

**BOARD OF DIRECTORS**

Shri Sudhir Rao	-	Managing Director
Shri V.Rama Mohan Rao	-	Director (Finance)
Shri K.N.Dupare	-	Director (IDBI Nominee)*
Shri A.B.S. Reddy	-	Director
Shri R.Satish Reddy	-	Director
Shri B.Narayana Swamy	-	Director*
Shri T.Venkateswara Rao	-	Director*

\*Independent Non-Executive Directors

**REGISTERED OFFICE**

- 5-9-22/B/404, My Home Sarovar,  
Secretariat Road,  
Hyderabad – 500 004.  
Ph: 23298073, 23298074

**AUDITORS**

- M/s Yaji Associates  
Chartered Accountants,  
Hyderabad.

**FINANCIAL INSTITUTIONS**

- Industrial Development Bank of India

**BANKERS**

- Andhra Bank,  
Somajiguda Branch,  
Hyderabad.

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## ***BARTRONICS INDIA LIMITED***

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### **NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of the members of the company will be held on Monday, 2<sup>nd</sup> day of May, 2005 at 3<sup>rd</sup> Floor, Plot No.18, Nagarjuna Hills, Panjagutta, Hyderabad – 500 082 at 11.30 A.M.

#### **Ordinary Business :**

1. To receive, consider and adopt the audited balance sheet as at March 31, 2005 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 A.B.S. Reddy who retires by rotation and being eligible offers himself for reappointment.
3. To re-appoint Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company on a remuneration to be fixed by the Board of Directors of the company on a later date. The retiring Auditor, M/s YAJI Associates, Chartered Accountants, Hyderabad, being eligible, offers themselves for reappointment.

#### **Special Business:**

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

“RESOLVED that Shri B.Narayanswamy, who was appointed as an Additional Director of the company with effect from 25.04.2005 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 who shall be liable to retire by rotation”.

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

“RESOLVED that Shri T.Venkateswara Rao, who was appointed as an Additional Director of the company with effect from 25.04.2005 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 who shall be liable to retire by rotation”.

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

“RESOLVED that pursuant to the provisions of Section 94(1)(b) of the Companies Act, 1956, the consent of the company be and is hereby accorded to the Board of Directors to consolidate 2,40,00,000 (Two Crores Forty Lakhs) existing equity shares of Rs.5/- (Rupees Five Only) each fully paid up in the capital of the Company into 1,20,00,000 (One Crore Twenty Lakhs) equity shares of Rs.10/- each fully paid up.”

“RESOLVED FURTHER that Shri Sudhir Rao, Managing Director of the Company be and is hereby authorized to file necessary forms with the Registrar of Companies, Andhra Pradesh, Hyderabad and to do all such acts, deeds and things to give effect to the aforesaid resolution.”

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

V). The Authorized Share Capital of the Company is Rs.12,00,00,000/- (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore and Twenty Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each with power to increase and reduce the capital, to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential or special rights or privileges or conditions as may be determined by or in accordance with the regulations of the Company and the Companies Act, 1956, and to vary, modify or abrogate such rights, privileges and conditions in such manner as may for the time being be provided by the regulations of the Company.”

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

“RESOLVED that pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the Board of Directors to increase the Authorized Share Capital of the Company from Rs.12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore and Twenty Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs.17,00,00,000/- (Rupees Seventeen Crores only) divided into 1,70,00,000 (One Crore and Seventy Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each, by further creation of 50,00,000 (Fifty Lakhs Only) Equity shares of Rs.10/- (Rupees Ten only) each.”

“FURTHER RESOLVED 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. 17,00,00,000 (Rupees Seventeen Crores only) divided into 1,70,00,000 (One Crore and Seventy Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten only) each payable in the manner as may be determined by the directors of the Company, from time to time, with power to increase or reduce the same from time to time subject to the provisions of the Companies Act, 1956.”

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

“RESOLVED that pursuant to Article 3H of the Articles of Association of the company and in accordance with the guidelines of the Securities and Exchange Board of India, the Board do hereby recommend that a sum of Rs.2,18,96,500/- be capitalized out of the general reserve and set free for distribution amongst the equity shareholders by issue of 21,89,650 (Twenty One Lakhs Eighty Nine Thousand and Six Fifty Only) equity shares of Rs.10/- each credited as fully paid to the equity shareholders in the proportion of 1(One) equity share for every 2(Two) equity shares held by them on the record date to be decided by the board and that such new shares as and when issued and fully paid, shall rank pari passu with the existing equity shares of the Company.”

“RESOLVED FURTHER that the Managing Director of the Company be and is hereby authorized to do all such acts, deeds, matters and things as he may at his discretion deem fit or necessary or desirable for such purpose with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as he may in his absolute discretion deem fit.”

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

“RESOLVED that pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re- enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or any other Rules / Regulations prescribed by any relevant authority from time to time to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be required, the Board (which term shall be deemed to include any “Compensation Committee”, or any “sub Committee” thereof constituted by the Board to exercise its powers, including the powers conferred by this resolution) be and is hereby authorized on behalf of the Company to create, offer and grant from time to time in one or more tranches, options to apply for Equity Shares of the face value of Rs. 10/- each of the Company to or for the benefit of the employees (including Independent Directors / Whole-time Directors of the Company) under the Scheme titled “Employee Stock Option Scheme-2005” (hereinafter referred to as “ESOS 2005”) to be evolved in this regard and consequently create, issue, offer, allocate at any time Equity Shares not exceeding in number 4,00,000 (Four Lakhs only) of Rs. 10/- each in terms of such options. The options and the consequential issue, offer, allocation and allotment of shares shall rank *pari passu* with the existing Equity Shares of the Company and shall be at such price including at a discount, in such manner, during such period in one or more tranches and on such other terms and conditions as the Board may decide. The Board is further authorized to fix such price including at par / discount / premium, terms and conditions and criteria for grant of option as the Board may deem fit in respect of each tranche of options granted by the Board.”

“RESOLVED FURTHER that the said Securities may be allotted directly to such employees/directors in accordance with an ESOP Scheme framed in that behalf or through a trust which may be set up in any permissible manner and that the ESOP Scheme may also envisage for providing any financial assistance to the employees or to the trust to enable the employee(s) / trust to acquire, purchase or subscribe to the securities of the Company.”

“RESOLVED FURTHER that to determine all other terms and conditions for the purpose of giving effect to any offer, issue or allotment of Equity Shares or securities or instruments representing the same as described above under ESOS 2005 the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) / allotment(s) including to amend or modify any of the terms of such issue or allotment(s) without being required to seek any further consent or approval of the members”.

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

“RESOLVED that subject to the provisions of Section 81(1A) of the Companies Act, 1956 (including any amendment to or re-enactment thereof) and other applicable provisions, if any, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and applicable regulations and guidelines of the Securities and Exchange Board of India (“SEBI”), and subject to such approvals, consents, permissions and sanctions as may be necessary from SEBI, the stock exchanges, the Reserve Bank of India and all other appropriate statutory, governmental and other authorities and departments in this regard and subject to such conditions and modifications as may be prescribed by the respective

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statutory, governmental and other authorities and departments while granting such approvals, sanctions, consents and permissions, the Board of Directors of the Company be and is hereby authorized to issue up to 80,00,000 [Eighty Lakhs Only] Equity Shares of Rs. 10/- each for cash at such premium in accordance with the book building process prescribed by SEBI or on preferential basis aggregating to Rs. [·] Crores to individuals, companies, banks, financial institutions, employees, QIBs, NRIs, FIIs and other persons, whether resident in India or otherwise and whether they are members or promoters of the Company, as may be decided by the Board of Directors in consultation with its merchant bankers.”

“RESOLVED FURTHER that the Company intends to establish an option for allocating Equity Shares in excess of the Equity Shares that are included in the Issue in consultation with the BRLM to operate a price stabilization mechanism in accordance with the applicable DIP Guidelines. The Green Shoe Lenders will transfer the Equity Shares to the Stabilizing Agent upon exercise of the Green Shoe Option”.

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized in its discretion to accept such conditions and modifications as may be prescribed by SEBI or RBI or any other authority while according consent or sanction to the proposed issue of the said equity shares including variation, if any, in the proposed amount of premium and take such consequential action thereon, including the authority to revise/adjust the value/quantum of equity shares reserved for any category or any portion thereof in such manner as may be beneficial to the Company in the event of such variation being considered expedient.”

“RESOLVED FURTHER that 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 the equity shares and the utilization of the issue proceeds as it may deem fit and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, including the premium to be charged on the shares, to vary the size of the issue, appoint lead managers, banks or other authorities or agencies concerned or as the Board may *suo moto* decide in its absolute discretion in the best interests of the Company 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 this resolution and to do all such acts, deeds, matters to do things whatsoever, including settle any question, doubt or difficulty that may arise with regard to or in relation to raising of resources as authorised herein, and that all or any of the powers conferred on the Board vide this resolution may exercised by the Board.”

“RESOLVED FURTHER that the new equity shares arising out of this issue shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari-passu* in all respects with the existing Equity Shares of the Company.”

“RESOLVED FURTHER that the Board be and is hereby authorized to delegate to a committee of directors or any director or the Managing Director all or any of its powers or authorities or discretion vested in it in terms of this resolution as permitted in law.”

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

“RESOLVED that pursuant to the provisions of the Section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered as follows:

Article 3(B) shall be renumbered as Article 3 (B) (I)

**Article 3(B) (II) will be added after Article 3 (B) (I):**

(B) (II).

- (1) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
  - (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
  - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may, renounce the shares offered to him.
  - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think most beneficial to the Company.
- (2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
  - (a) If a special resolution to that effect is passed by the company in General Meeting, or
  - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or, where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.
- (3) Nothing in sub-clause (c) of (1) hereof shall be deemed:
  - (a) To extend the time within which the offer should be accepted; or
  - (b) To authorize any person to exercise the right of renunciation for the second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

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(4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the company:

- (i) To convert such debentures or loans into shares in the company; or
- (ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

**Article 3(N) will be added after Article 3(M):**

3(N) In the event it is permitted by the law and subject to such conditions, approvals, or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of capital. If and to the extent permitted by law, the Company shall also have the power to re-issue the shares so bought back.

**Article 110(A) will be added after Article 110:**

110 (A) Where the company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of Bartronics India Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the company to the 'Investor Education and Protection Fund' established under Sub-section (1) of Section 205C of the Companies Act, 1956.

BY ORDER OF THE BOARD  
FOR BARTRONICS INDIA LIMITED

SUDHIR RAO  
MANAGING DIRECTOR

PLACE : HYDERABAD  
DATE : 25.04.2005

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY HELD AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. Members/Proxies are requested to bring along with them Annual Reports being sent to them.
3. The Share Transfer books and Register of Members of the Company will remain closed during the period from 28.04.2005 to 29.04.2005 (both days inclusive).
4. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956 will 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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed.

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

**ITEM NO. 4**

Shri B. Narayanswamy was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 25.04.2005, who holds office upto the date of the ensuing Annual General Meeting of the Company.

Notice pursuant to the provisions of Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Shri B. Narayanswamy as Director together with the requisite deposit. The said notice and the Memorandum and Articles of Association of the Company are available for inspection at the Registered office of the Company on any working day.

Shri B. Narayanswamy has done his Chemical Engineering and holds Master Degree in Engineering with specialization in renewable source of energy and is having 27 years of experience in different fields.

Further, he has successfully established Joint Ventures, exclusive representations with renowned Companies in USA, Europe and Japan in the areas of Information Technology related areas, Internet and Gateway Solutions etc.,

He has also conceptualized and setup Graphics and Animation Studio to cater to the growing markets in computer based multimedia applications and initiated, designed and implemented the multi-module Management Information System from concept to commissioning for the complete operations of the companies, has been a member of the



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team to develop and implement Information Technology Systems for Marketing and Sales on a Global Scale. Streamlined Import Procedures and Policies for the Company to optimize the cost of imported raw materials.

Keeping in view his qualifications, diversified experience and aforesaid achievements, the Board of Directors of the Company is confident that the services of Shri B.Narayanswamy would result in substantial increase in the performance of the Company.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Shri B. Narayanswamy is concerned or interested in the aforesaid resolution.

### **ITEM NO. 5**

Shri T.Venkateswara Rao was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 25.04.2005, who holds office upto the date of the ensuing Annual General Meeting of the Company.

Notice pursuant to the provisions of Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Shri T.Venkateswara Rao as Director together with the requisite deposit. The said notice and the Memorandum and Articles of Association of the Company are available for inspection at the Registered office of the Company on any working day.

Shri T.Venkateswara Rao is a Post Graduate in Management. He worked in Banking Industry for 25 years in various capacities. He worked as the Vice-President and Branch Head in IndusInd Bank Limited. Keeping in view his qualifications and experience he has been proposed for appointment as Director.

Therefore, your Directors recommend the resolution for your approval.

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

### **ITEM NO. 6**

Article 6(1)(c) of the Articles of Association of the Company authorizes the Board for the consolidation of its equity shares. As per such authorization, the Board of Directors has felt it necessary to consolidate 2 (two) equity shares of the Company having nominal value of Rs.5/- each into 1 (one) equity share of Rs.10/- each.

Accordingly the Memorandum of Association should also be altered to incorporate the said subdivision.

Your Directors now recommend the resolution for your approval.

None of the Directors are concerned or interested in the aforesaid resolution apart from the Directors holding shares of the Company to the extent of the equity shares held by them.

**ITEM NO. 7**

With a view to meet the expansion programme of the company, it is proposed to increase the Authorized Share Capital of the company from Rupees Twelve (12) Crores consisting of 1,20,00,000 equity shares of Rs.10/- each to Rupees Seventeen (17) Crores consisting of 1,70,00,000 equity shares of Rs. 10/- each.

The Proposed increase of the Authorized Share Capital of the company requires the approval of the members 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.

The Board recommends the resolution for your approval.

None of the Directors are concerned or interested in the aforesaid resolution apart from the Directors holding shares of the company to the extent of the equity shares held by them.

**ITEM NO. 8**

Keeping in view the profits of the company and to increase the shareholders wealth, the Board of Directors of the company has decided to issue Bonus Shares to the existing shareholders in proportion of 2:1.

Accordingly, the Board has decided to allot 21,89,650 equity shares of Rs.10/- each aggregating to Rs.2, 18,96,500/- to the existing shareholders of the company.

Since the resolution requires the approval of the members of the company, the Board recommends the resolution for your approval.

None of the Directors are concerned or interested in the aforesaid resolution apart from the Directors holding shares of the company to the extent of the equity shares held by them.

**ITEM NO. 9**

In order to attract, motivate and retain the best personnel it would be essential for the Company to offer attractive remuneration. Accordingly, your Company proposes to grant Stock Options to the employees of the Company to acquire shares of the Company at a pre-determined price as a way of employee compensation, in recognition of their contribution to the overall performance, making them owners of the Company by virtue of such holding and as an incentive for higher performance levels.

**a) Total number of options to be granted under ESOS 2005:**

Employee Stock Option Scheme will be formulated in line with the guidelines issued by SEBI and other applicable laws as amended from time to time. Total number of options to be granted under this scheme are 4,00,000 Equity Shares of Rs. 10/- each.

**b) Identification of classes of employees entitled to participate in the ESOS 2005:**

The Scheme will be offered to all eligible employees of the Company as may be decided by the Compensation Committee. An employee who is a promoter or belongs to the promoter group shall not be eligible to participate in the scheme. A director who either by himself or through the relative or through any other body corporate directly or indirectly holds more than 10% of the outstanding Equity Shares shall not be eligible to participate in the ESOS.

**c) Requirements of vesting and period of vesting:**

The continuation of employee in service of the Company shall be the primary requirement of the vesting. The Compensation Committee shall formulate the other requirements of vesting which may inter-alia include efficiency criteria. The grant of options shall be made as per the rules framed by the Compensation Committee.

The share option may vest in tranches subject to the terms and conditions as may be stipulated by the Compensation Committee.

**d) Maximum period within which the options shall be vested:**

The Minimum vesting period of an option under the scheme shall not be less than a period of twelve months from the date of grant of options and maximum vesting period shall not exceed five years from the date of grant of such options or such period as may be decided by the Compensation Committee.

**e) Exercise price or pricing formula:**

As per the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as 'guidelines'), the Companies granting option to its employees pursuant to ESOS will have the freedom to determine the exercise price subject to conforming to the Accounting Policies in the guidelines which specifies that any option discount to the market price should be accounted for as deferred employee compensation and amortised over the vesting period. Subject to the above, the Company has the freedom to price the options.

The exercise price in respect of each tranche of the options shall not be less than the face value of the Equity Shares (which shall be calculated in accordance with the applicable law and if applicable, adjusted from time to time for any bonus, stock splits or consolidations or other re- organisation of the Capital structure of the Company) on the date of grant of option.

**f) Exercise period and process of exercise:**

The options granted under the scheme shall be exercisable at such times and under such conditions as may be determined by the Compensation Committee from time to time. The options shall become exercisable in part or whole but within the overall exercise period permitted under the scheme.

**g) The appraisal process for determining the eligibility of employees to the ESOS 2005:**

The Board or Compensation Committee will determine the eligible employees from each category. The Board or Committee may prescribe different sets of criteria for each of the tranche of options / categories of the eligible employees with respect to the tranches, performance to be achieved, tenure of service for issue of options of the employees under the scheme.

**h) Maximum number of options to be issued per employee and in aggregate:**

The maximum number of options granted to anyone of the employee in anyone year shall not be equal to or exceed 1% of the issued share capital of the Company (excluding outstanding warrants and conversion) at the time of granting the options. Total number of options to be granted under this scheme shall not exceed 4,00,000 Equity Shares of Rs. 10/- each.

**i) Disclosure and Accounting Policies:**

The Company shall comply with Accounting Policies specified in schedule I read with clause 13.1 of the guidelines in respect of the shares issued under this scheme.

**j) Method to be used to value the options under ESOS 2005:**

The Company shall use one of the applicable methods (intrinsic value or fair value) to value its options.

In case, the Company calculates the employee compensation cost using the intrinsic value of the stock options the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed in the Directors Report.

In case the options are made available to the Directors of the Company (other than Promoter Director) then such Directors may be deemed to be interested in this item of business.

**ITEM NO.10**

With a view to meet the expenditure in connection with the expansion and diversification activities being carried on by the Company, it is thought fit to issue and allot equity shares through Public Issue or on Preferential basis for an aggregate amount of Rs.[·] consisting of 80,00,000 Equity Shares of Rs.10/- (Rupees Ten Only) each with a premium of Rs.[·] per share. The issue may also include a Green Shoe Option to be exercised for allocating Equity Shares in excess of the Equity Shares that are included in the Issue in consultation with the BRLM to operate a price stabilization mechanism in accordance with the applicable DIP Guidelines.

For the preferential allotment proposed by the Company within the purview of the aforesaid resolution, Disclosures as Required to be made under Rule No.6 of Unlisted Public Companies (Preferential Allotment) Rules, 2003.

**a) The Price or the Price Band at which the allotment is proposed:**

The Shares are proposed for being issued at a Premium ranging from Rs.40 to Rs.60 over and above the face value of Rs.10 per Equity Share of the Company.

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**b) The relevant date on the basis of which price has been arrived at :**

The Price at which the Equity to be offered is arrived at as on 01.04.2005 being the relevant date which is 30 days prior to the date of General Meeting in which the Resolution for Preferential Allotment was put for the Approval of the Members.

**c) The objects of the Issue through Preferential Offer:**

With a view to meet the expenditure in connection with the expansion and diversification activities to be carried on by the Company, it is thought fit to issue and allot equity shares on preferential basis.

**d) The class or classes of persons to whom allotment is proposed to be made :**

The shares are proposed for being offered to the persons who have intended to subscribe to the Equity Shares of the company in the non-promoters category.

**e) Intention of the Promoters/directors/key management persons to subscribe to the offer.**

The Promoters/directors/key management persons are not intending to subscribe to the offer. Shareholding pattern before and after the offer

**f) Share holding pattern before and after the offer :**

Category	Pre Issue		Post Issue	
	Shares	%	Shares	%
<b>A. Promoters</b>				
Shri A.B.S.Reddy	14,36,400	21.87	14,36,400	17.80
Shri R. Satish Reddy	12,90,000	19.64	12,90,000	15.99
Smt A.B.Neeta Reddy	10,88,700	16.57	10,88,700	13.49
Smt R. Shobha Rani Reddy	10,66,050	16.23	10,66,050	13.21
<b>Promoter's Total Shareholding-A</b>	<b>48,81,150</b>	<b>74.31</b>	<b>48,81,150</b>	<b>60.49</b>
<b>B. Others</b>				
Industrial Development Bank of India	12,75,000	19.41	12,75,000	15.80
Others –Corporate Bodies and Public	4,12,800	6.28	19,12,800	23.71
<b>Sub total (B)</b>	<b>16,87,800</b>	<b>25.69</b>	<b>31,87,800</b>	<b>39.51</b>
<b>Grand Total [(A)+(B)]</b>	<b>65,68,950</b>	<b>100</b>	<b>80,68,950</b>	<b>100.00</b>

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***BARTRONICS INDIA LIMITED***

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**g) Proposed time within which the allotment shall be completed.**

The Allotment of shares will be completed within a period of Twelve Months from 02.05.2005 being the date on which shareholders sanction is obtained for preferential allotment in General Meeting, as per the provisions of section 81(1A) of the Companies Act, 1956. Therefore a Special Resolution is set out in the notice calling the Annual General Meeting for the approval of the Shareholders.

**h) Whether a change in control is intended or expected.**

There will not be any change in the control of the Company on account of the proposed preferential allotment. However there will be a corresponding change in the shareholding pattern of the Company consequent to preferential allotment.

Since the resolution requires the approval of the members of the company, the Board recommends the resolution for your approval.

None of the Directors are concerned or interested in the aforesaid resolution apart from the Directors holding shares of the company to the extent of the equity shares held by them.

**ITEM NO. 11**

Pursuant to the relevant provisions of the Companies Act, 1956 and keeping in view the operational convenience, your directors propose to amend its articles by inserting articles bearing Nos 3(B)(II), 3(N) and 110 (A) in the Articles of Association of your Company.

This amendment requires your approval pursuant to Section 31 and other applicable provisions, if any of the Companies Act, 1956.

Therefore your directors recommend the aforesaid resolution for your approval.

None of the Directors is concerned or interested in the aforesaid resolution.

BY ORDER OF THE BOARD  
FOR BARTRONICS INDIA LIMITED

PLACE : HYDERABAD  
DATE : 25.04.2005

SUDHIR RAO  
MANAGING DIRECTOR

## ***BARTRONICS INDIA LIMITED***

### **DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2005 comprising of twelve (12) months from 01.04.2004 to 31.03.2005.

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

The year had been a remarkable one in the light of various achievements where by the improvement can be witnessed in Turnover, Profitability and Earnings per Share. The Company has also started a 100% Export Oriented Undertaking during the year and obtained the registration from Software Technology Park of India, Hyderabad.

The Company also focused its strengths in to its R&D particularly the latest Technological Demands of Bar Code Industry, i.e., RFID Technology, Biometrics Technology. The efforts would yield the benefits in the years ahead.

Your Directors do hereby report that your Company has achieved the total income of Rs.18,17,18,106/- during the financial year under review as against the total income of Rs.12,58,17,429/- during the previous financial year.

The highlights of the financial results are as follows:

<b>Particulars</b>	<b>2004-2005</b>	<b>2003-2004</b>
	<b>Rs.</b>	<b>Rs.</b>
Total Income	<b>18,17,18,106</b>	12,58,17,429
Total Expenses other than Interest	<b>14,34,04,127</b>	9,60,60,411
Interest	<b>1,07,92,108</b>	84,09,545
Total Expenses	<b>15,41,96,235</b>	10,44,69,956
Profit Before Tax	<b>2,75,21,870</b>	2,13,47,472
Provision for Tax	<b>35,50,000</b>	78,28,850
Profit After Tax	<b>2,39,71,870</b>	1,35,18,622
Amount Brought Forward	<b>1,73,85,351</b>	38,66,729
Balance Carried forward	<b>4,13,57,221</b>	1,73,85,351

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

The quality consciousness, Customer base and the goodwill built up over a period of time has set the company to aim annual growth rate of 30%. The Company is embarking upon an expansion plan. Overseas Branches in Bangladesh, Dubai and Srilanka are expected to be in place by the end of Current Fiscal. Further, there is also a proposal to set up 6 (Six) additional Service Centers across the Country in addition to the existing infrastructure. Technology Center is also being planned. For all this activity, the Company is planning to raise additional Equity through an Initial Public offer.

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## ***BARTRONICS INDIA LIMITED***

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With all this, we are confident of achieving a Turnover of Rs.260 Million in 2005-06 and over a period of next 3 to 5 years the Company would be reaching a Milestone of Rs.1 Billion Turnover.

### **DIVIDEND**

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

### **HUMAN RESOURCE MANAGEMENT**

The key resource for your Company is its employees. Your Company has been able to create a favourable work environment that encourages innovation and meritocracy. Your Company has put in place a Human Resource Management process, enabling it to attract and retain high caliber employees. The efforts of your Company in the area of employee management and HR practices have been widely acclaimed.

### **DIRECTORS:**

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

Shri B.Narayanswamy and Shri T.Venkateshwara Rao, were appointed as Additional Directors of the Company w.e.f. 25.04.2005. Accordingly, the Additional Directors are to be regularized as Directors of the Company in the ensuing Annual General Meeting. Notices as required u/s 257 of the Companies Act, 1956 has been received from two members proposing the appointment of Shri B.Narayanswamy and Shri T.Venkateshwara Rao as directors.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm:

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

### **AUDITORS:**

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

### **EMPLOYEE PARTICULARS:**

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



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## ***BARTRONICS INDIA LIMITED***

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### **FIXED DEPOSITS:**

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

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

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

#### **CONSERVATION OF ENERGY**

The range of activities of your Company require minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible. All possible measures have been taken to conserve energy.

#### **TECHNOLOGY ABSORPTION**

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

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

<b>Particulars</b>	<b>2004-2005</b>	<b>2003-2004</b>
Foreign Exchange Earnings	<b>0.00</b>	0.00
Foreign Exchange Outgo	<b>1,52,44,340.00</b>	1,50,20,425.00

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

There are no adverse remarks in the Auditor's Report except that the Company has yet to set up an Internal Audit System. The Company is in the process of setting up an Internal Audit System.

#### **ACKNOWLEDGEMENTS :**

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

BY ORDER OF THE BOARD  
FOR BARTRONICS INDIA LIMITED

PLACE : HYDERABAD  
DATE : 25.04.2005

SUDHIR RAO  
CHAIRMAN

## ***BARTRONICS INDIA LIMITED***

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### **AUDITORS REPORT**

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

We have audited the attached Balance Sheet of M/s Bartronics India Limited as at March 31,2005 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These Financial statements are the responsibility of the company's management and our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting to the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India, in terms of Section 227 (4A) of the companies Act, 1956 , we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
  - b) In our opinion, proper books of accounts, as required by law, have been kept by the company so far as appears from our examination of those books:
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts:
  - d) In our opinion, these financial statements have been prepared in compliance with the applicable accounting standards referred to in sub-clause 3 © of section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the directors as on March 31,2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March, 31 2005 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, 2005
    - ii) In the case of Profit & Loss Account, of the profit for the year ended on that date

Place : Hyderabad  
Date : 25.04.2005

for **Yaji Associates**  
Chartered Accountants  
**Sd/-**  
**A.P.P. Kasipati**  
Partner  
**M.No.19442**

## ***BARTRONICS INDIA LIMITED***

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### **ANNEXURE 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 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 weakness 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.

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

The company has set up an internal audit system

#### **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.

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***BARTRONICS INDIA LIMITED***

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

- a) In general the company has regularly deposited statutory dues such as provident fund, ESIC, Income Tax, Sales Tax, Wealth Tax, Customs and Excise duty etc., with the appropriate authorities, during the year.
- 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 nor has it 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(xii) 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 others from banks or financial institutions.

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

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

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

The company has not made any preferential allotment of shares during the year

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

The company has not issued any debentures during the year

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

The company has not raised any money by public issue during the year

**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.

Place : Hyderabad  
Date : 25.04.2005

for **Yaji Associates**  
Chartered Accountants  
Sd/-  
**A.P.P. Kasipati**  
Partner  
**M.No.19442**

## ***BARTRONICS INDIA LIMITED***

### BALANCE SHEET AS AT 31ST MARCH, 2005

PARTICULARS	SCH. NO.		AS AT 31.03.05 Rs. (12 Months)		AS AT 31.03.04 Rs. (12 Months)
<b><u>SOURCE OF FUNDS</u></b>					
SHARE CAPITAL	1		43,793,000		43,793,000
RESERVES & SURPLUS	2		51,948,721		27,976,851
DEFERRED TAX LIABILITY			8,735,000		6,635,000
SECURED LOANS	3		74,008,345		60,456,379
T O T A L			<b>178,485,066</b>		<b>138,861,230</b>
<b><u>APPLICATION OF FUNDS</u></b>					
FIXED ASSETS	4				
GROSS BLOCK			98,357,134		81,734,543
LESS: DEPRECIATION			22,603,531		14,215,858
NET BLOCK			<b>75,753,604</b>		<b>67,518,686</b>
CURRENT ASSETS, LOANS & ADVANCES	5	134,941,649		90,643,346	
LESS: CURRENT LIABILITIES & PROVISIONS	6	32,538,436	102,403,212	19,368,052	71,275,294
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	7		328,250		67,250
			<b>178,485,066</b>		<b>138,861,230</b>
NOTES TO ACCOUNTS	13				

for YAJI ASSOCIATES  
Chartered Accountants

for & on behalf of the Board of Directors  
for BARTRONICS (INDIA) LIMITED

Sd/-  
**(A.P.P. KASIPATI)**  
Partner  
**M.No.19442**

Sd/-  
**Sudhir Rao**  
Managing Director

Sd/-  
**V. Rama Mohan Rao**  
Director

Place : Hyderabad  
Date : 25.04.2005

## ***BARTRONICS INDIA LIMITED***

### **PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2005**

PARTICULARS	SCH NO	31.03.2005 Rs. (12 Months)	31.03.2004 Rs. (12 Months)
<b><u>I INCOME</u></b>			
SALES(net of returns)		<b>153,414,286</b>	125,763,824
- Indigeneous		<b>27,138,100</b>	-
OTHER INCOME	8	<b>1,165,719</b>	53,605
TOTAL INCOME		<b>181,718,106</b>	125,817,429
<b><u>II EXPENDITURE</u></b>			
COST OF GOODS SOLD	9	<b>111,765,434</b>	73,504,682
EMPLOYEES REMUNERATION & BENEFITS	10	<b>11,543,407</b>	7,561,924
ADMINISTRATIVE, SELLING AND OTHER EXPS	11	<b>11,618,614</b>	12,460,815
DEPRECIATION	4	<b>8,387,673</b>	2,513,990
INTEREST & FINANCIAL CHARGES	12	<b>10,792,108</b>	8,409,545
MISC.EXPENDITURE WRITTEN OFF	8	<b>89,000</b>	19,000
TOTAL EXPENDITURE		<b>154,196,235</b>	104,469,956
<b>PROFIT BEFORE TAX</b>		<b>27,521,870</b>	21,347,472
PROVISION FOR TAXATION			
- CURRENT		<b>1,450,000</b>	5,017,850
- DEFERRED TAX		<b>2,100,000</b>	2,811,000
<b>PROFIT AFTER TAX</b>		<b>23,971,870</b>	13,518,622
		<b>23,971,870</b>	13,518,622

Per our report of even date

for YAJI ASSOCIATES  
Chartered Accountants

Sd/-  
**(A.P.P. KASIPATI)**  
Partner  
**M.No.19442**

for & on behalf of the Board of Directors

for BARTRONICS (INDIA) LIMITED

Sd/-  
**Sudhir Rao**  
Managing Director

Sd/-  
**V. Rama Mohan Rao**  
Director

Place : Hyderabad  
Date : 25.04.2005

## ***BARTRONICS INDIA LIMITED***

### **SCHEDULE 1**

<b>SHARE CAPITAL</b>	<b>AS AT 31.03.2005 Rs. (12 Months)</b>		<b>AS AT 31.03.2004 Rs. (12 Months)</b>
AUTHORISED SHARE CAPITAL (2,40,00,000 Equity Shares of Rs.5 each)	<b>120,000,000</b>		120,000,000
ISSUED,SUBSCRIBED & PAID UP (8758600 Equity shares of Rs.5 each)	<b>43,793,000</b>		43,793,000
<b>TOTAL</b>	<b>43,793,000</b>		<b>43,793,000</b>

### **SCHEDULE 2**

<b>RESERVES &amp; SURPLUS</b>		<b>AS AT 31.03.2005 Rs. (12 Months)</b>		<b>AS AT 31.03.2004 Rs. (12 Months)</b>
PROFIT & LOSS A/C OPENING BALANCE	17,385,351		3,866,729	
ADD: FOR THE YEAR	23,971,870	41,357,221	13,518,622	17,385,351
SHARE PREMIUM		10,591,500		10,591,500
<b>TOTAL</b>		<b>51,948,721</b>		<b>27,976,851</b>
DEFERRED TAX LIABILITY		8,735,000		6,635,000
<b>TOTAL</b>		<b>8,735,000</b>		<b>6,635,000</b>

### **SCHEDULE 3**

<b>SECURED LOANS</b>	<b>AS AT 31.03.2005 Rs. (12 Months)</b>		<b>AS AT 31.03.2004 Rs. (12 Months)</b>
UTI BANK CASH CREDIT A/C	-		6,895,637
ANDHRA BANK CASH CREDIT	24,044,482		-
IDBI VENTURE CAPITAL	48,341,307		52,346,380
CITI BANK	948,960		1,202,016
ABN AMRO BANK	673,596		-
ICICI BANK	-		12,346
<b>TOTAL</b>	<b>74,008,345</b>		<b>60,456,379</b>

**SCHEDULE-4 : Fixed Assets**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opg. Bal As on 01.04.04	Additions	Deletions	Cig. Bal As on 31.03.05	Opg. Bal As on 01.04.04	For the year	Deletions	Cig. Bal As on 31.03.05	Balance As on 31.03.05	Balance As on 31.03.04
Land	1,951,491	-	-	1,951,491	-	-	-	-	1,951,491	1,951,491
Buildings	11,006,107	-	-	11,006,107	194,637	179,400	374,037	10,632,071	10,811,470	10,811,470
Plant & Machinery	23,460,862	1,109,000	-	24,569,862	2,910,038	1,053,448	3,963,486	20,606,376	20,550,824	20,550,824
Electrical Installation	402,422	-	-	402,422	112,121	14,538	126,659	275,763	290,301	290,301
Computers	32,051,270	14,349,865	-	46,401,135	7,930,721	6,198,834	14,129,555	32,271,581	24,120,549	24,120,549
Furniture & Fixtures	8,777,278	400,000	-	9,177,278	1,945,377	523,498	2,468,875	6,708,404	6,831,901	6,831,901
Vehicles	4,085,113	763,726	-	4,848,839	1,122,965	417,955	1,540,920	3,307,919	2,962,147	2,962,147
Total	81,734,543	16,622,591	-	98,357,134	14,215,858	8,387,673	22,603,531	75,753,604	67,518,683	67,518,683



## BARTRONICS INDIA LIMITED

SCHEDULE - 5				
CURRENT ASSETS LOANS & ADVANCES		AS AT 31.03.2005 Rs. (12 Months)		AS AT 31.03.2004 Rs. (12 Months)
A) CURRENT ASSETS				
INVENTORIES- AS VALUED & CERTIFIED BY THE MANAGEMENT		30,321,150		17,015,125
SUNDRY DEBTORS (UNSECURED CONSIDERED GOODS) DUE MORE THAN 6 MONTHS	2,892,545		3,468,594	
OTHERS	94,801,751	97,694,296	67,187,630	70,656,224
CASH ON HAND		17,578		601
BALANCE IN CURRENT ACCOUNTS		31,885		69,723
<b>TOTAL</b>		<b>128,064,909</b>		<b>87,741,673</b>
B) LOANS & ADVANCES				
ADVANCES TO SUPPLIERS	633,866		1,291,884	
DEPOSITS	5,100,498		746,245	
OTHER ADVANCES	1,076,309		847,877	
PREPAID EXPENSES	66,067	6,876,741	15,666	2,901,672
<b>TOTAL</b>		<b>6,876,741</b>		<b>2,901,672</b>
<b>GRAND TOTAL</b>		<b>134,941,649</b>		<b>90,643,345</b>
SCHEDULE - 6				
CURRENT LIABILITIES & PROVISIONS		AS AT 31.03.2005 Rs. (12 Months)		AS AT 31.03.2004 Rs. (12 Months)
A) CREDITORS AND OTHER PAYABLES				
SUNDRY CREDITORS FOR GOODS AND EXPENSES		25,619,108		7,775,608
OTHER LIABILITIES		4,325,556		5,940,840
<b>TOTAL</b>		<b>29,944,664</b>		<b>13,716,448</b>
B) PROVISIONS				
PROVISION FOR INCOME TAX		2,013,082		5,096,738
PROVISION FOR GRATUITY		580,690		554,866
<b>TOTAL</b>		<b>2,593,772</b>		<b>5,651,604</b>
<b>GRAND TOTAL</b>		<b>32,538,436</b>		<b>19,368,052</b>

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**BARTRONICS INDIA LIMITED**

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**SCHEDULE - 7**

<b>MISCELLANEOUS EXPENSES</b>	<b>AS AT 31.03.2005 Rs. (12 Months)</b>		<b>AS AT 31.03.2004 Rs. (12 Months)</b>
A PRELIMINARY EXPENSES	67,250		86,250
ADD: ADDITIONS DURING THE YEAR	350,000		
	417,250		86,250
LESS: WRITTEN OFF FOR THE YEAR	89,000		19,000
<b>TOTAL</b>	<b>328,250</b>		<b>67,250</b>

**SCHEDULE - 8**

<b>OTHER INCOME</b>	<b>AS AT 31.03.2005 Rs. (12 Months)</b>		<b>AS AT 31.03.2004 Rs. (12 Months)</b>
EXCESS PROVISIONS WRITTEN BACK	-		30,821
INTEREST RECEIVED	5,650		-
COMMISSION RECEIVED	1,160,069		-
<b>TOTAL</b>	<b>1,165,719</b>		<b>30,821</b>

**SCHEDULE - 9**

<b>COST OF GOODS SOLD</b>	<b>AS AT 31.03.2005 Rs. (12 Months)</b>		<b>AS AT 31.03.2004 Rs. (12 Months)</b>
OPENING STOCK	17,015,125		6,098,314
ADD: PURCHASES	125,071,459		84,421,493
	142,086,584		90,519,807
LESS: CLOSING STOCK	30,321,150		17,015,125
<b>TOTAL</b>	<b>111,765,434</b>		<b>73,504,682</b>

## BARTRONICS INDIA LIMITED

### SCHEDULE - 10

EMPLOYEES REMUNERATION & BENEFITS	AS AT 31.03.2005 Rs. (12 Months)		AS AT 31.03.2004 Rs. (12 Months)
SALARIES, WAGES & BONUS	10,607,653		6,713,312
CONTRIBUTION TO PF	219,780		97,933
DIRECTORS REMUNERATION	556,008		556,008
STAFF WELFARE EXPENSES	159,965		194,671
<b>TOTAL</b>	<b>11,543,407</b>		<b>7,561,924</b>

### SCHEDULE - 11

ADMINISTRATIVE, SELLING AND OTHER EXPENSES	AS AT 31.03.2005 Rs. (12 Months)		AS AT 31.03.2004 Rs. (12 Months)
ADVERTISEMENT	42,062		55,410
RENT	976,170		1,279,861
RATES & TAXES	118,897		87,134
PRINTING & STATIONERY	268,385		218,989
POSTAGE & TELEGRAMS, TELEPHONES	1,349,861		1,438,291
INSURANCE	117,033		78,839
TRAVELLING & CONVEYANCE	3,943,891		3,196,500
ELECTRICITY CHARGES	473,262		411,615
PROFESSIONAL FEE	349,654		1,309,478
REPAIRS & MAINTANANCE	91,280		107,521
GENERAL & OTHER ADMINISTRATIVE EXPENSES	2,464,265		3,705,234
SALES PROMOTION	106,314		121,954
COMMISSION ON SALES	817,160		207,752
BANK CHARGES	500,382		242,238
<b>TOTAL</b>	<b>11,618,614</b>		<b>12,460,816</b>

### SCHEDULE - 12

INTEREST & FINANCIAL CHARGES	AS AT 31.03.05 Rs. (12 months)		AS AT 31.03.04 Rs. (12 months)
INTEREST-TERM LOAN	8,642,052		7,792,741
INTEREST-CASH CREDIT & OTHERS	2,150,056		616,804
FINANCIAL CHARGES	-		
<b>TOTAL</b>	<b>10,792,108</b>		<b>8,409,545</b>

**SCHEDULE – 13 : NOTES ON ACCOUNTS**

**A) SIGNIFICANT ACCOUNTING POLICIES**

**1. METHOD OF ACCOUNTING :**

- 1.1 The financial statements are prepared on a going concern basis with historical costs.
- 1.2 The company generally recognizes income and expenditure on an accrual basis.

**2. FIXED ASSETS**

- 2.1 Fixed Assets are stated cost less depreciation. Cost of Fixed Assets are inclusive of freight, duty, taxes and incidental expenses thereto wherever applicable.

**3. DEPRECIATION**

- 3.1 Straight Line method of depreciation is adopted on all existing assets on the basis and at the rates prescribed by schedule XIV to the Companies Act, 1956.
- 3.2 Depreciation is provided on Technology and commercial rights in terms of AS-26. Accordingly, the cost is written off on straight-line method over a period of 10 years.

**4. INVENTORIES**

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

**5. MISCELLANEOUS EXPENDITURE**

- 5.1 Preliminary expenses are amortized over a period of 5 years.

**B) NOTES ON ACCOUNTS**

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

**1. SECURED LOANS**

- 1.1 Cash credit facilities from Andhra Bank are secured by hypothecation of stocks, Trade receivables, collateral by way of extension of charge on the fixed assets and personal guarantee of Directors.
- 1.2 Loan from Citi Bank Maruthi Finance is secured by the hypothecation of Two Maruthi cars purchased out of the said loan.
- 1.3 Loan from ABN Amro Bank Ltd., is secured by the hypothecation of the One Honda City Car purchased out of the said loan.
- 1.4 Venture Capital Loan availed from Industrial Development Bank of India is secured by all movable & immovable assets, present and future, of the company except stock and book debts and personal guarantee of the promoters.

## ***BARTRONICS INDIA LIMITED***

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### **2. CURRENT ASSETS, LOANS AND ADVANCES**

- 2.1 Inventory quantities and values as at the period end are as certified by the management.
- 2.2 Sundry debtor's balances are subject to confirmation.

### **3. CURRENT LIABILITIES & PROVISIONS**

- 3.1 Sundry creditors balances are subject to confirmation.
- 3.2 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. Total outstanding due to creditors other than Small Scale Industrial undertaking is Rs.153.63 lacs.
- 3.3 Contingent Liabilities not provided for in the books of accounts:
- 3.3.1 Towards Letter of Credit taken from Andhra Bank is Rs.5.09 lacs
- 3.3.2 Towards Bank Guarantee availed from Andhra Bank is Rs.43.63 lacs  
and from UTI Bank Ltd., is Rs.1.07 lacs.

### **4. OTHERS :**

- 4.1 Information on licensed and installed capacity is not furnished since the company is not involved in any manufacturing activity during the year.
- 4.2 The impact of deferred tax in accordance with AS-22 has been considered while forming the accounts and necessary provision has been created.
- 4.3 Auditors remuneration pertains to payment towards :
- |                      |  |
|----------------------|--|
| Statutory Audit      | : Rs.35,000 (Previous year Rs.35,000)  |
| Tax Audit-Income tax | : Rs.20,000 (Previous year Rs.20,000)  |
| Sales tax            | : Rs. 5,000 (Previous year Rs. 5,000)  |
| Certification        | : Rs. 15,000 (Previous Year Rs.15,000) |
- 4.4 CIF value of imports :
- |                              |                      |
|------------------------------|----------------------|
| Finished goods & accessories | : Rs. 2,65,34,658.92 |
|------------------------------|----------------------|
- 4.5 Managerial Remuneration details :
- |                   |                 |
|-------------------|-----------------|
| Managing Director | : Rs.5,56,008/- |
|-------------------|-----------------|
- 4.6 Expenditure in foreign currency.
- |                            |                  |
|----------------------------|------------------|
| Time & Attendance System   |                  |
| Accessories, Scanners etc. | : Rs. 15,244,340 |
| Travelling                 | : Rs. 3,25,971   |

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***BARTRONICS INDIA LIMITED***

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4.7 Quantitative Information :

<b>Particulars</b>	<b>Opening Stock</b>	<b>Purchases</b>	<b>Sales</b>	<b>Closing Stock</b>
Printers	59	421	414	66
Scanners	126	1234	1065	295
HandHeld Terminals	8	239	204	43
Time & Attendance	95	605	585	115
Others	55	39942	9275	30722
Consumables	0	7440	5589	1851

4.8 Previous year's figures have been regrouped and reclassified where ever necessary.

for YAJI ASSOCIATES  
Chartered Accountants

for BARTRONICS (INDIA) LIMITED

**Sd/-**  
**(A.P.P. KASIPATI)**  
Partner  
**M.No.19442**

**Sd/-**  
**Sudhir Rao**  
Managing Director

**Sd/-**  
**V. Rama Mohan Rao**  
Director

Place : Hyderabad  
Date : 25.04.2005

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**BARTRONICS INDIA LIMITED**

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**INFORMATION PURSUANT TO PART IV OF SCHEDULE OF THE COMPANIES ACT, 1956.****BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE**

<b>1. Registration Details</b>	
Registration No.	01-11721
State Code	01
Balance Sheet Date	31.03.2005
<b>2. Capital Raised during the year</b>	
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
<b>3. Position of Mobilisation and Deployment of Funds</b>	
Total Liabilities	17,74,10,482.
Total Assets	17,74,10,482
<b>Sources of Funds</b>	
Paid – up Capital	4,37,93,000
Reserves and Surplus	5,19,48,721
Secured Loans	7,40,08,345
Unsecured Loans	Nil
<b>Application of Funds</b>	
Net Fixed Assets/Capital WIP	7,57,53,604
Investments	Nil
Net Current Assets	10,24,03,212
Miscellaneous Expenditure	3,28,250
Accumulated Losses	Nil
<b>4. Performance of the Company</b>	
Turnover	18,17,18,106
Total Expenditure	15,41,96,235
Profit/(Loss) Before Tax	2,75,21,870
Profit/(Loss) After Tax	2,39,71,870
Earnings per Share in Rs.	2.74
Dividend Rate %	Nil
<b>5. Generic Names of Three Principal Products/Services of Company</b>	
(As per Monetary terms)	
Item Code No. (ITC Code)	N.A.
Product Description	Computer Software

**BARTRONICS INDIA LIMITED**

**BARTRONICS INDIA LIMITED**

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

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member / members of Bartronics India Limited hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him / her \_\_\_\_\_ of  
\_\_\_\_\_ as my / our proxy to attend and vote for me / us on my / our behalf at the 14th  
Annual General Meeting of the Company to be held on Monday 2<sup>nd</sup> May, 2005 at 3<sup>rd</sup> Floor, Plot No. 18, Nagarjuna Hills,  
Panjagutta, Hyderabad - 500 082 at 11.30 a.m. and any adjournment thereof.

Affix  
Revenue  
Stamp of  
Rs. 1/-

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

**Notes :**

- a. The form should be signed across the stamp as per specimen signature.
- b. The proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting.

**Signature**

**BARTRONICS INDIA LIMITED**

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

Member's Folio Number \_\_\_\_\_

No. of Shares held \_\_\_\_\_

**ATTENDANCE SLIP**

(to be handed over at the Entrance of the Meeting Hall)

I hereby record my presence at the 14<sup>th</sup> Annual General Meeting of the Company being held at \_\_\_\_\_ on \_\_\_\_\_.

Name of the Attending Member (in Block Letters) : \_\_\_\_\_

Name of the Proxy: \_\_\_\_\_  
(to be filled in if the proxy attends instead of the member)

Signature of the Member/Proxy: \_\_\_\_\_

\*To be signed at the time of handing over this slip

**Note :**

Shareholders/Proxy holders are requested to bring the attendance slip with them duly filled in when they come to the meeting and hand it over at the gate after affixing the signature on it.