

Bartronics India Limited

22nd
ANNUAL
REPORT

2012-2013



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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Shri S. Sudhir Rao, Managing Director Shri A. B. Satyavas Reddy, Director Shri K. Udai Sagar, Independent Director Shri A. Subrahmanyam, Nominee Director (EXIM Bank)
MANAGEMENT COMMITTEE	:	Shri S. Sudhir Rao, Chairman Shri K. Udai Sagar, Member
AUDIT COMMITTEE	:	Shri K. Udai Sagar, Chairman Shri A. B. Satyavas Reddy, Member Shri A. Subrahmanyam, Member
SHARE TRANSFER COMMITTEE	:	Shri A. B. Satyavas Reddy, Chairman Shri S. Sudhir Rao, Member Shri K. Udai Sagar, Member
REMUNERATION COMMITTEE	:	Shri K. Udai Sagar, Chairman Shri A. B. Satyavas Reddy, Member Shri A. Subrahmanyam, Member
COMPLIANCE OFFICER	:	Shri S. Sudhir Rao, Managing Director
AUDITORS	:	M/s T. Raghavendra & Associates Chartered Accountants No.22, Krishna Apartments, 5th Floor, Tilak Road, Abids, Hyderabad - 500 001.

REGISTERED OFFICE :
Survey No. 351, Raj Bollaram village
Medchal Mandal, R.R. Dits
Andhra Pradesh 501 401
Website: www.bartronics.com

CORPORATE OFFICE :
Plot No. 283, Road No. 78
Near Padmalaya Studio, Opp. Gemini Color Lab
Jubilee Hills, Hyderabad – 500 033

LISTING : EQUITY
Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
National Stock Exchange of India Limited (NSE)
5th Floor, Exchange Plaza
Bandra (E), Mumbai - 400 051

BANKERS :
Andhra Bank
Bank of Baroda
Bank of India
Barclays Bank
Exim Bank
HSBC Bank Limited
IDBI Bank Limited
Indian Bank

REGISTRAR & SHARE TRANSFER AGENTS :
M/s Bigshare Services Private Limited
306, Right Wing, 3rd Floor, Amrutha Ville,
Opp: Yashoda Hospital. Raj Bhavan Road,
Somajiguda, Hyderabad - 500 082
Phone No 040-2337 4967
Email: bsshyd@bigshareonline.com
Website: bigshareonline.com

NOTICE OF 22nd ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the members of the Company will be held on Monday, December 30, 2013 at 11.00 A.M. at the Registered Office of the Company situated at Survey No. 351, Raj Bollaram village, Medchal Mandal, Ranga Reddy Dist. Andhra Pradesh – 501 401 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at September 30, 2013 and the Statement of Profit & Loss for the year ended September 30, 2013 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri A. B. Satyavas Reddy who retires by rotation and who being eligible offers himself for re-appointment.
3. To appoint M/s T. Raghavendra & Associates (Membership No. 023806), Chartered Accountants, Hyderabad as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

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 K. Udai Sagar, who was appointed as an Additional Director of the Company with effect from May 14, 2013 and holds office upto the date of this Annual General Meeting of the Company, be and is hereby appointed as a director of the Company under Section 257 of the Companies Act, 1956 who shall be liable to retire by rotation”.

BY ORDER OF THE BOARD

For **BARTRONICS INDIA LIMITED**

Place: Hyderabad

S. SUDHIR RAO

Date: November 29, 2013

MANAGING DIRECTOR

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

2. Corporate members are requested to send a duly certified copy of the board resolution, pursuant to Section 187 of the Companies Act, 1956 authorizing their representative to attend and vote at the Annual General Meeting.
3. Members/proxies should bring their duly filled attendance slips sent herewith for attending the Annual General Meeting.
4. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification and attendance at the meeting.
5. The Register of Members and Share Transfer books of the Company will remain closed during the period from December 28, 2013 to December 30, 2013 (Both the days inclusive).
6. 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.
7. The Ministry of Corporate Affairs (MCA) has taken an initiative in respect of 'Green Initiative in the Corporate Governance' by allowing the Companies to send the notices/documents including annual reports to the members through electronic mode by giving an advance opportunity to the members for registering

their e-mail addresses with the Company/ Depositor y from time to time for receiving the same. In this connection, the members are requested to register their e-mail addresses by sending an e-mail with the following details to 'shareholders@bartronicsindia.com' or by visiting our website : www.bartronics.com

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

EXPLANATORY STATEMENT PUSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT 1956:

- Shri K. Udai Sagar was appointed as an Additional Director of the Company at the Meeting of Board of Directors of the Company held on May 14, 2013 and he holds office upto the date of ensuing Annual General Meeting of the Company.

Mr K Udai Sagar is an MBA from Bombay University. He started his career with a stint with Government of India's PSU and later worked for various companies, including Global American Technologies, Atlanta, GA, USA, Tertium International Inc (a spin-off of Sofinov – one of Canada's largest Incubator Fund for commercialization of new and advanced technologies) and United States Investments Associates LLC (a Dallas based venture capital advisory group), which helps investments across multiple sectors of businesses and geographies.

For bringing in cross border investments and technology, The Economic Times (a lead Indian Business Paper) named him as the Millennium Man 2000.

In 2000 and 2001 he was an Advisor to the Government of Israel IT Mission to promote Israeli Technology to the banking sector in India. He was awarded the International Trade

Award of Israel by the Prime Minister of Israel Mr. Ehud Olmert, for helping the bi-lateral trade between India and Israel.

Notice required under Section 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member proposing the appointment of Shri K. Udai Sagar as Director. 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.

Your directors recommended the resolution for your approval.

None of the directors except Shri K. Udai Sagar is interested or concerned in the aforesaid resolution.

Additional Information:

Details of the Directors seeking appointment/re-appointment at the 22nd Annual General Meeting (Pursuant to clause 49 of the listing agreement)

Name of Director	A.B.Satyavas Reddy
Date of Birth	15.05.1963
Expertise in specific functional areas	Shri A.B. Satyavas Reddy is a Mechanical Engineer from Osmania University and has rich experience in the engineering industry. Shri Satyavas Reddy is the Promoter Director of Bartronics India Limited.
Qualifications	Mechanical Engineer
Directorship held in other public companies (excluding foreign companies)	Satya Straps and Packing Technologies Limited
Membership/Chairmanship of Committees of other public companies (includes only Audit Committees and Shareholders'/Investors' Grievance Committee)	Nil
C-Chairman, M-Member	
Shareholdings in the Company	3.09%

DIRECTORS' REPORT

To The Members,

Your Directors have the pleasure in presenting the 22nd Annual Report together with the Audited Accounts for the Financial Year ended on September 30, 2013 comprising of Twelve (12) months from 01.10.2012 to 30.09.2013.

COMPANY PERFORMANCE

Your Directors herby report that the Company has achieved a turnover of Rs 21645 lakhs upto September 30, 2013, consisting of Twelve (12) months, as against the turnover of Rs. 119696 lakhs for the previous year ended September 30, 2012 consisting of Eighteen (18) months. The highlights of the financial results are given below:

CONSOLIDATED FINANCIAL RESULTS:

Rupees in Lakhs

Particulars	Year 2012-13	Year 2011-12
Net Sales	15,325.8	116,320.3
Other Income	6,319.0	3,375.6
Total Income	21,644.8	119,695.9
Total Expenditure	16,917.3	111,726.8
EBIDTA	4,727.5	7,969.1
Interest	5,046.7	7,345.9
PBDT	(319.2)	623.2
Depreciation & Amortization	(5,308.9)	(7,341.4)
PBT	(5,628.0)	(6,718.2)
Tax Expense	(2,410.3)	(418.9)
PAT	(3,217.8)	(7,137.1)
Appropriation as under :		
Transfer to General Reserve	--	--
Proposed Dividend	--	--
Tax on Dividend	--	--
Proposed Dividend	--	--

CAPITAL STRUCTURE

Foreign Currency Convertible Bonds

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

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

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

The Foreign Currency Convertible Bonds (FCCB's) are listed on the Singapore Stock Exchange, these bonds got matured in February 2013. In this regard the company had filed a request for an extension of the maturity of the bonds to November 2013 with Reserve Bank of India which was granted by them vide their letter dated October 30, 2013. In order to conclude discussions with its bondholders, the Company is in the process of filing a request for further extension of the maturity of the bonds.

CHANGES TO SHARE CAPITAL

At present the Authorized Share Capital of the Company stands at Rs. 110 crores and the paid up capital stands that 34.04 crores there has been no change in the share capital during the year ended September 30, 2013.

SUBSIDIARY COMPANIES

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

BARTRONICS ASIA PTE LIMITED

The Company was incorporated as a wholly owned subsidiary of Bartronics India Limited on 14th June 2007, in the Republic of Singapore with a Share Capital of US\$ 769500. Bartronics Asia Pte Limited (BAPL) acquired the only issued share of Cason

Limited on December 21, 2007; subsequently the name of the Company was change to Bartronics Hong Kong Limited with effect from 15th October 2008. In the month of April 2011, BAPL acquired the only share of Veneta Holdings Limited, Mauritius making it its wholly owned subsidiary. BAPL had during the previous financial period incorporated another subsidiary in Mauritius named Burbank Holding Limited. During this financial year Bartronics Asia Pte Ltd. acquired 51% stake in Systems America Inc. in a share swap agreement. As a result, Bartronics America Inc. ownership was transferred to Systems America Inc. Prior to this acquisition, Bartronics America Inc. got re-named as mCloud Inc. which reflected the company's interest in mobile & cloud computing.

BARTRONICS MIDDLE EAST FZE

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

CONSOLIDATED FINANCIAL STATEMENTS:

As required under the Listing Agreements entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statement has been prepared in accordance with the relevant accounting standards as prescribed under Section 211(3C) of the Companies Act. The consolidated financial statement discloses the assets, liabilities, income, expenses and other details of the Company and its subsidiaries.

The Ministry of Corporate Affairs, Government of India vide its Circular No. 5/12/2007-CL-III dated 8th February 2011 has granted general exemption under Section 212(8) of the Companies Act, 1956, from attaching the balance sheet, profit and loss account and other documents of the subsidiary companies to the balance sheet of the Company, provided certain conditions are fulfilled. Accordingly, annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies' investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor at its Head Office in Hyderabad and that of the subsidiary companies

concerned. A gist of the financial performance of the subsidiary Companies is contained in the report.

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

COMPANY OVERVIEW

Presently your Company offers the following business activities:

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

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

DIRECTORS

In accordance with the Articles of Association of the Company, Shri A. B. Satyavas Reddy is liable to retire by rotation and being eligible, offer himself for reappointment.

During the year Shri K. Udai Sagar has been appointed as an additional director of the Company w.e.f. May 14, 2013.

HUMAN RESOURCE MANAGEMENT

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

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

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of

particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report is given below:

FORM A

(See Rule 2)

A. CONSERVATION OF ENERGY:

a) Energy conservation	Energy saving measures are being implemented to reduce energy cost per unit of manufacture.
b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.	--NIL--
c) Impact of the measures at (a) and (b) above for reduction of energy and consequent impact on cost of production.	Cost of production will come down and prices will become competitive.
d) Total energy consumption and energy consumption per unit of production.	Details given hereunder in Form A

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

Electricity - purchased for manufacture of ingots and re-rolled products:

	2012-2013	2011-2012
Units (KWH)	176520	367392
Total amount (Rs.)	2228198	2298538
Rate/units (Rs)	12.62	6.26
Diesel		
Units (KWH)	0	21009
Total amount (Rs.)	0	309712
Rate/units (Rs)	0	14.36

C. FOREIGN EXCHANGE EARNINGS & OUTGO:

f) Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans.	The Company has planned expansion of export markets.
g) Total foreign exchange used and earned.	Earning Rs. 114.64 Lakhs Outgo Nil

FORM-B

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

Specific areas in which R&D carried out by the Company include RFID Tags, Cards manufacturing and personalization

Benefit derived as a result of the above R & D are include a) New products are contactless RFID b) both revenue and profit maximization

Future plan of Action: Completion of product development action in automatic RFID line

Technology Absorption, Adoption and Innovation

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

PARTICULARS OF EMPLOYEES

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

Office of the Company. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

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

STATUTORY AUDITORS

The Company's Statutory Auditors, M/s. T. Raghavendra & Associates, Chartered Accountants, Hyderabad will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

CORPORATE GOVERNANCE

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

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

The Board has laid down a code of conduct for all Board and Senior Managerial Personnel's of the Company. The code of conduct has been posted on the Company's website. Board Members and Senior Managerial Personnel's have affirmed compliance with the code for the financial year 2012-13.

A Certificate from the Managing Director that all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the period ended September 30th, 2013 is attached as Annexure - E.

CEO/CFO Certificate is enclosed as Annexure - F.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- In the preparation of Annual Accounts, the applicable accounting standards have been made from the same;

- b. They have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates 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 loss of the Company for that period;
- c. They have taken proper and sufficient care to the best of their knowledge and ability 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. They have prepared the annual accounts on a “on going concern basis”.

LISTING OF COMPANY'S SECURITIES

Your Company's Shares are presently listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), Mumbai.

DEMATERIALIZATION OF SHARES

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

FIXED DEPOSITS

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

The Company has not accepted any fixed deposits and the provisions of Section 58A of the Companies Act, 1956 are not applicable.

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

The Statutory Auditor's of the Company have made the following comments in their report for the period ended September 30th, 2013.

Auditors Comments:

“Without qualifying our opinion, we invite attention to Note no 48 forming part of the financial statements regarding the uncertainties relating to MCD Project – “Apke Dwar Project”

Company Explanation

Bartronics filed a case before the Honorable High Court of Delhi, against the Municipal Corporation of Delhi: The Company was awarded project “Aapke Dwar” in the year 2009 by the Municipal Corporation of Delhi (MCD). The project envisages installation of 2000 Kiosks at various locations in Delhi for providing various Government to Citizen (G2C) services and Business to Consumers (B2C) services. As at the balance sheet date 300 kiosks have been constructed and for the balance 1,700 kiosks, allotment of clear sites by MCD is awaited. Capital Work-in-progress includes the amounts expended on such construction which aggregates to Rs.1,426.34 Lakhs (2010-2011 : Rs. 4,112.58 Lakhs). Further amounts aggregating to Rs. 13,474.47 Lakhs (2010-2011 : Rs. 14,893.10 Lakhs) has been advanced for work to be carried out. In view of the unseemly delays in the allocation of sites by the MCD, the Company has filed a petition before the Honorable High Court of Delhi, against the Municipal Corporation of Delhi.

The case has been referred to Arbitration by the Hon'ble High Court of Delhi.

“Note 17 forming part of the financial statements regarding the Trade Receivables balance aggregating to Rs.97,646.74 Lakhs (including Rs.94721.98 Lakhs relating to the period prior to September 30th, 2012) and in respect of which no provision has been made .In the absence of the required information, we are unable to form an opinion on the extent to which the debts may be irrecoverable”.