 29.01.2007 has obtained the approval of shareholders, for the placement of 32,50,000 equity shares of the company of face value of Rs.10 each at a SEBI determined price of Rs.110 per share, to Qualified Institutional Buyers, in accordance with the Guidelines for Qualified Institutions Placement contained in Chapter XIII A of the SEBI (Disclosure and Investor Protection) Guidelines 2000, for funding the proposed execution of the expansion project of the Company relating to Manufacture of Smart Cards and RFID related Products. Accordingly, the Company allotted 32,50,000 Equity Shares to the qualified Institutions Buyers on 02.03.2007.

### **The Statement of utilization of proceeds of 32,50,000 Equity Shares to Qualified Institutional Buyers :**

#### **1. Nature of Issue**

The placement of 32,50,000 equity shares of the Company of face value of Rs. 10/- each at a price of Rs. 110/- to Qualified Institutional Buyers, in accordance with the Guidelines for Qualified Institutions Placement .

#### **2. Size of the Issue**

32,50,000 equity shares

#### **3. Aggregate amount of the Issue**

Rs. 35.75 Crores

#### **4. Objects of the Issue**

For funding the proposed execution of the expansion project of the Company relating to Manufacture of Smart Cards and RFID related Products.

#### **5. Utilization of the Issue :**

Funds have been utilized for the envisaged project. The production is commenced during the current financial year.

### **Employees Stock Option Scheme (ESOS)**

The Company in the Extra-Ordinary General Meeting held on 29.01.2007 has taken the approval of shareholders to implement the Employees, Stock Option Scheme called ESOS-2007, in order to give employees who are performing well, a certain minimum opportunity to gain from the company's performance thereby acting as a retention tool, in accordance with clause 6 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and the said scheme has already been implemented as per the provisions contained in the above special resolution, with the grant of options under the scheme.

Details about BARTRONICS INDIA LIMITED Employees Stock Option Scheme called ESOS- 2007 (BILESOS, 2007) Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee stock purchase Scheme), Guidelines, 1999, the details of stock options as on 31<sup>st</sup> March, 2007 under the BARTRONICS INDIA LIMITED Employee Stock Options Scheme called ESOS- 2007 are as under:

Sl.No	Description	Details
1	Options Granted	8,00,000
2	Pricing formula	The Exercise price for the purpose of exercise of options, shall be Rs.10/- per Share, i.e., the shares shall be offered at par to the Employees of the Company
3	Options Vested	Not applicable as on date
4	Options exercised	Not applicable as on date



Sl.No	Description	Details
5	The total number of shares arising as a result of exercise of option	Not applicable as on date
6	Options lapsed	Not applicable as on date
7	Variation of terms of options	The terms of options were not varied in the Financial year 2006-07
8	Money realized by exercise of options	Not applicable as on date
9	Total number of options in force (Total options available for grant:8,00,000 and Total Options granted is 8,00,000)	8,00,000
10	Employee wise details of options granted to i) Senior Management personnel ii) Any other employee who receives a grant in any one year of option amounting to 5% of or more of option granted during that year iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding out standing warrants and conversions) of the company at the time of grant.	Shri Sudhir Rao, Managing Director Not applicable as on date  Not applicable as on date
11	Diluted Earning Per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS)20 Earning Per share	6.64
12	The difference between the employee compensation costs computed under intrinsic value method and the employee compensation cost that shall have been recognized if the Company had used the Fair Value methods and its impact on profits and EPS of the Company.	The employee compensation cost on account of ESOP in the financial year 2006-07 based on Intrinsic value method is Rs. 9.55 Crore . Had the company used the Fair value method, the ESOP cost in the financial year 2006-07 would have been Rs. 10.35 Crores There would not have been any adverse effect on the profit and EPS of the Company, if Fair Market value method of accounting was adopted instead of intrinsic value.
13	Weighted Average exercise prices and weighted average fair values of options for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not applicable as on date
14	Description of the method and significant assumptions used during the year to estimate the fair value of options. i. Risk-free interest rate ii. Expected life iii. Expected Volatility iv Expected dividends v. The price of the underlying share in market at the time of option grant	The Company has opted intrinsic Value method for accounting of Compensation Cost arising out of ESOP. The Company has not made any assumptions.



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### **Foreign Currency Convertible Bonds (FCCBs)**

The Company in the Extra-Ordinary General Meeting held on 19.04.2007 has taken the approval of shareholders to issue FCCBs and / or GDRs / ADRs to foreign investors to the extent of US \$40 million on private placement basis, for the purpose of expansion of its activities in India and Abroad and to Finance the additional working capital requirements and for General Corporate purposes including acquisitions, in accordance with provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository receipt Mechanism) Scheme, 1993 and accordingly the Company had issued FCCBs to an extent of US \$25 million on 04.06.2007.

#### **The Statement of utilization of proceeds of Foreign Currency Convertible Bonds (FCCBs):**

**1. Nature of Issue**

Issue of FCCBs and/or GDRs/ ADRs to foreign investors to the extent of US \$25 million on private placement basis.

**2. Size of the Issue**

US \$25 million

**3. Aggregate amount of the Issue**

Rs. 101.83 Crores

**4. Objects of the Issue**

For the purpose of expansion of its activities in India and abroad and to finance the additional working capital requirements and for general corporate purposes including acquisitions.

**5. Utilization of the Issue :**

Funds have been utilized for the envisaged project. The production is commenced during the current financial year.

#### **Business Performance Review:**

The Company has achieved a turnover of Rs. 64.44 Crores against Rs.29.47 Crores in the previous year recording a growth of 118.50%. The increasing number of prototypes being developed by the company's Technology Centre facilitated the strong growth in revenues during the year. Similarly, profit of the company also recorded a growth of 152.05% over the previous year. The company has been successful in adopting a number of "continuous improvement" initiatives during the year, which has helped in controlling costs.

#### **Industry Review:**

The Indian market for AIDC Solutions has been showing a fairly steady growth rate of about 30%. However, the segment related to Radio Frequency Based Identification (RFID) solutions has shown a remarkable growth with more and more companies adopting the technology. A number of companies who have switched over to Enterprise Resource Planning (ERP) software have shown their willingness to incorporate some form of AIDC solution to ensure that they have quality data going into their systems. Bartronics has enabled a number of companies to integrate AIDC solutions with their ERP systems.

#### **Outlook for the Current Year:**

The current year promises to be a very exciting year for the company. On one hand the traditional business of the company viz. providing solutions is showing a healthy trend while on the other hand, the company has invested significantly into a smart cards manufacturing facility. Smart cards as the emerging technology in the AIDC umbrella offers the company a great chance to break into the big league.

Your Company is looking to capture the fast growing global demand for smart cards. Domestic demand for smart cards is more than 150 million units per year and growing at a CAGR of 45%. In India much of the demand is from the telecom and the banking sector. Your Company is establishing a new plant with a capacity of 80 million units of smart cards and expecting to achieve the operating capacity around 50% in the current financial year. Your Company is planning to capture around 70% of the SIM cards market. Your company is also working closely with the Government of India to participate in many of the government initiatives using Smart Cards like the National Id Card programme, Driving Licences, PAN cards etc.



### **Statutory Disclosures**

The particulars as prescribed under sub-section [1] [e] of section 217 of the Companies Act, 1956 read with the Companies [Disclosure of particulars in report of Board of Directors] Rules, 1988, are set out hereunder:

#### **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. The company makes every effort to conserve energy as far as possible in its facilities. The Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient.

#### **Technology absorption**

Your company did not invest in any R&D activity during the year under consideration. However, the up gradation of the Technology in vogue is being given highest priority to give a better service to the cliental.

#### **Foreign Exchange Earnings and Outgo**

(Rs. in Lakhs)

<b>Particulars</b>	<b>2006 - 07 (Rs.)</b>	<b>2005 - 06 (Rs.)</b>
Foreign Exchange Earnings	3226.42	1260.90
Foreign Exchange Outgo	2626.28	793.15

#### **Particulars of Employees**

There is no employee drawing remuneration in excess of the limits prescribed under Section 217 [2A] of the Companies Act, 1956 read with Companies [Particulars of Employee] Rules, 1975 as amended, during the year under review:

However, the remuneration of Shri Sudhir Rao, Managing Director is proposed to be increased w.e.f. 1st July, 2007, if approved by the members of the Company as set out in the Special Resolution in item No. 7 of the Notice of the forthcoming Annual General Meeting.

#### **Reply to the Auditors' Report**

Though the Company is regular in payment of the statutory dues with the concerned authorities, there are small delays caused during the year, which has no bearing on the Performance of the Company. However, due to the mismatching of funds at some occasions, these delays happened. Your Directors have taken note of the situation and efforts are being made to see that these sorts of delays do not occur every time.

#### **Directors**

Shri B. Narayanaswamy, Director of your Company, is liable to retire by rotation in this ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

#### **Demat of Shares**

The shares of your Company have achieved 100% dematerialization (1,78,19,073 shares) thereby meeting the requirements of SEBI.

#### **Fixed deposits**

Your Company has not accepted any deposits. As such, no amount of principal or interest was outstanding on the date of the Balance Sheet.



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**Auditors**

M/s. Yaji Associates, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their appointment.

**Human Resources**

Bartronics India Limited has been fortunate in having a set of committed employees at all levels and looks forward to nurture them and retain their loyalty. The Company recognised the value of the committed workers and efforts are being made to enhance the bonding between the Company and the committed employees.

**Dividend**

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

**Directors Responsibility Statement**

As required under the Companies Act 1956, your Directors wish to state:

- a) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2007 applicable accounting standards have been followed with no material departure.
- b) Accounting policies have been selected and applied consistently, at the same time judgments and estimates have been made 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 for the year under review.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d) Accounts for the year ended 31<sup>st</sup> March, 2007 have been prepared on going concern basis.

**Management Discussion and Analysis Report**

Management Discussion and Analysis Report is provided as annexure-1 to Directors' Report.

**Corporate Governance**

Pursuant to the Clause 49 of the Listing Agreement entered with the stock exchanges, the Company has complied with all the provisions of Corporate Governance and a detailed note in this regard is provided as Annexure 2 alongwith a Certificate of Compliance from Auditors of the Company.

**Acknowledgement**

Your directors extend their gratitude to the valuable customers, investors, Bankers, Central and State Government officers and agencies, for their continued support and acknowledge the valuable contribution made by the employees.

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

Sd/-

**SUDHIR RAO  
CHAIRMAN**

**Place : Hyderabad  
Date : 30-07-2007**



## ANNEXURE-I TO DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Industry Structure and developments:

The AIDC market has grown at a CAGR of 40% over the past two years. With the advent of new technologies like Biometrics & RFID gaining increasing prominence, the Company has positioned itself to leverage its 15 years of experience in this business. The company is expecting its traditional business lines to continue to grow at a CAGR of 30% to 35% over the next few years with the rapidly growing retail & manufacturing activities in the country. The RFID market is expected to jump from US\$1.4 billion annually to US\$1.6 billion in 2010. For the company RFID technology based solutions continue to be a strong contributor to its sales and profits.

The Barcode Industry continues to be dominated by a large number of small players. Logistics and other companies who are in the supply – chain management areas constitute the major customer base for the industry. The automobile industry including the ancillaries is quickly adopting the latest AIDC technologies to bring-in much needed efficiencies in production. A number of application areas provide an opportunity for automation, right from the point of receipt of material into a production facility to the final despatch of finished goods.

### 2. Review of Annual Operations

The Current Year was a fairly good year for your company with significant improvement in almost all the parameters. Given below is a snapshot of the financials:

(Rs. In lacs.)

Particulars	2006 – 07	2005 – 06
Net Sales	3123.12	1636.47
Export Sales	3226.43	1260.90
Other Income	94.51	50.03
Total Income	6444.06	2947.40
PBDIT	1779.82	787.42
PBDT	1645.51	710.90
Depreciation	168.44	100.04
PBT	1477.06	610.86
Provision for Taxation	131.50	77.00
Profit after Tax	1345.56	533.86

#### Ratios:

The net profit ratio has increased from 18.11% in 2005-06 to 20.88% in the year under review. The Gross profit ratio is 27.63% in the year under review against 26.75% in 2005-06.

#### Capital Structure:

During the year under review, the Company has offered 32.50 lacs equity shares on Preferential basis at a price of Rs.110/- each and issued 46,30,000 Share Warrants to the extent of Rs.601.90 Lacs. The Share warrants will be converted into Equity at Rs.130/- each (Face Value of Rs.10/- + a premium of Rs.120/- per share). The amount raised has been shown as Share Application Money in the Balance Sheet. These Warrants will be converted to Equity at the end of May 2008.



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**Reserves & Surplus:**

In 2006-07 year, the reserves stand at Rs.9978.44 Lacs against Rs. 5382.87 Lacs in year 2005-06. The increase in reserves are Rs. 4,595.56 Lacs. Out of the increase Rs.1345.56 Lacs are current year generations and Rs.3250.00 Lacs are from Share Premium Account.

**Net Worth:**

The net worth of the Company as on 31<sup>st</sup> March, 2007 is Rs.12,201.02 Lacs against Rs.6837.39 Lacs in 2005 – 06. There is an increase of about 78.45% over the previous year. The increase in Net worth is 50.47% due to the Preferential allotment and 28.01% due to Current year generations.

**Secured Loans:**

The Company has not availed any Term Loans. It availed working capital facility from Bank of Baroda and availed Hire Purchase Loans for Cars from ABN AMRO Bank and Citi Bank. The secured Loans outstanding as on 31<sup>st</sup> March, 2007 are Rs. 911.95 Lacs against Rs. 831 Lacs in 2005-06. The Company is regular in repayment obligations of the Secured Loans.

**Fixed Assets:**

There is an addition in Fixed Assets to an extent of Rs.473.94 Lacs, which is mainly for acquiring equipment "R & D Centre" at Hyderabad. The Fixed Assets Turnover ratio has improved from 3.43 in 2005-06 to 5.53 during the year under review.

**Investments:**

During the year under review, there is no change in the Investments of the Company.

**Loans, Advances & Deposits:**

Loans and Advances as on 31<sup>st</sup> March, 2007 are Rs.7052.07 Lacs against Rs.122.98 Lacs as on 31<sup>st</sup> March, 2006. Out of the above, advances to suppliers for Capital Assets account for Rs. 6840.32 Lacs for Smart Card Project and Deposits to an extent of Rs.111.21 Lacs against Rs.7.73 Lacs & Rs. 93.78 Lacs respectively during the previous year 2005-06.

**Receivables:**

The receivables stand at Rs.7271.61 Lacs as on 31<sup>st</sup> March, 2007 against Rs.1698.89 Lacs as on 31<sup>st</sup> March, 2006. Major part of the Receivables are outstanding for less than 6 months.

**Current Liabilities:**

The current liabilities as on 31<sup>st</sup> March, 2007 are Rs.4132.55 Lacs against Rs.704.74 Lacs as on 31<sup>st</sup> March, 2006. The Current liabilities consist of Creditors for services, Goods and Expenses.

**3. Opportunities and Threats****Opportunities:**

Keeping in view of the growth of the AIDC, RFID and Smart Card Industry, the Company is striving hard to make its mark in the Industry. The Management is confident of achieving good business in the current year by enhancing the strengths in areas of core-competency.



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**Threats:**

Technology Obsolescence is a threat in any hi-tech industry and the company has to continuously invest in research to keep abreast with the latest trends in the industry. Growth in customers' industries like retail, automobiles and manufacturing in general has an impact on the fortunes of the company.

**Remedy**

Significant investment into an R&D and Technology Centre (from the proceeds of the IPO) at the right time has mitigated the threat to a large extent. Moving forward, the company is keen to strengthen its resources and maintain close relationships with the R&D labs of its principals.

**4. Segment wise or product wise performance of the Company**

The Company's business fall under a single product segment, i.e. providing solutions using AIDC technologies. However, the revenue generated by the Company can be 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).

**5. Out look for the current year**

The Company during the year 2006-2007 has achieved a turnover of Rs 64.44 Crores and the EPS of the Company is at Rs.9.08 per share. During the current year, the company expects its performance to continue to be top-class. In addition, with the investment into a state-of-the-art Smart Cards Manufacturing facility, the revenues and profits of the company are expected to shoot up significantly.

**6. 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.





### **7. Internal Control Systems:**

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 and by ensuring to have corrective measures if any for rectification of any findings.

### **8. Material Developments in Human Resources / Industrial Relations:**

The Company has had an excellent track record of very cordial Industrial relations right from the inception. The Company has reduced its present staff by forty five employees.



## ANNEXURE-II TO DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

Your Company believes in providing highest transparency and ethical values in corporate Governance. Your Company also believes in taking into confidence all the stakeholders viz., Shareholders, Employees, Creditors, Bankers, Customers etc.

#### 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 8 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	Whole Time Director
5	Shri B.Narayanswamy	Independent Non-Executive Director
6	Shri K.N.Dupare	Nominee Director of IDBI Limited
7	Shri Y R Rao	Independent Non-Executive Director
8	Shri R Subramanian	Independent Non-Executive Director

**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.
- 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) Board Meetings held during the year**

During the year, the Management has conducted 10 Board Meetings.

1. 10 <sup>th</sup> June, 2006	6. 2 <sup>nd</sup> January, 2007
2. 31 <sup>st</sup> July, 2006	7. 29 <sup>th</sup> January, 2007
3. 7 <sup>th</sup> September, 2006	8. 2 <sup>nd</sup> March, 2007
4. 31 <sup>st</sup> October, 2006	9. 8 <sup>th</sup> March, 2007
5. 8 <sup>th</sup> December, 2006	10. 22 <sup>nd</sup> March, 2007.

- d) Number of other Directorships and Chairmanships/Memberships of Committees of Directors in various companies:

Name of the Director	Other Directorships as on 31.03.2007	No. of Committee positions held in other Public Companies	
		Member	Chairman
Sudhir Rao	-	1	-
A.B.S. Reddy	7	1	1
R. Satish Reddy	1	1	-
T.Venkateswara Rao	1	-	-
B.Narayanswamy	2	1	-
Y.Raghavendra Rao	-	-	-
R.Subramanian	1	-	1
K.N.Dupare	1	4	-



e) Attendance of Directors at Board Meetings and Last Annual General Meeting:

Name of the Directors	Category	Number of Board Meetings hld	Number of Board Meetings Attended	Attendance at the last AGM held on 28-07-2006
Shri Sudhir Rao	Managing Director	10	10	YES
Shri A.B.S. Reddy	Promoter Non-Executive Director	10	1	NO
Shri R. Satish Reddy	Promoter Non-Executive Director	10	NIL	NO
Shri T. Venkateswara Rao	Executive Director	10	10	YES
Shri B. Narayanswamy	Independent Non-Executive Director	10	4	NO
Shri K.N. Dupare	Independent Non-Executive Director	10	4	NO
Shri Y.R. Rao	Independent Non-Executive Director	10	1	NO
Shri R. Subramanian	Independent Non-Executive Director	10	NIL	NO

**Audit Committee**

- a) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the companies Act, 1956.
- b) Terms of Reference
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.
  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



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- 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 of the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up thereon.
  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 exists.
  13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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.
6. The Audit Committee meetings are usually held at the Corporate Office of the company and are usually attended by the Managing Director, Whole time Director, Nominee Director. The Company Secretary acts as Secretary of the Audit Committee
7. The previous Annual General Meeting of the Company was held on 28<sup>th</sup> July, 2006 and it was attended by Shri T.Venkateswara Rao, Chairman of the Audit Committee.



- 8) The Composition of the Audit Committee and particulars of Meetings attended by the members of the Audit Committee are given below:

Names of the Directors	Category	No. of Meetings during the year 2006-2007	
		Held	Attended
Shri R Subramanian	Independent, Non-Executive Director	4	Nil*
Shri A.B.S.Reddy	Promoter, Non Executive Director	4	1
Shri B.Narayanswamy	Independent, Non Executive Director	4	3
Shri K.N.Dupare	Nominee Director of IDBI Limited	4	3
Shri Y.R. Rao	Independent, Non Executive Director	4	Nil**

\* Shri R. Subramanian appointed as Chairman and Member of the Audit Committee on 22.03.2007

\*\* Shri Y.R.Rao appointed as Member of the Audit Committee on 22.03.2007

- c) Four Audit Committee Meetings were held during the year. The dates on which the said meetings were held are as follows : 10<sup>th</sup> June, 2006, 31<sup>st</sup> July, 2006, 31<sup>st</sup> October, 2006 and 29<sup>th</sup> January, 2007.

The necessary quorum was present at all the meetings.

#### **Remuneration Committee**

- a) **Composition, Name of members and Chairperson:**

The Committee currently comprises of four members as under :

Shri R. Subramanian	Chairman	Independent Non-Executive Director
Shri Y.R. Rao	Member	Independent Non-Executive Director
Shri B. Narayanswamy	Member	Independent Non-Executive Director
Shri K.N. Dupare	Member	Nominee Director of IDBI Limited



The Remuneration Committee recommends the Company policy on all elements of remuneration of Executive Directors.

The Remuneration Committee Meeting was held on 30.07.2007 and the said Committee had recommended to increase in the remuneration payable to Managing Director w.e.f. 1<sup>st</sup> July, 2007 for the balance period of tenure of his office with the Company considering the background, competence and experience of Shri Sudhir Rao, Managing Director of the Company. During his tenure, the Company has made great strides and currently in the throes of a major expansion plan. Comparing the remuneration packages of similarly placed personnel of Corporate Bodies in the Country, a revision in remuneration has been proposed.

Details of Remuneration to the Executive Directors paid / payable for the Financial year 2006-07 is as follows.

Name of Director	Basic Salary (Rs.)	Allowances (Rs)	Perquisites (Rs.)	Total (Rs.)
Shri Sudhir Rao Managing Director	10,80,000/-	4,48,200/-	7,42,440/-	22,70,640/-

**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 committee recommends 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 analyse 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, 2007, Shri Sudhir Rao, Managing Director of the Company is paid remuneration as follows :

Name of the Director	Salary Allowances and Perquisites (Rs)	Other Benefits (Rs.)
Shri Sudhir Rao Managing Director	22,70,640/-	—



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

**Particulars of Sitting Fee paid to Directors**

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

\* Sitting fee will be paid at a rate of Rs.1,000/- for attending each Board Meeting

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

Sl. No.	Name	No. of Shares	% of Total Shareholders
1	Shri A.B.S. Reddy	2301900	12.92
2	Shri R. Satish Reddy	1390000	7.8

**Shareholders / Investors Grievance Committee**

As a measure of Good Corporate Governance and to focus on the shareholder's grievances and towards strengthening investor relations, an Investor's Grievance Committee has been constituted as a sub committee of the Board 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 Annual Report and non-receipt of dividend etc.

In Pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Duly Amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading" and authorised the Committee to implement and monitor the various requirements as set out in the code.

The Board has designated the Company Secretary, as the Compliance Officer.

**a) Constitution and composition of Shareholders Grievance Committee**

The committee was constituted with four Directors under the Chairmanship of Shri A.B.S. Reddy as follows.

Sl. No.	Director's name	Position held	Category
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) Investor Complaints received and resolved during the year 2006-07**

Nature of Complaints	No.
A. Relating to Transfer, Transmission, Transposition, Dividend and Change of Address	05
B. Others	01
C. Resolved to the satisfaction of the shareholders	06
D. Investor complaints pending as on 31.03.2007	Nil
E. Legal Proceedings on Share Transfer issues and Complaints to SEBI, Department of Company Affairs if any.	Nil

**Share Transfer Committee**

The Company has constituted Share Transfer Committee specifically for the purpose of the following:

a) The functions of the Committee include:

To specifically look into redressing investor's grievances pertaining to:

1. Transfer of Shares
2. Rejection of share transfers
3. Consolidation and subdivision of shares
4. Issue of duplicate share certificates
5. Dividend
6. Dematerialisation of Shares
7. Replacement of lost/stolen/mutilated share certificates.
8. Non-receipt of rights/bonus/split shares certificates
9. Any other related issues

The Board has designated the Company Secretary, as the Compliance Officer.

**a) Constitution and composition of Share Transfer Committee**

The committee was constituted with three Directors under the Chairmanship of Shri Sudhir Rao as follows.

Sl. No.	Director's name	Position held	Category
1	Shri Sudhir Rao	Chairman	Managing Director
2	Shri R. Satish Reddy	Member	Non-Executive Director
3	Shri K.N. Dupare	Member	Nominee Director of IDBI



During the year, the Committee has conducted four Share Transfer Committee Meetings:

- (1) 10<sup>th</sup> June, 2006, (2) 23<sup>rd</sup> August, 2006, (3) 8<sup>th</sup> September, 2006 and  
(4) 5<sup>th</sup> January, 2007

### General Body Meetings

- a) Location, Date, Time and Place of Last Three Annual General Meetings (AGMs)

Particulars of the last three Annual General Meetings of the Company were held on the date, time and place as given under:

Venue	Date	Time	No. of Special Resolutions
3 <sup>rd</sup> Floor, Plot No. 18, Nagarjuna Hills, Hyderabad – 500 082.	30-12-2004	11.45 A M	1
3 <sup>rd</sup> Floor, Plot No. 18, Nagarjuna Hills, Hyderabad – 500 082.	02-12-2005	11.00 A M	2
Naina Gardens, Kukatpally, Hyderabad.	28-07-2006	11.00 A M	2

- b) Whether any special resolutions passed in the previous 3 Annual General Meetings (AGMs)

The following are the details of the Special Resolutions passed at the Last Three Annual General Meetings (AGMs)

Date of AGM	Particulars of Special Resolutions Passed
30.12.2004	To approve the appointment of Shri A.B.S. Reddy as a Director of the Company
02.05.2005	To approve the appointment of Shri B. Narayanswamy as a Director of the Company
- Do -	To approve the appointment of Shri T. Venkateswara Rao as a Director of the Company
- Do -	To accord the consent to the Board to consolidate 2,40,00,000 existing equity shares of Rs.5/- each fully paid up in the capital of the Company into 1,20,00,000 equity shares of Rs.10/- each fully paid up
- Do -	To accord the consent to the Board to increase the authorised share capital of the Company from 12,00,00,000 divided into 1,20,00,000 equity shares of Rs.10/- each to Rs.17,00,00,000 divided into 1,70,00,000 equity shares of Rs.10 each by further creation of 50,00,000 equity shares of Rs.10 each



Date of AGM	Particulars of Special Resolutions Passed
- Do -	To approve a sum of Rs.2,18,96,500 be capitalised out of the general reserve and set free for distribution amongst the equity shareholders by issue of 21,89,650 equity shares of Rs.10 each credited as fully paid to the equity shareholders in the proportion of one equity share for every two equity shares held by them on the record date
- Do -	To accord the consent to the Company to create, offer and grant in one or more tranches of equity shares of Rs.10 each for the benefit of the employees under the Scheme Employee Stock Option Scheme-2005
- Do -	To accord the consent to the Company to issue 80,00,000 equity shares of Rs.10 each for cash at such premium in accordance with the book building process prescribed by SEBI
- Do -	Alteration of Articles of Association of the Company, Article 3 (B) (II) be added after Article 3 (B) (I), Article 3 (N) be added after Article 3 (M) and Article 110(A) be added after Article 110
- Do -	To accord the consent to the Board to consolidate the face value of equity shares of the company from Rs. 5/- to Rs. 10/-
28.07.2006	To accord the consent to the Board of the borrowing powers not exceeding in the aggregate of Rs.250 crores
- Do -	To accord the consent to the Company to increase the remuneration of Shri Sudhir Rao, Managing Director of the Company

c) Particulars of last three Extraordinary General Meetings

Purpose	Venue	Date	Time
Issue of F.C.C.B.s Increase of Capital from 30 Cr to 40 Cr., Whole time Director appointment	1-8-1/B/25/A Sundarayya Vignana Kendram, Baghlingampalli, Hyd-45	19 <sup>th</sup> April, 2007	11.00 A.M.
Increase of Capital from 17 Cr to 30 Cr., Preferential Allotment to Q.I.P. Adoption of ESOP Scheme.	1-8-1/B/25/A Sundarayya Vignana Kendram, Baghlingampalli, Hyd-45	29 <sup>th</sup> Jan, 2007	11.00 A.M.
Sub-Division of Shares from Rs.10/- to Rs.5/-. Increase of Capital from Rs.5Cr to Rs.12 Cr., Preferential Allotment.	Third Floor, 18 Nagarjuna Hills, Hyderabad-500 082.	15 <sup>th</sup> Oct, 2003	10.00 A.M.



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## 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 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 B. Narayanswamy
Date of Birth	05-09-1954
Date of Appointment	25.04.2005
Areas of Experience	27 years in different fields
Educational Qualifications	Master Degree in Engineering with specialisation in renewable source of energy
Directorship in other companies	2
Membership or Chairmanship in Board committees	3
Share holding Particulars	Nil

- 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.

### 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. The Company had declared its three un-audited financial results for the quarter ended 30.06.2006, 30.09.2006 and 31.12.2006 and for the last quarter 31.03.2007, the Company had declared its audited financial results for the entire period and hence, the Company does not require to declare its un-audited financial results for the same quarter.
- b) The Financial Results of the Company are generally published in Business Standard (English) and Andhra Bhoomi (Telugu)



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- 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
  - 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**

#### **General Shareholder information**

1. AGM: Date, Time and Venue: The Annual General Meeting for the Year 2006-07 will be held on 10<sup>th</sup> September, 2007 at Sundaraiah Vignana Kendram, 1-8-1/B/25/A Baghlingampally, Hyderabad – 500 044 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 05.09.2007 to 06.09.2007 (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 Stock Exchange Limited, Mumbai (BSE)  
The National Stock Exchange of India Limited (NSE)
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 2007-08

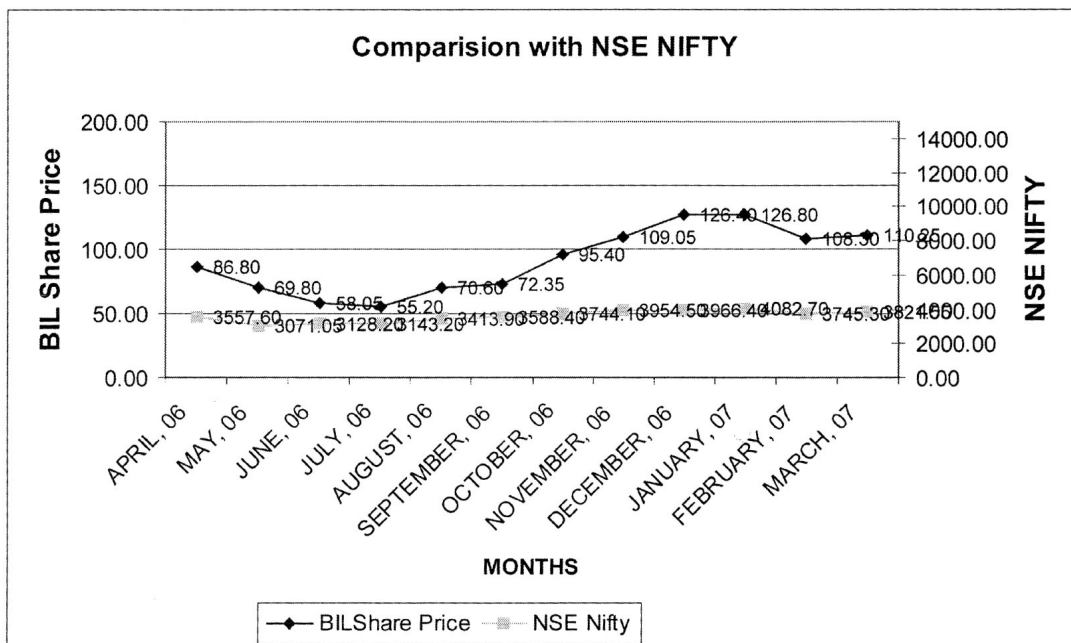


6. Market Price Data :

**National Stock Exchange of India Limited:**

Month	Open	High	Low	Close	S&P CNX NIFTY (Closing)
Apr-06	93.00	108.80	83.05	86.80	3557.60
May-06	87.95	89.90	64.00	69.80	3071.05
Jun-06	67.00	72.40	45.70	58.05	3128.20
Jul-06	59.20	59.95	47.20	55.20	3143.20
Aug-06	57.50	76.90	57.00	70.60	3413.90
Sep-06	70.60	74.50	65.30	72.35	3588.40
Oct-06	76.00	98.20	73.00	95.40	3744.10
Nov-06	90.00	115.95	88.80	109.05	3954.50
Dec-06	114.70	129.00	91.00	126.40	3966.40
Jan-07	129.85	140.00	118.05	126.80	4082.70
Feb-07	126.80	137.00	105.00	108.30	3745.30
Mar-07	108.30	123.00	93.65	110.25	3821.55

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

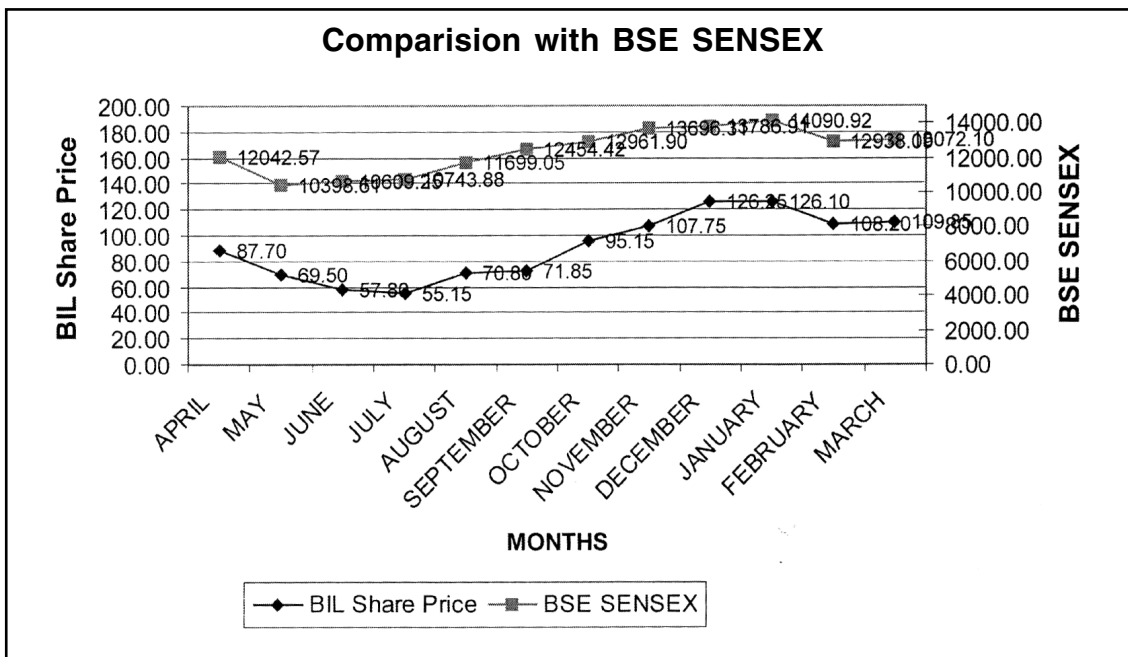




**Bombay Stock Exchange Limited:**

Month	Open	High	Low (Closing)	Close	BSE Sensex (Closing)
Apr-06	93.50	108.70	83.40	87.70	12042.56
May-06	89.90	91.50	64.00	69.50	10398.61
Jun-06	67.50	71.70	45.95	57.80	10609.25
Jul-06	59.90	60.40	47.10	55.15	10743.88
Aug-06	58.80	77.30	56.90	70.80	11699.05
Sep-06	69.25	74.00	65.50	71.85	12454.42
Oct-06	75.40	97.30	75.00	95.15	12961.90
Nov-06	94.00	120.85	92.90	107.75	13696.31
Dec-06	108.25	128.65	92.00	126.25	13786.91
Jan-07	128.00	139.45	119.00	126.10	14090.92
Feb-07	123.10	137.50	106.00	108.20	12938.09
Mar-07	110.00	122.00	93.00	109.85	13072.10

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



**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 Somjiguda, Raj Bhavan Road Hyderabad – 500 082 Tel : 040-2337 4967

#### **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

#### **Distribution of Shareholding**

Shareholding of Nominal Value (in Rupees)	No. of Shareholders	% (Percentage)	No. of Shares held	% (Percentage)
Upto - 5000	15,535	91.29	19356960	10.86
5001 - 10000	791	4.65	6608900	3.71
10001 - 20000	345	2.03	5495900	3.08
20001 - 30000	102	0.60	2623860	1.47
30001 - 40000	54	0.32	1970710	1.11
40001 - 50000	38	0.22	1812360	1.02
50001 - 100000	67	0.39	5082280	2.85
100001 - Above	85	0.50	135239810	75.90
<b>TOTAL</b>	<b>17017</b>	<b>100.00</b>	<b>178190780</b>	<b>100.00</b>

<b>Category</b>	<b>No. of Shares</b>	<b>Percentage %</b>
Promoters and Promoter Group	6076967	34.10
Mutual Funds	878002	4.93
Banks, Financial Institutions, Insurance Companies	3863712	21.69
Private Corporate Bodies	2585105	14.5
NRIs/OCBs	113359	0.78
Indian Public	4274730	23.99
Trust and others	27203	0.18
<b>TOTAL</b>	<b>17819078</b>	<b>100</b>





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### **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 Annual Custodial Charges to National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSIL) for the financial year 2007-08 have been paid.

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

### **Plant Location:**

The Company had erected its plant and machinery at Survey No. 351, Raj Bollaram Village, Medchal-501 401, Ranga Reddy Dist, Andhra Pradesh, India, and started its Commercial operations during the year under review. The Company is expecting to generate revenue from these operations will be around Rs.100 Crores for the financial year 2007-08.

### **Address for Correspondence**

The Investors may contact the Deputy Company Secretary of the Company Shri Y Srinivasa Rao 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



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### CEO & CFO CERTIFICATION

We, Sudhir Rao, Managing Director and Chief Executive Officer and T. Venkateswara Rao, Wholetime Director (Finance) 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 reprinting 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

Sd/-  
**Sudhir Rao**  
Managing Director &  
Chief Executive Officer

Sd/-  
**T. Venkateswara Rao**  
Wholetime Director (Finance)

**Date : 30.07.2007**  
**Place : Hyderabad**



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## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Member of  
Bartronics India Limited

We have examined the Compliance of Conditions of Corporate Governance by BARTRONICS INDIA LIMITED for the Year ended 31<sup>st</sup> March, 2007 as stipulated in Clause 49 of the Listing Agreement of the 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 above mentioned Listing Agreement.

We state that no investor grievance(s) is / 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**

Place : Hyderabad  
Date : 30.07.2007

A.P.P.KASIPATHI  
Partner  
Membership No. 19442.



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**AUDITOR'S 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, 2007 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 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, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March, 31 2007 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, 2007
    - ii) In the case of Profit & Loss Account, of the profit for the year ended on that date:

for Yaji Associates  
Chartered Accountant

**Place : Hyderabad**  
**Date : 18-04-2007**

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



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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.



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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.

**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.



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**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 46,30,000 compulsorily convertible warrants of Rs.10/- each at a price of Rs.130/- per warrant – (to be converted into equity at a later date before expiry of 18 months from the date of issue and none of such warrants 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**

In the meantime, the Company has raised funds to the tune of Rs.41.76 Crores (by way of Qualified Institutional Placement and from Promoters) for meeting the Capital Expenditure and meeting working capital requirements for Smart Card Project and the same has been spent as under:

1	Advance for Construction of Building	700.00
2	Advance paid for Purchase of Land	575.00
3	Used Towards working Capital	1240.81
4	Payment made to for acquisition of Stake in IRIS Smart Cards	500.00
5	Funds Utilized for acquiring various Misc. Assets	183.00
6	Advance paid for Clean Room Drawings Equipment Refurbishing etc	872.79
7	QIP Expenses	104
	<b>Total</b>	<b>4176.00</b>

**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 : April 18, 2007

**BALANCE SHEET AS AT 31ST MARCH, 2007**

(Amount in Rs)

<b>PARTICULARS</b>	<b>Schedule No.</b>	<b>AS AT 31.03.07 Rs.</b>	<b>AS AT 31.03.06 Rs.</b>
<b><u>SOURCE OF FUNDS</u></b>			
Share Capital	1	178,190,780	145,690,780
Share Application Money		60,190,000	-
Reserves & Surplus	2	997,843,633	538,287,370
Secured Loans	3	91,195,268	83,186,310
Deferred Tax Liability		17,960,000	14,235,000
<b>T O T A L</b>		<b>1,345,379,681</b>	<b>781,399,460</b>
<b><u>APPLICATION OF FUNDS</u></b>			
Fixed Assets	4		
Gross Block		165,905,513	118,611,851
Less: Depreciation		49,452,513	32,607,746
Net Block		116,453,000	86,004,105
Capital work-in-progress		109,126,245	161,079,944
Current Assets, Loans & Advances	5	1,516,933,815	604,549,960
Less: Current Liabilities & Provisions	6	413,255,299	70,473,800
Net Current Assets		1,103,678,516	534,076,161
Miscellaneous Expenditure (to the Extent not written off)	7	16,121,920	239,250
<b>T O T A L</b>		<b>1,345,379,681</b>	<b>781,399,460</b>
Significant Accounting Policies & Notes to the 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 : 18.04.2007

For &amp; on behalf of the Board of Directors

**BARTRONICS INDIA LIMITED**

Sd/-

SUDHIR RAO  
Managing Director

Sd/-

T. VENKATESWARA RAO  
Director



**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2007**

(Amount in Rs)

<b>PARTICULARS</b>	<b>Schedule No.</b>	<b>31.03.2007 Rs.</b>	<b>31.03.2006 Rs.</b>
<b><u>I INCOME</u></b>			
Sales (net of returns)			
Domestic		<b>312,312,243</b>	163,646,754
Exports		<b>322,642,942</b>	126,089,822
Other Income	8	<b>9,450,927</b>	5,003,384
<b>TOTAL</b>		<b>644,406,112</b>	294,739,960
<b><u>II EXPENDITURE</u></b>			
Cost of Goods Sold	9	<b>413,661,484</b>	187,608,648
Employee Remuneration & Benefits	10	<b>24,838,186</b>	14,668,505
Administrative, Selling and Other Expenses	11	<b>27,835,204</b>	13,631,333
Depreciation	4	<b>16,844,767</b>	10,004,215
Interest & Financial Charges	12	<b>13,431,208</b>	7,652,263
Miscellaneous Expenses Written Off	7	<b>89,000</b>	89,000
<b>TOTAL</b>		<b>496,699,849</b>	233,653,964
Profit Before Tax		<b>147,706,263</b>	61,085,996
Provision for Taxation			
Fringe Benefit Tax		<b>425,000</b>	200,000
Income Tax		<b>9,000,000</b>	2,000,000
Deferred Tax		<b>3,725,000</b>	5,500,000
Profit After Tax		<b>134,556,263</b>	53,385,996
Balance brought forward from Previous Year		<b>72,846,717</b>	41,357,221
Less: Utilised for Issue of 21,89,650 equity Shares of Rs. 10/- each as fully paid Bonus Shares		-	21,896,500
Balance carried to Balance Sheet		<b>207,402,980</b>	72,846,717
Earnings per Share			
Basic EPS		<b>9.07</b>	5.96
Diluted EPS		<b>6.91</b>	5.96

Significant Accounting Policies &amp; 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 : 18.04.2007

For &amp; on behalf of the Board of Directors

**BARTRONICS INDIA LIMITED**

Sd/-

**SUDHIR RAO**  
Managing Director

Sd/-

**T. VENKATESWARA RAO**  
Director

**Cash Flow Statement for the year ended 31.03.2007**

(Amount in Rs)

	2006-07	2005-06
<b>Cash Flow From Operations</b>		
Net Profit Before Tax	147,706,263	61,085,996
Adjustment for Depreciation	16,844,767	10,004,215
Non Cash Expenses Written off	89,000	89,000
Financial Expenses	13,431,208	7,652,263
Interest Earned & Other Income	(9,450,927)	(5,003,384)
<b>Operating Profit Before Working Capital Changes</b>	<b>168,620,311</b>	<b>73,828,090</b>
Adjustments for :		
Decrease / (Increase) in Inventories	(18,339,144)	(33,871,640)
Decrease / (Increase) in Debtors	(557,271,280)	(72,195,175)
Decrease / (Increase) in Loans & Advances	(692,908,849)	(5,421,632)
(Decrease) / Increase in Current Liabilities	333,356,499	35,735,364
<b>Cash Generated from Operations</b>	<b>(766,542,463)</b>	<b>(1,924,993)</b>
Other Income	9,450,927	5,003,384
<b>Cash from Operating Activities (I)</b>	<b>(757,091,536)</b>	<b>3,078,391</b>
<b>Cash from Financial Activities</b>		
(Decrease) / Increase in Share Capital	32,500,000	101,897,780
(Decrease) / Increase in Share Application Money	60,190,000	-
(Decrease) / Increase in Share Premium	325,000,000	432,952,653
(Decrease) / Increase in Working Capital Loans	8,411,702	57,911,472
(Decrease) / Increase in Working Long Term Borrowings	(402,744)	(48,733,507)
Financial Charges	(13,431,208)	(7,652,263)
<b>Net Cash Flow From Financial activities (II)</b>	<b>412,267,750</b>	<b>536,376,135</b>
<b>Cash From Investing Activities</b>		
Decrease / (Increase) in Fixed Assets - Net	(47,293,662)	(20,254,717)
Decrease / (Increase) in Capital Work In Progress	51,953,699	(161,079,944)
Decrease / (Increase) in Miscellaneous Expenditure	(15,971,670)	-
<b>Cash Used in Investment Activities (III)</b>	<b>(11,311,633)</b>	<b>(181,334,661)</b>
Net Increase in Cash and Cash Equivalent (I+II+III)	(356,135,419)	358,119,865
Cash & Cash Equivalents at beginning of the Year	358,169,328	49,463
Cash & Cash Equivalents at end of the Year	2,033,909	358,169,328

**Auditors Certificate**

We have examined the attached Cash Flow Statement of Bartronics India Limited derived from the audited financial statements for the year 31st March, 2007 and found the same to be drawn in accordance therewith and also requirements of the amended clause 32 of the listing agreements with Stock Exchanges.

**For YAJI ASSOCIATES**  
Chartered Accountants

Sd/-  
**A.P.P. Kasipati**  
Partner

For & on behalf of the Board of Directors  
**BARTRONICS INDIA LIMITED**

Sd/-  
SUDHIR RAO  
Managing Director

Sd/-  
T. VENKATESWARA RAO  
Director

**SCHEDULE I : SHARE CAPITAL**

(Amount in Rs)

	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
<b>AUTHORISED SHARE CAPITAL</b>	<b>300,000,000</b>	<b>170,000,000</b>
(3,00,00,000 Equity Shares of Rs.10/- each (Previous Year 1,70,00,000 Equity Shares of Rs. 10/- each)		
<b>ISSUED,SUBSCRIBED &amp; PAID UP SHARE CAPITAL</b>	<b>178,190,780</b>	<b>145,690,780</b>
1,78,19,078 Equity shares of Rs.10/- each fully paid ( Previous year 1,45,69,078 Equity Shares of Rs. 10/- each)		
<b>TOTAL</b>	<b>178,190,780</b>	<b>145,690,780</b>

**SCHEDULE 2 : RESERVES & SURPLUS**

	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
<b>SECURITIES PREMIUM ACCOUNT</b>		
Opening Balance	<b>465,440,653</b>	10,591,500
Add: Premium collected on issue of 32,50,000 Equity Shares of Rs. 10/- at Rs.	<b>325,000,000</b>	482,508,320
Less: Utilised towards issue Mangement Expenses		27,659,167
Profit & Loss Account	<b>207,402,980</b>	72,846,717
<b>TOTAL</b>	<b>997,843,633</b>	<b>538,287,370</b>

**SCHEDULE 3 : SECURED LOANS**

	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
<b>Working Capital Loans From Banks</b>	<b>90,367,656</b>	<b>81,955,954</b>
(Secured against Hypothecation of F.A. other than Vehicles purchased under Higher Scheme, Stocks receivables and personal guarantees of promoters)		
Term Loans From Financial Institutions	-	-
Hire Purchase Finance From Banks	<b>827,612</b>	1,230,356
<b>TOTAL</b>	<b>91,195,268</b>	<b>83,186,310</b>



**Schedule - 4 : Fixed Assets**

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Opg. Bal As on 01.04.06	Additions	Deletions	Cig. Bal As on 31.03.07	Opg. Bal As on 01.04.06	For the year	Deletions	Cig. Bal As on 31.03.07	Balance As on 31.03.06	Balance As on 31.03.07
Land	1,951,491	--	--	1,951,491	--	--	--	--	1,951,491	1,951,491
Buildings	11,006,107	--	--	11,006,107	553,436	179,400	--	732,836	10,273,271	10,452,671
Plant & Machinery	24,575,862	--	--	24,575,862	5,113,135	1,149,256	--	6,262,391	18,313,471	19,462,727
Electrical Installation	402,422	--	--	402,422	141,197	14,538	--	155,735	246,687	261,225
Computers	66,649,852	40,426,548	--	107,076,400	21,796,613	14,318,385	--	36,114,998	70,961,402	44,853,249
Furniture & Fixtures	9,177,278	--	--	9,177,278	3,007,357	538,482	--	3,545,839	5,631,439	6,169,921
Vehicles	4,848,839	6,867,114	--	11,715,953	1,996,008	644,706	--	2,640,714	9,075,239	2,852,831
<b>Total</b>	<b>118,611,851</b>	<b>47,293,662</b>	<b>--</b>	<b>165,905,513</b>	<b>32,607,746</b>	<b>16,844,767</b>	<b>--</b>	<b>49,452,513</b>	<b>116,453,000</b>	<b>86,004,105</b>
Previous Year	98,357,134	181,334,661	--	279,691,795	22,603,531	10,004,215	--	32,607,746	247,084,049	75,753,604

**SCHEDULE - 5 : CURRENT ASSETS LOANS & ADVANCES**

(Amount in Rs)

	AS AT 31.03.2007	AS AT 31.03.2006
<b>A) CURRENT ASSETS</b>		
Inventories	82,531,934	64,192,790
Sundry Debtors ( Own Sales) (Unsecured Considered Goods)		
Due More than 6 Months	64,790,443	26,252,952
Due Less than 6 Months	494,530,863	143,636,519
Other Receivables ( Other Than Own Sales)	167,839,445	
Cash On Hand	21,478	8,122
Balance With Scheduled Banks		
a) Current Accounts	162,321	62,753,244
b) Deposit Accounts	1,850,110	10,806,248
c) Unutilised Issue Proceeds In Deposit Accounts	-	284,601,714
<b>TOTAL</b>	<b>811,726,594</b>	<b>592,251,588</b>
<b>B) LOANS &amp; ADVANCES</b> (Unsecured, Considered Good Recoverable In Cash Or Kind)		
Advances To Suppliers	684,032,370	773,469
Deposits	11,120,884	9,377,609
Advance Tax & including TDS	2,370,091	1,205,882
Other Current Assets	7,007,716	528,913
Prepaid Expenses	676,160	412,500
<b>TOTAL</b>	<b>705,207,221</b>	<b>12,298,372</b>
<b>GRAND TOTAL</b>	<b>1,516,933,815</b>	<b>604,549,960</b>

**SCHEDULE - 6 : CURRENT LIABILITIES & PROVISIONS**

	AS AT 31.03.2007	AS AT 31.03.2006
<b>A) SUNDRY CREDITORS</b>		
For Goods, Services And Expenses	398,801,624	60,201,762
Others(including Capital Creditors For Rs10.03 Crores)		5,192,947
<b>TOTAL</b>	<b>398,801,624</b>	<b>65,394,710</b>
<b>B) PROVISIONS</b>		
Income Tax	12,805,046	3,303,082
Gratuity	923,674	711,102
Leave Encashment	724,955	1,064,906
<b>TOTAL</b>	<b>14,453,675</b>	<b>5,079,090</b>
<b>GRAND TOTAL</b>	<b>413,255,299</b>	<b>70,473,800</b>

**SCHEDULE - 7 : MISCELLANEOUS EXPENSES**

(Amount in Rs)

	<b>AS AT</b>	<b>AS AT</b>
	<b>31.03.2007</b>	<b>31.03.2006</b>
A Preliminary Expenses	<b>16,210,920</b>	328,250
Add: Additions During The Year	-	-
Less: Written Off For The Year	<b>89,000</b>	<b>89,000</b>
<b>TOTAL</b>	<b><u>16,121,920</u></b>	<b><u>239,250</u></b>

**SCHEDULE - 8 : OTHER INCOME**

	<b>AS AT</b>	<b>AS AT</b>
	<b>31.03.2007</b>	<b>31.03.2006</b>
Interest	<b>1,434,116</b>	3,408,237
Commission	<b>211,074</b>	620,276
Exchange Fluctuation	<b>480,291</b>	974,871
Other Income	<b>7,325,446</b>	-
<b>TOTAL</b>	<b><u>9,450,927</u></b>	<b><u>5,003,384</u></b>

**SCHEDULE - 9 : COST OF GOODS SOLD**

	<b>AS AT</b>	<b>AS AT</b>
	<b>31.03.2007</b>	<b>31.03.2006</b>
Opening Stock	<b>64,192,790</b>	30,321,150
Add: Purchases	<b>432,000,628</b>	221,480,288
Less: Closing Stock	<b>82,531,934</b>	64,192,790
<b>TOTAL</b>	<b><u>413,661,484</u></b>	<b><u>187,608,648</u></b>

**SCHEDULE - 10 : EMPLOYEES REMUNERATION & BENEFITS**

(Amount in Rs)

	AS AT 31.03.2007	AS AT 31.03.2006
Salaries,Wages & Bonus	16,910,677	12,959,362
Contribution To Provident Fund	792,699	787,905
Directors Remuneration	2,270,640	556,008
Staff Welfare Expenses	3,940,496	234,818
Gratuity	923,674	130,412
<b>TOTAL</b>	<b>24,838,186</b>	<b>14,668,505</b>

**SCHEDULE - 11 : ADMINISTRATIVE, SELLING AND OTHER EXPENSES**

	AS AT 31.03.2007	AS AT 31.03.2006
Advertisement	504,324	313,502
Rent	4,288,229	1,669,093
Rates & Taxes	1,990,350	409,167
Printing & Stationery	765,352	213,340
Postage & Telegrams,Telephones	1,559,859	1,370,911
Insurance	1,201,489	157,392
Travelling & Conveyance	6,010,258	4,426,932
Electricity Charges	576,408	537,282
Professional Fee	2,876,148	417,886
Repairs & Maintanance	691,069	62,553
Other Expenses	1,704,811	2,464,008
Sales Promotion	2,361,589	677,104
Commission On Sales	4,000	210,349
Bank Charges	3,301,318	701,814
<b>TOTAL</b>	<b>27,835,204</b>	<b>13,631,333</b>

**SCHEDULE - 12 : INTEREST & FINANCIAL CHARGES**

	AS AT 31.03.2007	AS AT 31.03.2006
Interest-term Loan	2,192,348	4,555,250
Interest-cash Credit & Others	10,888,860	2,867,013
Finance Charges	350,000	230,000
<b>TOTAL</b>	<b>13,431,208</b>	<b>7,652,263</b>



## 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	2006-07	2005-06
a) Bank Guarantees availed from banks	4.90	4.04
b) Letter of Credit	0	0

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) Installments of Loans due within one year  
Secured Loans – Rs.4.03 Lakhs  
Unsecured Loans - NIL
  - d) The prepayment Interest charged by IDBI Venture Capital is considered as Interest on Term Loan





3. In the meantime, the company has raised funds to the tune of Rs.41.76 cores (by way of Qualified institutional placement and from promoters) for meeting the capital expenditure and meeting working capital requirements for smart card project and the same has been Spent as under:

	(Rs. in lakhs)
1 advanced for constructing of Building	700.00
2 advanced paid for purchase of land	575.00
3 used towards working capital	1240.81
4 payment made to for acquisition of stake in smart cards.	500.00
5 funds utilised for acquiring various Misc. Assets	183.00
6 advanced paid for clean Room drawings equipment refurbishing etc.	872.79
7. Qip Expenses	104.40
<b>Total</b>	<b>4176.00</b>

- 4 Related parties and nature of relationship  
Key Management Personnel  
Mr. Sudhir Rao - Managing Director  
Relatives of Key Management Personnel - Nil
5. Managerial Remuneration:

Particulars	2006-07	2005-06
Salaries & Allowances	2,270,640	556,008
Contribution to Provident Fund	9,360	9,360
Directors' Sitting Fee	4,000	28,000
Total	2,284,000	593,368

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

	2006-07	2005-06
Profit before Tax	1477.06	610.86
Add: Managerial Remuneration	22.84	5.93
Net Profit as per Sec 309(5)	1499.90	616.79

6. Auditors Remuneration:

Particulars	2006-07	2005-06
Audit Fee	60,000	1,20,000
For other Certification services	15,000	55,000
Total	75,000	1,75,000

7. Current Liabilities & Provisions

- a) Sundry creditors balances are subject to confirmation.  
b) 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. Other receivable

The company has undertaken direct overseas sale wherein the commission on such sales is recorded as other income. The amounts receivable in this accounts is recorded as other receivables.

9. Segment Reporting

a) The activities of the Company relate to only one business segment i.e., providing AIDC Solutions

b) Information relating to Secondary Segment

	2006-07				2005-06			
	Revenue-Sales		Asset-Debtors		Revenue-Sales		Asset-Debtors	
Singapore	713.94	11.24%	707.70	12.49%	761.84	26.29%	448.07	26.37%
Malaysia	585.71	9.22%	456.17	8.05%	327.06	11.29%	149.52	8.80%
USA	1911.26	30.10%	1435.98	25.34%	0	0	0	0
Others	15.53	0.24%	525.22	9.27%	171.98	5.94%	162.51	9.57%
Within India	3123.12	49.19%	2541.39	44.85%	1636.47	56.48%	938.79	55.26%
	6349.56	100.00%	5666.46	100.00%	2897.37	100.00%	1698.89	100.00%

10. 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)

	2006-07	2005-06
Related to Fixed Assets	NIL	152.97
Deferred Tax Assets	NIL	10.63
Net Deferred Tax Liability	179.60	142.34

11. Earning Per Shares

Particulars	2006-07	2005-06
Profit available for Equity Shareholders (Rs.)	134,556,233	53,385,996
Total Number of Equity Shares outstanding	1,78,19,078	14,569,078
Weighted average Number of Equity Shares outstanding		
Basic	14,827,297	8,955,282
Diluted	19,457,297	8,955,282
Earning per share-Face value of Rs.10/- each (Previous year Face value of Rs.5/- each)		
Basic - Rs.	9.07	5.96
Diluted - Rs.	6.91	5.96

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

a) Information on licensed and installed capacity is not furnished since the company is not involved in any manufacturing activity during the year.



b) Turnover, Closing & Opening Stocks

	2006-07		2005-06	
	No.	Rs. In lacs	No.	Rs. In lacs
Turnover				
Hardware	1523	86.75	1349	861.96
Solutions	506	548.80	274	1927.85
Consumables				107.55
Total		6349.55		2897.37
Opening 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
Closing stock				
Hardware	55	120.24	548	56.37
Solutions	51	705.07	98	584.09
Consumables				1.46
TOTAL		825.31		641.93

c) CIF value of imports:

(Rs. In lacs)

	2006-2007	2005-2006
Finished Goods & Accessories	2455.51	1081.44

d) Expenditure in foreign currency:

	2006-2007	2005-2006
Travelling	24.58	10.28

e) Earning in Foreign Currency:

	2006-2007	2005-2006
FOB Value of Exports	3226.42	1260.90

f) Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year's classification

For **YAJI ASSOCIATES**  
Chartered Accountants

**(A.P.P. KASIPATI)**  
Partner  
**M.No.19442**

Place: Hyderabad  
Date: 18-04-2007

For **BARTRONICS INDIA LIMITED**

**Sudhir Rao**  
Managing Director

**T. Venkateswara Rao**  
Director



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

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

**1. Registration Details**

Registration No. : 1 1 7 2 1 State Code : 0 1  
Balance Sheet : 31 03 2007  
Date Month Year

**2. Capital Raised During The Year ( Amount Rs. In thousands)**

Public Issue N I L Rights Issue N I L  
Bonus Issue N I L Private Placement 3 25 00 000

**3. Position of Mobilisation and deployment of funds (amount Rupees in thousands)**

Total Liabilities 13 45 380 Total Assets 13 45 380

**Sources of Funds**

Paid – Up Capital 1 78 191 Reserves & Surplus 9 97 844  
Secured Loans 91 195 Unsecured loans N I L

**Application Funds**

Net Fixed Assets 2 25 579 Investments N I L  
Net Current Assets 11 03 679 Misc. Expenditure 16 122  
Accumulated Losses N I L

**4. Performance of the Company (Amount Rupees in thousands)**

Turn Over 6 34 955 Total Expenditure 4 96 700  
Profit Before Tax 1 47 706 Profit After Tax 1 34 556  
Earning Per Share 9.08 Dividend Rate % N.A.

(Weighted Average)

**5. Generic Names of Principal Products / Services of the Company (As per Monetary Items)**

Item Code No. (ITC Code) N.A.  
Item Code No. Computer Software

**BARTRONICS INDIA LIMITED**



Regd Office: 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad – 500 004.

**ATTENDANCE SLIP**

Sixteenth Annual General Meeting of the members of the Company will be held on the day of Monday, 10<sup>th</sup> September, 2007 at 11.00 A.M. at Sundaraiah VignanaKendram, 1-8-1/B/25/A, Baghlingampally, Hyderabad- 500 044

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

**Name of the Member. Folio No/Client ID & DP ID No of Shares held.**

\_\_\_\_\_

I hereby record my presence at the **16<sup>th</sup> Annual General Meeting** of the members of the company at the premises of Sundaraiah VignanaKendram, 1-8-1/B/25/A, Baghlingampally, Hyderabad-500044

Signature of the Shareholder or the Proxy attending the meeting	
If member, Please sign Below	If proxy please sign Below

.....TEAR OFF HERE.....

**BARTRONICS INDIA LIMITED**

Regd Office: 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad – 500 004.

**PROXY FORM**

**Folio No/Client ID & DP ID** .....

I/We.....

of.....

being a member (s) of the Company hereby appoint

.....of.....

or failing him.....of.....



As my/our proxy to attend and vote for me/us on my/our behalf at the 16<sup>th</sup> Annual General Meeting of the members of the Company to be held on the day of Monday, 10<sup>th</sup> September, 2007 at Sundaraiah VignanaKendram, 1-8-1/B/25/A, Baghlingampally, Hyderabad- 500 004 and at any adjournment thereof.

As witness my /our hand(s) this .....day of.....2007.

**NOTE: The Proxy form must be deposited at the Registered Office of the Company, at least 48 hours before the time of holding the Meeting.**



# BARTRONICS INDIA LIMITED

## *16<sup>TH</sup>* *ANNUAL REPORT* *2006 – 2007*



CELEBRATING OUR PAST  
CREATING OUR FUTURE

1 9 9 0 - 2 0 0 6



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