



RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated: December 5, 2005
100% Book Building Issue

Bartronics India Limited

(Incorporated on September 10, 1990 under the Companies Act, 1956 as Super Bar Tronics Private Limited in Hyderabad. Converted into a Public Limited Company on July 27, 1995 and received fresh Certificate of Incorporation consequent to change of name to Bartronics India Limited on January 1, 1996)

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

(For changes in Registered Office, please refer Page No. 5 under the caption "General Information")

Tel: 91+040 - 23298073/23298074; Fax: 91-040 - 23298076; E-mail: ipo@bartronicsindia.com ; Website: www.bartronicsindia.com

Compliance Officer: Mr. Arun Shourie, Company Secretary

PUBLIC ISSUE OF 65,00,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH PER SHARE AT A PRICE OF RS. [●] FOR CASH AT A PREMIUM AGGREGATING RS. [●] LACS (HEREINAFTER REFERRED TO AS "THE ISSUE") INCLUDING PROMOTERS' RESERVATION OF 5,00,000 EQUITY SHARES AND EMPLOYEE RESERVATION OF 6,00,000 EQUITY SHARES OF FACE VALUE OR RS. 10/- EACH PER SHARE AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. [●] AND NET ISSUE TO THE PUBLIC OF 54,00,000 EQUITY SHARES OF FACE VALUE OR RS. 10/- EACH PER SHARE AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. [●] (HEREIN AFTER REFERRED TO AS THE "NET ISSUE") AND THE NET ISSUE WOULD CONSTITUTE 37.07% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY

Price Band: Rs.63/- to Rs.75/- per Equity Share of Rs. 10/- each.

The Issue is being made through the 100% book building process wherein upto 50% of the Net Issue to the public shall be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allocation on a proportionate basis to QIBs and Mutual Funds subject to valid bids received from them at or above the issue price. Further, not less than 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Bartronics India Limited (the Company/ Issuer/BIL), there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- and the issue price is [●] times of the face value. The floor price is 6.3 times and cap price is 7.5 times of the face value. The Issue Price/Price band (has been determined and justified by the Book Running Lead managers and Bartronics India Limited as stated under the justification of premium paragraph) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this document.



Specific attention of the investors is invited to the statement of Risk Factors on Page No. ix to xv of the Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Bartronics India Limited, having made all reasonable inquiries, accepts responsibility for, and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue; that the information contained in this Red Herring Prospectus is true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares are proposed to be listed on Bombay Stock Exchange Limited (BSE) (the Designated Stock Exchange) and The National Stock Exchange of India Limited (NSE). The in-principle approvals of the Stock Exchanges for listing Equity Shares have been received pursuant to their letters dated DCS/Smd/sm/2005, dated October 28, 2005 and NSE/LIST/18278/N, dated November 10, 2005 respectively.

BOOK RUNNING LEAD MANAGERS	REGISTRAR TO THE ISSUE
 Karvy Investor Services Limited "Karvy House", 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034, Andhra Pradesh, India Tel: 91 40 23374714 / 23320251, Fax: 91 40 23374714 E-mail: mbd@karvy.com; Website: www.karvy.com SEBI Regn No. INM000008365	 Bigshare Services Private Limited E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400 072, Maharashtra , India Tel.: +91 22 2847 3747 Fax : +91 22 2847 5207 Email: bigshare@bom7.vsnl.net.in SEBI Regn No. INR000001385

ISSUE PROGRAMME

BID/ISSUE OPENS ON DECEMBER 20, 2005

BID/ISSUE CLOSES ON DECEMBER 24, 2005

Table of Contents

S.No	PARTICULARS	Page No
I	DEFINITIONS AND ABBREVIATIONS	
1	CONVENTIONAL/GENERAL TERMS	i
2	OFFERING RELATED TERMS	ii
3	COMPANY/INDUSTRY RELATED TERMS	v
4	ABBREVIATIONS	vi
II	RISK FACTORS	
1	FORWARD LOOKING STATEMENTS/MARKET DATA	viii
2.	RISK FACTORS	ix
III	INTRODUCTION	
1	SUMMARY	1
2	THE ISSUE	2
3	FINANCIAL, OPERATING AND OTHER DATA	3
4	GENERAL INFORMATION	5
5	CAPITAL STRUCTURE	10
6	OBJECTS OF THE ISSUE	20
7	BASIC TERMS OF THE ISSUE	29
8	TAX BENEFITS	32
IV	ABOUT THE ISSUER	
1	INDUSTRY REVIEW	37
2	BUSINESS OVERVIEW	39
3	KEY INDUSTRY REGULATIONS AND POLICIES	52
4	HISTORY AND CORPORATE STRUCTURE	53
5	MANAGEMENT	57
6	PROMOTERS	63
V	FINANCIAL INFORMATION	
1	AUDITOR'S REPORT	65
2	FINANCIAL INFORMATION OF GROUP COMPANIES	77
3	MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS	78
VI	LEGAL AND OTHER INFORMATION	
1	OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	83
2	GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS	85
VII	OTHER REGULATORY AND STATUTORY DISCLOSURES	86
VIII	ISSUE INFORMATION	94
IX	DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION	120
X	LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	139
	DECLARATION	141

SECTION I — DEFINITIONS AND ABBREVIATIONS

1. CONVENTIONAL/ GENERAL TERMS

Term	Description
Articles/Articles of Association/ AoA	Articles of Association of Bartronics India Limited
Companies Act / Act	The Companies Act, 1956 as amended from time to time
CV Duty	Counteravailing Duty
Depository	A company formed and registered under the Companies Act, 1956 (1 of 1956), and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A person registered as such under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)
DGFT	Director General Foreign Trade
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII	Foreign Institutional Investor (as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year
Government /Gol	The Government of India
Indian GAAP	Generally accepted accounting principles in India
I.T. Act	The Income-Tax Act, 1961, as amended from time to time
IDBI	Industrial Development Bank Of India Limited
Memorandum / MoA	Memorandum of Association of the Company
MTLR	Minimum Term Lending Rate
NRI / Non-Resident Indian	Non-Resident Indian, as defined under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
SSI	Small Scale Industry
R&D	Research And Development.
USA	United States Of America



2. OFFERING RELATED TERMS

Allotment	Issue of Equity Shares of the Company pursuant to the Public Issue to the successful Bidders.
Allottee	The successful Bidder to whom the Equity Shares are being issued.
Bankers to the Issue	The Bankers with whom the Escrow account for the Issue shall be opened
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Price/ Bid Amount	The amount equal to highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Opening Date/ Issue Opening Date	The date on which the Syndicate Members shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu regional newspaper
Bid Closing Date / Issue Closing Date	The date after which the Syndicate Members will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu regional newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which, this Issue is being made.
BRLMs	Book Running Lead Managers to the Issue, in this case being Karvy Investor Services Limited and Centrum Capital Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the issue price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no bids will be accepted
Cut-off price	Cut-off price refers to any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band
Designated Stock Exchange	Bombay Stock Exchange Limited
Designated Date	The date on which the funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall allot Equity Shares to successful bidders
Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with ROC at least three days before the bid/offer opening date. It will become a Prospectus after filing with ROC after the pricing



Eligible employee	Means a permanent employee or the Director of the Company (or its subsidiaries) who is an Indian National based in India and is physically present in India on the date of submission of the bid cum application form. In addition, such person should be an employee or director during the period commencing from the date of filing of the Red Herring Prospectus with RoC upto the bid/issue closing date. Promoter Directors are not eligible to be treated as eligible employees.
Employee reservation portion	That portion of the issue being a maximum of 6,00,000 Equity Shares available for allocation to eligible employees
Equity Shares	Equity Shares of the Company of the face value Rs. 10 each, unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount and refunds (if any) of the amount collected to the Bidders
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the Syndicate Members and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank (s)	ICICI Bank Limited, Yes Bank Limited, Citibank N.A. and Standard Chartered Bank
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted
Fresh Issue / Issue	Public issue of 65,00,000 new Equity Shares of Rs. 10/- each for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] lacs by the Company in terms of this Red Herring Prospectus
Issue Account	Account opened with the Banker to the issue to receive monies from the Escrow Accounts on the Designated Date
Issuer	Bartronics India Limited
Issue Size	65,00,000 Equity Shares of Rs.10/- each at the Issue Price of Rs.[●]
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus, as determined by the Company in consultation with the BRLMs, on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Members of the Syndicate	The BRLMs and the Syndicate Member.
Mutual Funds	Mutual fund means a fund registered with SEBI board under the SEBI (Mutual Funds) Regulations
Net Issue to the public	54,00,000 new Equity Shares of Rs. 10/- each for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] lacs by the Company in terms of this Red Herring Prospectus
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders
Non-Institutional Portion	The portion of the Issue being a minimum of 8,10,000 Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders
Pay-in-date	The last date specified in the CAN sent to the Bidders
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in-Date
Price Band	The Price band of a minimum price (Floor Price) of Rs.63/- and the maximum price (Cap Price) of Rs.75/- and includes revision thereof



Pricing Date	The date on which the Company in consultation with the BRLMs finalises the Issue Price
Prospectus	The Prospectus filed with the ROC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
QIB Portion	The portion of the Net Issue being 27,00,000 Equity Shares of Rs. 10 each at the Issue Price, available for allocation to QIBs on proportional allotment basis of which 5% that is i.e. 1,35,000 Equity Shares are reserved for Mutual Funds and the balance will be available for all QIBs including Mutual Funds.
Qualified Institutional Buyers/ QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Foreign Institutional Investors registered with SEBI, Multilateral And Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory And Development Authority (IRDA), Provident Funds with a minimum corpus of Rs. 25 crores and Pension Funds with a minimum corpus of Rs. 25 crores
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount in excess of Rs. 1,00,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Net Issue being a minimum of 18,90,000 Equity Shares of Rs.10 each available for allocation to Retail Individual Bidder(s)
Registrar/ Registrars to the Issue	Bigshare Services Private Limited
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs
Syndicate	The Syndicate Members collectively
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and Syndicate Member
Underwriting Agreement	The Agreement among the BRLMs, the Syndicate Member and the Company to be entered into on or after the Pricing Date

3. Company/Industry related Terms

AIDC	Automatic Identification and Data Collection
AMC	Annual Maintenance Contract
AMR Research	Boston Based Technology Research Company
Articles / AoA	Articles of Association of the Company
Auditors	The statutory auditors of the Company, Yaji Associates, Hyderabad
Board/ Board of Directors	Board of Directors of Bartronics India Limited
Committee	Committee of the Board of Directors of Bartronics India Limited authorised to take decisions on matters related to or incidental to this Issue
The Company / BIL / Bartronics India Limited / We / Us / Our Company/ The Issuer	Bartronics India Limited incorporated as Super Bar Tronics Private Limited on September 10, 1990 under the Companies Act, 1956. Converted into a public limited Company on July 27, 1995 and Received fresh Certificate of Incorporation consequent to change of name to Bartronics India Limited on January 1, 1996
CCTV	Close Circuit Television
CRM	Customer Relationship Management
DNV	Det Norske Veritas
DTR	Data Transfer Rate
Equity Shares	Equity Shares of the Company of Rs. 10/- each unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
EAN	European Article Numbering System
EOU	Export Oriented Unit
EDI	Electronic Data Interchange
EPC	Electronic Product Code
ERP	Enterprise Resource Planning
EAS	Electronic Article Surveillance
EMF	Electromagnetic Field
Face Value	Value of paid up equity capital per Equity Share, in this case being Rs. 10/- each
ISO	International Standards Organisation
ICR	Intelligent Character Recognition
IMR	Intelligent Mark Recognition
IT	Information Technology
Memorandum /MoA	Memorandum of Association of the Company
MICR	Magnetic Ink Character Recognition
MRC	Machine Readable Codes
OCR	Optical Character Recognition
OMR	Optical Mark Recognition
PLC	Programmable Logic Controller
PSC	Photographic Sciences Corporation



PO	Purchase Order
POS	Point-Of-Sale
PSC	Photographic Sciences Corporation
PTC	Portable Terminal Computer
QC	Quality Control
QS	Quick Scan
RF	Radio Frequency
RFID	Radio Frequency Identification
Registered Office / Registered Office of the Company	5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad 500 004
RFDC	Radio Frequency Data Communication
STPI	Software Technology Park Of India
SI	System Integration
SQL	Structured Query Language
SY-125	Synel Brand - Model No. 125
T & A	Time & Attendance
UCC	Universal Code Council
UPC	Universal Product Code

4. Abbreviations

Abbreviation	Full Form
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
A/c	Account
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CDSL	Central Depository Services (India) Limited
EBITDA	Earning Before Interest Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	Foreign Investment Promotion Board
FDI	Foreign Direct Investment
GDP	Gross Domestic Product



Abbreviation	Full Form
HUF	Hindu Undivided Family
IPO	Initial Public Offering
Karvy	Karvy Investor Services Limited
MNC	Multi National Company
N.A.	Not Applicable
NAV	Net Asset Value being paid up Equity Share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NOC	No Objection Certificate
NR	Non-Resident
NRE Account	Non Resident External Account
NRI(s)	Non-Resident Indians
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
ROC	Registrar of Companies, Andhra Pradesh situated at Kendriya Sadan, Sultan Bazar, Koti , Hyderabad -500 195
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
Sec.	Section
US or USA	United States of America
\$	U.S. Dollars
U.K	United Kingdom
TRS	Transaction Registration Slip

1. SECTION II — RISK FACTORS**FORWARD LOOKING STATEMENTS; MARKET DATA**

The Company has included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the expectations of the Company with respect to, but not limited to, their ability to successfully implement their strategy, their growth and expansion, technological changes, their exposure to market risks, general economic and political conditions in India which have an impact on the business activities or investments, the monetary and interest, policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause the actual results to differ, see the section entitled “Risk Factors” beginning on page ix of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our unconsolidated financial statements prepared in accordance with the Indian GAAP included elsewhere in this Red Herring Prospectus. Unless stated otherwise, references to consolidated financial information is to the consolidated financial information under Indian GAAP.

Use of Market Data

Market/Industry data used throughout this Red Herring Prospectus was obtained from the Company. The information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although, the Company believes that the market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.



2. RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, results of operations and financial condition could suffer, the trading price of the Equity Shares of the Company could decline, and the investor may lose all or part of his investment.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- a) Some events may not be material individually but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. INTERNAL TO THE COMPANY

1. **The Company is promoted by first generation entrepreneurs and the investments will be subjected to all consequential risk associated with such ventures.**

The company was promoted by first generation entrepreneurs 15 years back. The company's business was the brain-child of these entrepreneurs and the sourcing of solutions provided by the company was the result of their efforts and understanding. Consequently, the relationships that the company has established with various stakeholders are a product of the efforts of the erstwhile promoters and carry inherent consequential risk. Currently, a team consisting of qualified professionals is managing the company on a day-to-day basis.

2. **Dependence on key management Team**

The company has a team of professionals who are responsible for the day-to-day operations. The company may lose the key management team to the competitors. If one or more members of the management team are unable or unwilling to continue with the company, Bartronics may find it difficult to replace such people and the business may be adversely affected.

3. **Contingent liability against the Company**

As on September 30, 2005 the contingent liability outstanding against the company is as follows:

(Rs. in Lacs)

Sl.No.	Particulars	30.09.05
1	Bank Guarantee	3.04
	Total	3.04

4. **The proposed expansion project is mainly funded by the Public Issue. Any delay in raising the funds from IPO may have an adverse impact on the future performance of the Company.**

Delays in raising funds are likely to have an impact in the growth plans of the company in the short run due to delayed deployment of funds. Due to delays, it is likely that the company may have to renegotiate with some of the suppliers and in some cases even settle for alternate suppliers for key equipment. Such processes can delay the project thereby affecting the future performance of the company. The performance projections are prepared based on timely raising of funds and hence the delay in IPO can effect future performance of the company.

5. **Low promoter holding**

The promoters and the promoter's group are expected to hold 36.94 % of the post-issue paid up capital of the company.



The promoters and their group will hold relatively less equity in the company post-issue. To this extent, the control of the company's operations shall rest on its board of directors appointed from time to time. Due to broad-based shareholding pattern, the company shall be subjected to the risk of being run by an independent professional team.

6. The Company has not made any definitive arrangements for the procurement of some of the equipment/machinery/fixed assets for the project, which may cause delay in implementation of the project.

The process of issuing confirmation to the suppliers for the supply of equipments have been held up due to the company not having released any advances to the suppliers. Because of delay in payment of advances to suppliers, the delivery of the equipment/materials may get delayed in turn causing further delay in project implementation. By not finalizing terms with some of the vendors, the company may also be faced with situation of seeking new vendors/suppliers where negotiations and discussions need to be started afresh. As a result, the project implementation may be significantly effected in terms of delays.

7. If the Company is unable to implement its growth strategies in a timely manner, its business and results of operations could be adversely affected.

The company intends to implement its domestic and international growth strategies through opening of branches in strategic locations. In addition, the Company's success will depend on, among other things, its ability to secure required financing, assess potential markets, time its capital investments, control input costs, attract new customers in India and in international markets, maintain and enhance position with its current customers both in India and internationally and maintain sufficient operational and financial controls. The Company's growth strategy may place significant demands on its management and other resources.

The Company's growth strategies involve risks and difficulties, many of which are beyond its control and accordingly there can be no assurance that it will be able to complete its plans on schedule or without incurring additional expenditures or at all. If market conditions change and operations do not generate sufficient funds or for any other reasons, the Company may decide to delay, modify or forego some aspects of its growth strategies. The future results of operations may be adversely affected if it is unable to implement its growth strategies successfully.

8. Expanding Company's market outside of India could increase costs and may decrease profits.

Opening of branches outside India has its own associated risks of different markets and different cultures. So far, the company has operated in India only and has achieved its success only in the Indian Market. Overseas expansion has its own gestation period and costs and hence, if the company is not able to gear up its operations swiftly, the performance may be effected drastically.

As such, the Company's international marketing experience is limited and there can be no assurance that it will be able to expand its export activities as planned. The business strategy of expansion into foreign markets will require the Company to adapt its products and marketing strategy to foreign markets. In many markets, the Company may have to establish subsidiaries or affiliated companies using local partners or conclude co-operation agreements with companies who are already established. In the case of such joint ventures and other cooperation arrangements, there can be no assurance that the Company will be able to negotiate attractive terms or prevail in a potential disagreement with its business partners.

The Company foray into foreign markets will also expose it to risks associated with different legal and taxation regimes and economic conditions in each country and to different (and potentially more onerous) legal regimes with respect to product liability and warranty requirements. The Company will also increase its exposure to risks of fluctuation in foreign currency exchange rates. As a result, its strategy of expansion into markets outside India could increase its costs of operations and thereby could have an adverse effect on future prospects, financial condition and results of operations.

9. Identification of Branches

The company is yet to identify locations for setting-up overseas branches at Sri Lanka, Bangladesh, Dubai and Mauritius and domestic branches at Ahmedabad and Gauhati.



10. The Company is dependent on external suppliers for key materials and components.

The company is dependent on external suppliers for most of the hardware that the company sells. The failure of its suppliers to deliver these materials or components in the necessary quantities or to adhere to delivery schedules or specified quality standards/technical specifications, could adversely affect its business and its ability to deliver on time and at the desired level of quality giving rise to contractual penalties or liability, for failure to perform contracts, and a loss of customers and damage Company's reputation, any of which could materially adversely affect its results of operations.

Also, qualifying alternative suppliers that can meet the Company's technical and quality standards, and who can supply these materials in necessary quantities, would entail substantial cost and could cause delays in deliveries of the Company's solutions. Any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

Further, if the costs of these materials were to rise due to factors such as rises in input and commodity prices or shortages in supply, and the Company is not able to recover these costs through cost saving measures elsewhere or by increasing the prices of its solutions, its results of operations could be adversely affected. As such, should cost of materials rise, the Company can provide no assurance that it will be able to pass on any additional costs to its customers, and accordingly its results of operations could suffer. Finally, as the Company often purchase in advance materials based on its estimate of customer demand for an upcoming period, in the event prices for these materials subsequently decline there can be no assurance that the Company will be able to price its solutions based on the material costs it actually incurred, which would make its solutions uncompetitive compared to those of competitors who have not locked in their material supplies.

11. The Company's geographically diverse business operations and its rapid growth have placed constraints on the Company's ability to generate financial information in a timely manner. If the Company has difficulty in integrating and upgrading its reporting systems, the Company's ability to provide its management and investors with financial information, particularly for interim periods, may be adversely affected.

To be effective, and consistent with best practices, the Company's management requires accurate and reliable financial information on a timely basis. The geographically diverse nature of its operations and facilities and the rapid expansion of its business activities in recent periods has placed constraints on the ability of the Company's information and accounting systems to generate information on its financial condition promptly. Although the Company believe that this has so far not affected the timeliness and quality of the financial and operational information that its management receives, there can be no assurance that these constraints will not hinder the timeliness of such information in the future and this may adversely affect its ability to generate and management's ability to receive promptly information regarding its financial condition and results of operations.

In addition, the geographic spread of the Company's operations hinders timely reporting from certain locations and requires it to carry out manual processes to generate interim period-end financial information due to the delays in receiving the necessary base data. These manual processes may constrain its ability to generate and promptly compile its period-end information, particularly once financial information is consolidated. As a result, it takes time for the Company to generate and provide consolidated balance sheet, profit and loss account and cash flow information for interim periods.

12. The Company may, in the future, enter into strategic alliances, investments, partnerships and acquisitions. These may harm the Company's business, dilute your ownership interest and cause the Company to incur debt.

As part of the Company's growth strategy, it may enter into strategic alliances, make strategic investments, establish partnerships and/or make acquisitions relating to materials, components, complementary businesses, technologies, services or products. The Company may not be able to identify suitable investment opportunities, partners or acquisition candidates. If it does identify suitable investment opportunities, partners or acquisition candidates, the Company may have difficulty in accurately assessing the candidates, risks, placing an accurate valuation on it and it may be unable to negotiate terms commercially acceptable or favourable to it or complete those transactions at all.



If the Company acquires another company or form a new joint venture or other strategic partnership, it could have difficulty in integrating that company's business, including products, components, personnel, operations and technology, with the Company's business. In addition, the key personnel of an acquired company may decide not to work for the Company. Any potential acquisition, alliance or joint venture could involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortisation of acquired intangible assets, some or all of which could have a material adverse impact on the Company's business, financial condition and results of operations. In the event that it plans to acquire or invest in an overseas company, the Company may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all.

The Company may finance future investments, partnerships or acquisitions with cash from operations, existing cash balances, debt financing, the issuance of additional Equity Shares or a combination of these or any other forms of financing. The Company cannot guarantee that it will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of its Equity Shares would dilute the ownership interest of its shareholders and debt financing would increase the Company's leverage and financial risks. As of the date of this Red Herring Prospectus, the Company has no definitive commitment or agreement for any material investment, partnership or acquisition.

13. The Company has significant planned capital expenditures; its capital expenditure plans may not yield the benefits intended. The capital expenditure mentioned in the Objects of the Issue has not been appraised by any bank or financial institution.

The Company operations require significant capital expenditure to be utilized for the purpose of setting up new Research and Development facilities, setting up of branches and marketing. For more details on the Company's planned expenditure please refer to the section entitled "Objects of the Issue" on page no.20 in this Red Herring Prospectus. The figures in the capital expenditure plans are based on management estimates and have not been appraised by any bank, financial institution or other independent organisation. In addition, the Company's capital expenditure plans are subject to a number of variables, including possible cost overruns; receipt of critical governmental approvals; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. There can be no assurance that any capacity addition or improvement at its facilities will be completed as planned or on schedule or that the Company will achieve its planned capacity, operational efficiency or product base, or its targeted return on investment. In view of the reasons stated above, the Company cannot assure that it will be able to execute its capital expenditure plans as contemplated. If the Company experiences significant delays or mishaps in the implementation of its capital expenditure plans or if there are significant cost overruns, then the overall benefit of such plans to its revenues and profitability may decline.

14. The Company has not entered into any definitive agreements to utilise the proceeds of the Issue. Further, the management of the Company will have significant flexibility in applying the proceeds of the Issue.

The Company intends to use the proceeds of the Issue for capital expenditure described in the section "Objects of the Issue" on page no.20 of this Red Herring Prospectus. Except as stated in the section titled "Objects of the Issue" of this Red Herring Prospectus, the Company has not entered into any definitive agreements to utilise such net proceeds. The Company has not yet placed orders for major items of plant and machinery . Pending any use of the proceeds of the Issue, the Company intends to invest the funds in liquid instruments.

The Company also propose to use part of its proceeds to fund strategic acquisitions, as and when the opportunities arise. The Company has not yet identified any potential targets for the above. It may also spend a portion of the proceeds of the Issue on expansion of its business instead of financing acquisitions. Accordingly, the management will have significant flexibility in applying the proceeds received by it from the Issue. The Company intends to rely on its internal systems and controls to monitor the use of such proceeds.

15. Technology Risk

Automated Identification and Data Collection (AIDC) systems can be extremely difficult to specify, quantify, or justify. There are performance and security issues to address in wireless networking. To many participants in the AIDC market space, RFID implementation is a new and to an extent a daunting challenge. The complicated array of environmental variables - radio frequency propagation characteristics, tag types, adhesives, surface reflective characteristics, packaging types, container types - is only one of several difficult aspects of RFID implementation to consider.

As is the case with most new technologies, the initial (adoption) stage is often considered to be the “guinea pig” stage. However, the Company maintains that adoption of the solutions provided by the Company cannot be considered to be too high a risk because such solutions have already been implemented elsewhere around the globe. Due to a long-domestic presence, and having consistently adapted the solutions to the Indian conditions for more than a decade, the Company is confident of mitigating its customers’ concerns in this context.

16. Privacy Concerns of Individuals

It is apprehended that the technology carries the potential for serious privacy and security violations - particularly when used on individual consumer items. Key security issues include protecting the confidentiality, integrity and availability of the data and information systems. The privacy issues include notifying consumers; tracking an individual’s movements; profiling an individual’s habits, tastes and predilections; and allowing for secondary uses of information.

Privacy concerns in the Indian context is governed by statutory decrees and corporate policies. The Company is sensitive to such concerns and has taken proactive steps to ensure that it complies with laid down norms. In most cases, the solutions provided by the Company are followed up by extensive customer training and acclimatization which ensures that the solutions are adopted by the individuals with full knowledge of implications. Such measures taken by the Company ensures success of its solutions.

16. Cost

High costs become a major inhibitor to the uptake of the RFID technology. All the hardware for RFID is imported which means that costs are high. RFID tags cost between 5 and 20 US cents each at bulk rates. Given such high price levels, the tags may not be used for low value items or perishable goods.

Currently the cost of RFID implementation is definitely high in comparison with traditional technologies. The Company believes that the cost of such implementation will come down as more and more companies adopt the technology. This is corroborated with the findings of studies conducted globally. In the Indian Corporate sector increased adoption of the technology by established firms like TELCO and ITC has already had an effect in bringing down the costs.

17. Inadequate assessment of market need

The market in India is at a very nascent stage. The market potential is tremendously high considering the wide array of applications the technology would enable. However, Bartronics has not based its projections on valid research of demand. The projections have been considered using past trend and pertinent industry growth.

In the absence of industry reports and guidelines, the Company has made its own research and projected the industry trends. The Company’s experience in the past ten years has provided valuable hands-on information on the direction that the industry is taking and this gives the management confidence that the Company will perform better in the coming years.

18. Inadequate confirmed orders

Bartronics has planned the capital outlay considering the perceived growth in demand for AIDC technologies. However, no confirmed orders of substantial amount have been placed on the Company as of date.



The outlay by the Company is for the efforts required for ensuring a large order book position. The management understands that the business requires significant efforts and based on past experience they believe that the outlay is essential for continued growth of the Company.

19. Any future equity offerings or issue of options under our employee stock option scheme may lead to dilution of your shareholding in the Company.

Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent the Company makes future equity offerings and to the extent additional options are issued under a future employee stock option scheme.

20. In the past 12 months, the Company has issued Equity Shares, which may be at a price less than the lower end of the price band for the Equity Shares being offered in the issue.

In September 2005 the Company has issued 15,00,000 Equity Shares of Rs.10/- each for cash at a price of Rs.50/- by way of Preferential Allotment.

The price at which equity shares have been issued in the last 12 months is not indicative of the price, which may be offered in this issue.

For further details, please refer to section titled "Capital Structure" beginning on page 10 of the Red Herring Prospectus.

21. Reschedulement of term loan

The term loan availed by the Company together with funded interest aggregating to Rs.469.11 lakhs was rescheduled by IDBI vide their letter dated 16th April, 2004.

22. Restrictive covenants in the sanction letter from Industrial Development Bank of India Limited.

The loan agreement dated 15th October, 1999 entered into with IDBI for the term loan of Rs.350 lacs contains the following restrictive covenants which effects the interest of Equity shareholders.

- a) IDBI shall have the right to convert ("conversion right") at its option a part or whole of the loan amount into fully paid-up equity shares of the borrower at any time during the currency of the loan
- b) Unless IDBI otherwise agrees, the Company shall not, until the conversion right reserved to IDBI is exercised in full or has lapsed.
 - i) Raise or increase its share capital.
 - ii) Modify in any way the rights attached to its share capital of any class.
 - iii) consolidate or sub-divide any equity shares (except with proper adjustment to the basis of conversion).
 - iv) reduce its share capital or any share premium accounts.
 - v) grant any option to subscribe for shares in its equity capital or any right to convert any obligation into such capital two persons other than the public financial institutions as defined in section 4A of the Companies Act, 1956.
 - vi) Issue any bonus shares by capitalizing its un-distributed profits reserves.
- c) The Company shall not, without the approval of IDBI declare or pay any dividend to any of its shareholders, whether equity or preference, during any financial year unless the borrower has paid to IDBI the installment of principal, interest, costs, charges and other monies payable under this agreement upto and during that year or has made provisions satisfactory to IDBI for making such payment.

B. EXTERNAL RISK FACTORS

1. Competition from unorganized Sector.

The company may face competition from unorganized sector, other established companies and new entrants into the industry; which may affect the profitability of the company.



2. Changes in Laws

Changes if any in the Government policies, Laws, governing business policies in general taxation laws, etc., may affect the profitability of the Company.

3. Business with SAARC countries

The Company is entering into the business in SAARC countries as well. It has been a general perception that business in SAARC countries except India is not secured with lot of risk involved in it.

The management understands the risks associated with businesses in other countries. Such businesses have been secured through adequate mechanisms like tie-ups with governmental agencies, leading players in each of the countries. Periodic visits by Company personnel to supplement the local marketing efforts also help in understanding the Company's business partners better and review its relationships on a continuous basis.

4. Economic downturn may affect operating performance

In case of an economic downturn caused by political instability, acts of violence, terrorist attack or any other reason whatsoever, the company may not be in a position to attract maximum value for the content provided by it and hence this may affect the operating performance.

5. High Rate of Obsolescence

Rate of obsolescence of the technology and equipments used in the Barcoding Industry is very high.

6. The prices of Equity Shares may fluctuate after this issue

The prices of the Equity Shares may fluctuate after the issue as a result of several factors, including volatility in the Indian and Global securities market; the Company's results of operations and performance; performance of the Company's competitors, performance of the Barcoding Industry as a whole and the perception in the market about investments in the Barcoding Industry ; adverse media reports on the Company or the Barcoding Industry; changes in the estimates of the Company's performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this issue.

Notes:

1. Investors are advised to refer to the para on "Basis for Issue Price" on Page No. 30 before making any investment in this Issue
2. Investors may note that in case of oversubscription, allotment to Retail Investors and Non Institutional Investors shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running Lead managers and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.
3. The book value per share as on September 30, 2005 is Rs 30.43/-
4. The net worth of the Company as per the Financial Accounts of the Company as on September 30, 2005 is Rs. 2060.29 lacs.
5. Public issue of 65,00,000 equity shares of face value of rs. 10/- each per share at a price of Rs. [●] for cash at a premium aggregating Rs. [●] lacs (hereinafter referred to as "the issue") including promoters' reservation of 5,00,000 equity shares of face value or Rs. 10/- each per share at a price of Rs. [●] for cash aggregating Rs. [●] and net issue to the public of 54,00,000 equity shares of face value or Rs. 10/- each per share at a price of Rs. [●] for cash aggregating Rs. [●] (herein after referred to as the "net issue") and the net issue would constitute 37.07% of the fully diluted post issue paid-up capital of the company.



6. The Issue is being made through a 100% book building process wherein upto 50% of the net issue to public will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") out of which, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allocation on proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.
7. Investors may note that in case of over-subscription in the issue allotment to Non- Institutional and Retail portion shall be on proportionate basis. For more information, see (Basis of allotment) beginning on page no.117 of this Red Herring Prospectus.
8. The average cost of acquisition of Equity Shares of the Promoter is as follows:

Name of the Promoter	Average Cost of Acquisition (in Rs.)
A.B.S. Reddy	6.67
R. Satish Reddy	6.67
Neeta Reddy	6.67
R Shobha Rani Reddy	6.67

9. The promoters/directors/key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding in the company or out of any business relation with any of the ventures in which they are interested.
10. The Promoter Group/ directors of the Company have not purchased and or sold / financed any shares of the Company during the past six months other than as disclosed in the notes to the Capital Structure on page 14.
11. The investors may contact the BRLMs or the Compliance Officer for any complaint/clarification/information pertaining to the Issue, who will be obliged to attend to the same.
12. No loans and advances have been made to any person(s)/Companies in which the Director(s) of the Company are interested.
13. Trading in Equity Shares of the company for all the investors shall be in Dematerialized form only.

SECTION III — INTRODUCTION

1. Summary

The Industry

Bartronics is in the Automatic Identification and Data Capture (A.I.D.C) business. A.I.D.C. is the industry term used to describe the identification, and/or direct collection of data into a microprocessor controlled device such as a computer system or a programmable logic controller (PLC), without the use of a keyboard. The technology supports two fundamental requirements v.i.z. eliminating errors associated with identification and/or data collection and accelerating the throughput process. The key application of the technologies is in tracking and traciability of products/articles, product and item identification and sortation, information and dataprocessing, security and access control and inventory management.

The A.I.D.C. technology covers six distinct groups of technologies and services. They are: Card Technologies, Data Communications Technologies, Bar Code Technologies, Radio Frequency Identification Technologies, Emerging Technologies, and the Support and Supplies which serve the industry. This technology can be applied to virtually every sector of industry, commerce and services where data is handled and needs to track and trace individuals, materials & equipment.

The A.I.D.C. Boom: In some quarters it is being talked of as the next 'Killer Application', which will drive the future of Supply Chain Management. The fact that it can leverage past IT investments better through automated data collection and input, has made it receive unprecedented attention. The RFID market is expected to jump from \$1.4 billion annually this year to as much as \$6.1 billion in 2010, according to a study by research firm Data Monitor. The U.S. Government's growing reliance on R.F.I.D., the acceptance and use of technology by retailers like Wal-Mart proves its success

The Indian Scenario: The Indian market is estimated to be about Rs 100 crores in FY 2005. The market has been growing at an estimated CAGR of over 50% over the past few years and is poised to grow rapidly due to the retail and manufacturing growth in the country. Additionally a majority of the larger companies have already invested in ERP and SCM software that need to be leveraged further. The use of barcode has been made mandatory in several areas of manufacture, retail and exports. For example, the Canteen Stores Department of the Ministry of Defense has embarked upon an ambitious program of automating its depots and retail outlets across the country to monitor and control stocks and sales of an estimated 4,000 different products it supplies and an inventory of over 200,000 items to the Indian armed forces.

The International Scenario: Countries like Bangladesh, Sri Lanka, Dubai, Mauritius etc have a thriving Industrial sector, which contributes a significant portion to the G.D.P of their respective countries. With a good number of large, medium and mid-size Industries in both the Public and Private sector these countries are important vendor bases that export a wide variety of goods and services to many developed nations. The AIDC potential is expected to develop strongly in the emerging markets as mentioned above.

(Source: AMR Research, A Boston Based Technology Research Company and www.aidcindia.org)

Business

The company has been incorporated on 10.09.1990 as Super Bar Tronics Private Limited; it became a Public Limited Company in 1995. The company got its current name "Bartronics India Limited" on 1st January 1996.

The company started its business in the field of Bar Coding and Smart Card Technology. Subsequent to that, the company started experimenting with new Automatic Identification & Data Capture (AIDC) solutions and today the company is in a strong position to capture the new opportunities in AIDC market

The company is involved mainly with the manufacturing sector and has implemented a number of projects across companies in their manufacturing set-ups. The projects primarily involved inventory & logistics management, time & attendance and asset tracking systems. AIDC is seen as an enhancing technology as it automates the data collection for the main systems.



Presently the company offers diverse range of AIDC technologies - Barcode, Biometrics, Radio Frequency Identification (RFID), Radio Frequency Data Communications (RFDC) and Electronic Article Surveillance (EAS).

Management

The company is currently managed by the Board of Directors comprising 6 directors. The day-to-day affairs of the company are being managed by Mr. Sudhir Rao, Managing Director.

Mr. Sudhir Rao- To function as CEO and to be responsible for the operational activities such as product design and development, marketing and positioning of the brand in all its channels, human resources management, financial and treasury operations, sales and marketing, import and export related activities and general administration and ultimately for optimizing shareholders value by ensuring legal and fiscal compliance.

2. THE ISSUE

Equity Shares offered: (Issue Size)	65,00,000
Of which	
* Promoter reservation portion	5,00,000 Equity Shares of Rs. 10/- each
* Employee reservation portion	6,00,000 Equity Shares of Rs. 10/- each
* Therefore, Net Issue to Public	54,00,000 Equity Shares of Rs. 10/- each.
● Qualified Institutional Buyers portion	Not more than 27,00,000 Equity Shares constituting 50% of the Net Offer to the Public, of which 5% i.e. 1,35,000/- Equity Shares are reserved for Mutual Funds and the balance will be available for all QIBs including Mutual Funds. (Allocation on a proportionate basis).
● Non-Institutional portion	Minimum of 8,10,000 Equity Shares constituting 15% of the Net Offer to the Public (Allocation on a proportionate basis)
● Retail portion	Minimum of 18,90,000 Equity Shares constituting 35% of the Net Offer to the Public (Allocation on a proportionate basis)

Under subscription in any of the categories other than QIB, shall be allowed to be met through oversubscription in any other category.

Equity Shares outstanding prior to the Issue 80,68,950 Equity Shares

Equity Shares outstanding after the Issue 1,45,68,950 Equity Shares

Object of the Issue: The Company intends to deploy the net proceeds of the issue of shares for funding the capex requirements for setting up of R&D Technology Center, establishing branches in India and abroad, for repaying the high cost loan, meeting the issue expenses and for meeting the working capital requirements. For details, please see the section entitled "Objects of the Issue" on page 20 of this Red Herring Prospectus for additional information.

Corporate Information

Bartronics India Limited was incorporated as Super Bar Tronics Private Limited on September 10, 1990 under the Companies Act of 1956. Converted into a public limited Company on July 27, 1995 and received a fresh Certificate of Incorporation consequent to change of name to Bartronics India Limited on January 1, 1996. The registered office of the Company is located at 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad - 500 004

3. FINANCIAL, OPERATING AND OTHER DATA

STATEMENT OF ASSETS AND LIABILITIES AS ON

Rs.in Lacs

	As at	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
A. Assets							Apr - Sept
Fixed Assets- gross block		128.88	232.39	802.01	817.35	983.57	990.38
Less: Depreciation		48.68	81.37	117.02	142.16	226.04	266.64
Net Block		80.20	151.02	684.99	675.19	757.53	723.75
Less: Revaluation Reserve		0	0	0	0	0	0.00
Net Block after adjustment for Revaluation Reserve		80.20	151.02	684.99	675.19	757.53	723.75
B. Investments/CWIP		361.11	536.93	0.00	0.00	0.00	116.25
C. Current assets, loans and advances							
Inventories		63.5	74.55	60.98	170.15	303.22	313.57
Receivables		258.71	285.82	418.72	706.56	976.95	1,324.89
Cash and bank balances		87.88	0.79	0.82	0.70	0.50	171.16
Other current assets		0		0	0	0	0.00
Loans and advances		19.57	44.33	54.27	29.02	68.77	368.90
Total assets		870.97	1,093.44	1,219.78	1,581.62	2,106.97	3,018.52
D. Liabilities and provisions							
Loan funds							
Secured loans		262.83	478.39	536.12	604.55	740.08	449.64
Unsecured loans		10.32	10.32	10.32	0.00	0.00	0.00
Current liabilities and provisions							
Sundry liability		100.84	91.43	128.44	178.68	310.39	490.06
Provisions		10.00	15.00	15.00	15.00	15.00	18.53
Total Liabilities		383.99	595.14	689.88	798.23	1,065.47	958.23
E. Net worth		486.98	498.30	529.90	783.39	1,041.50	2,060.29
Represented by:							
Shareholders funds							
Share capital		432.51	407.93	407.93	437.93	437.93	806.90
Reserves and surplus		70.26	100.52	122.82	346.12	606.84	1,256.24
Less: Revaluation Reserve		0	0	0	0	0	0.00
Reserves (Net of Revaluation Reserve)		70.26	100.52	122.82	346.12	606.84	1,256.24
Less: miscellaneous expenditure not written off		15.79	10.15	0.86	0.67	3.28	2.84
Total		486.98	498.30	529.90	783.39	1,041.50	2,060.29

STATEMENT OF PROFIT AND LOSS

Rs.in lacs

Period ended on	2000-01 Apr - Mar	2001-02 Apr - Mar	2002-03. Apr - Mar	2003-04 Apr - Mar	2004-05 Apr - Mar	2005-06 Apr - Sept
Income						
Sales:						
Of Products manufactured by the Company	0	0	0	0	0	0
Of products traded by the Company	841.51	820.48	831.29	1257.64	1805.52	1277.38
Other Income	2.92	4.15	0.29	0.54	11.66	4.28
Increase (decrease) in inventory	0	0	0	0	0	0
Total Income	844.43	824.63	831.58	1258.18	1817.18	1281.66
Expenditure						
Raw materials & goods consumed	583.50	540.90	539.94	735.05	1117.65	777.54
Staff Costs	82.15	74.51	83.81	88.71	115.43	79.74
Other Admn.expenses	79.60	115.36	46.08	64.10	71.19	39.69
Selling & distribution expenses	28.00	38.00	45.00	45.00	45.00	20.00
Interest	13.63	10.85	45.68	86.51	107.92	47.78
Depreciation	22.73	32.7	35.65	25.14	83.88	40.60
Miscellaneous expenditure written off	16.69	6.14	9.29	0.19	0.89	0.44
Total expenditure	826.30	818.46	805.45	1044.70	1541.96	1005.79
Net Profit before tax and extraordinary items	18.13	6.17	26.13	213.48	275.22	275.87
Provision for taxation & Deferred Taxation	1.65	0.50	12.54	78.29	35.50	7.50
Net Profit after tax & before extraordinary items	16.48	5.67	13.59	135.19	239.72	268.37
Extraordinary items (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after extraordinary items	16.48	5.67	13.59	135.19	239.72	268.37
Earlier year adjustments	0	0	0	0	0	0
Appropriations						
Transfer to General Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00
Tax on proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00
Balance carried to Balance sheet	16.48	5.67	13.59	135.19	239.72	268.37

4. General Information

BARTRONICS INDIA LIMITED

Bartronics India Limited was incorporated as Super Bar Tronics Private Limited on September 10, 1990 under the Companies Act of 1956 and Converted into a Public Limited Company on July 27, 1995 and received a fresh Certificate of Incorporation consequent to change of name to Bartronics India Limited on January 1, 1996. The Registered Office of the Company is situated at: 5-9-22/B/404, My Home Sarovar, Secretariat Road Hyderabad 500 004

The Company is registered with Registrar of Companies, Andhra Pradesh, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500 195 with the Registration No: 01-11721

Changes in Situation of Registered Office since Incorporation

Previously Registered Office was situated at 7-1-27/1, C Block, Srinivasa Complex, Ameerpet, Hyderabad 500 016 on incorporation and in May 1996 it was shifted to Siddi Vinayak, 6-3-864/1/1, First Floor, Ameerpet, Hyderabad - 500 016 and in December 1997 it was shifted to H.No.8-2-695/B 7A, Empress Garden Colony, Road No.12, Banjara Hills, Hyderabad - 500 034, in March 2000 shifted to Plot No.227, HUDA Colony, Road No.2, Banjara Hills, Hyderabad - 500 034 and in May 2001 it was shifted to 2nd floor, Pavani Plaza, 6-3-698/A, Panjagutta, Hyderabad - 500 082, in July 2003 it was shifted to Plot No.18, Nagarjuna Hills, Panjagutta, Hyderabad-500 082 and from 1st April 2005 it is at the present locations.

Board of Directors:

The company is currently managed by Board of Directors comprising of 6 directors. Mr. K.N Dupare is the Nominee Director - IDBI. The day-to-day affairs of the company are being managed by Mr. Sudhir Rao, Managing Director. The Board of Directors comprises of the following:

Name	Designation
Mr. Sudhir Rao	Managing Director
Mr. R. Satish Reddy	Director
Mr. A B S Reddy	Director
Mr. K N Dupare	Nominee Director
Mr. B Narayanswamy	Director
Mr. T Venkateshwara Rao	Director

Brief details of Managing Director

Mr. Sudhir Rao is the Managing Director of Bartronics India Limited. He has done his post graduation (PGDBA) from the Indian Institute of Management (1989-91), Ahmedabad. He has rich experience in the industry for over a decade. He worked with companies such as Shalina Laboratories Pvt. Ltd., Mumbai, Core Healthcare limited, Ahmedabad and VMF SoftTech Limited, Ahmedabad / Hyderabad in various senior level managerial capacities.

COMPANY SECRETARY	LEGAL ADVISOR TO THE ISSUE
Mr. Arun Shourie H Company Secretary Bartronics India Limited 5-9-22/B/404, My Home Sarovar, Secretariat Road Hyderabad 500 004 Tel: 91-040 - 232 98073 Fax: 91-040 - 232 98076 E-mail: arunsh@bartronicsindia.com	M/s. V.S.RAJU AND ASSOCIATES Advocates & Advisors 106, Dhanunjaya Towers Main Road, Banjara Hills, Hyderabad- 500034 Tel: 91- 40- 2339 7154 Fax: 91- 40- 2339 8807 E-mail: bartronics.ipo@vsraju.com Website: www.vsraju.com



<p>BANKERS TO THE COMPANY</p> <p>Andhra Bank Somajiguda Branch # 6-3-352/2, Astral Heights Road No.1, Banjara Hills, Hyderabad-500 034 Tel: 91-040 - 23356524, Fax: 91-040 -23356529 E-mail: bmhydm534@adhrabank.co.in</p>	<p>BANKERS TO THE ISSUE</p> <p>ICICI Bank Limited 30, Mumbai Samachar Marg, Fort, Mumbai - 400 001 Tel: 91-22-22655285 Fax : 91-22-22611138</p> <p>Standard Chartered Bank 90, Mahatma Gandhi Road, Fort, Mumbai - 400 001. Tel: +91-22-22670162 Fax : +91-22-22624912.</p> <p>CitiBank N.A Citigroup Centre, C-61, Bandra Kurla Complex G-Block, Bandra(East) Mumbai - 400 051 Tel: +91-22-50015646 Fax : +91-22-26535824</p> <p>Yes Bank Limited 9th Floor, Nehru Centre, Discovery of India, Dr.Annie Besant Road, Worli, Mumbai - 400 018 Tel : +91-22-56699086 Fax : +91-22-24947639.</p>
<p>COMPLIANCE OFFICER</p> <p>Mr. Arun Shourie H Company Secretary Bartronics India Limited 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad 500 004 Tel: 91-040 - 2329 8073 Fax: 91-040 - 2329 8076 E-mail: arunsh@bartronicsindia.com</p> <p>Investors can contact the Compliance Officer in case of any pre-offer or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.</p>	<p>AUDITORS</p> <p>M/s. Yaji Associates 10-3-281/1/301 Humayun Nagar Mehidipatnam Hyderabad - 500 028 Tel : 91-40- 2353 2597 / 2353 2598 E-mail: yajiassociates@rediffmail.com</p>
<p align="center">BOOK RUNNING LEAD MANAGERS (BRLMs)</p>	
<p>Karvy Investor Services Limited "Karvy House", 46 Avenue 4, Street No. 1 Banjara Hills. Hyderabad - 500 034 Andhra Pradesh, India Tel: 91- 40- 2337 4714 / 2332 0251 Fax: 91- 40- 23374714 E-mail: mbd@karvy.com Website: www.karvy.com SEBI Regn No. INM000008365 Contact Person: Mr. T R Prashanth Kumar</p>	<p>Centrum Capital Limited Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate Mumbai - 400 020 Maharashtra Tel: 91- 22- 2208 3838 Fax: 91- 22- 2204 6096 E-mail: bartronics@centrum.co.in Website: www.centrum.co.in SEBI Reg No. INM000010445 Contact Person: Mr.Mayank Dalal</p>

**REGISTRAR TO THE ISSUE****Bigshare Services Private Limited**

E-2, Ansa Industrial Estate, Sakivihar Road,

Saki Naka, Andheri (E), Mumbai-400 072

Tel.: +91 22 2856 0652/3

Fax: +91 22 2852 5207

Email: bigshare@bom7.vsnl.net.in

SEBI Regn No.INR000001385

Contact Person: Mr.N.V.K.Mohan

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES AMONGST BRLMS

The responsibilities and co-ordination for various activities in relation to the Issue have been distributed between the BRLMs as under:

Sl. No.	Activities	Responsibility	Co-ordinator
01	Capital structuring with the relative components and formalities such as type of instruments, etc.	Karvy	Karvy
02	Due diligence of the company's operations / management / business plans /legal etc.	Karvy	Karvy
03	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Karvy	Karvy
04	Drafting and approval of Issue and statutory publicity material, etc.	Karvy	Karvy
05	Drafting and approval of all corporate advertisement, brochure and other publicity material	Karvy	Karvy
06	Appointment of Registrar, Bankers and Ad agency	Karvy	Karvy
07	Appointment of Printer	Karvy	Karvy
08	Marketing of the Issue, which will cover inter alia, Formulating-marketing strategies, preparation of publicity budget Finalize Media & PR strategy Finalizing centers for holding conferences for brokers, etc. Finalize collection centers Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material	Karvy & Centrum	Karvy
09	Finalizing the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement	Karvy & Centrum	Karvy
10	Finalizing of Pricing & Allocation	Karvy & Centrum	Karvy
11	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.	Centrum	Centrum
12	The Post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the issuer company.	Centrum	Centrum

SYNDICATE MEMBER

Karvy Stock Broking Limited
"Karvy House", 46, Avenue 4, Street No. 1
Banjara Hills,
Hyderabad - 500 034
Tel: 91- 40- 23312454/2332 0251
Fax: 91- 40- 23311968
E-mail: vincent@karvy.com
Contact Person: Mr. Vincent

Trustees

This being an issue of Equity Shares, appointment of Trustees is not required.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Monitoring Agency

No agency has been appointed to monitor the utilisation of funds.

Book Building process

Book Building refers to the process of collection of bids from investors, which is based on the price band, with the issue price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) The Company
- (2) Book Running Lead managers, in this case being Karvy Investor Services Limited
- (3) Syndicate Members, who are intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs
- (4) Registrar to the Issue

The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein upto 50% of the Net Public Issue shall be allocated on a proportionate basis to QIBs out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allocation on a proportionate basis to QIBs & Mutual Funds subject to valid bids received from them at or above the issue price. Further, at least 15% of the Net Public Issue shall be available for allotment on a proportionate basis to Non Institutional Bidders and at least 35% of the Net Public Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

The Company shall comply with guidelines issued by SEBI for this Issue. In this regard, the Company has appointed Karvy Investor Services Limited and Centrum Capital Limited as the Book Running Lead Managers (being referred as BRLMs) to the Issue to procure subscription to the Issue.

The investors are advised to make their own judgment about investment through the process of book building prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. See page no. 94 for the section on "Terms of the Issue" in this Red Herring Prospectus.

Steps to be taken for bidding:

1. Check eligibility for bidding (please refer to the section "Issue Procedure- Who Can Bid" on page no. 97 of this Red Herring Prospectus);
2. Ensure that the bidder has a demat account; and
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name & Address of the Underwriter	Indicated no. of shares to be underwritten [●]	Amount underwritten (Rs. Lacs) [●]
Karvy Investor Services Limited "Karvy House", 46, Avenue 4, Street No. 1 Banjara Hills, Hyderabad - 500 034 Tel: 91- 40- 2337 4714 / 2332 0251 Fax: 91- 40- 23374714 E-mail: mbd@karvy.com	26,99,900	[●]
Karvy Stock Broking Limited "Karvy House", 46, Avenue 4, Street No. 1 Banjara Hills, Hyderabad - 500 034 Tel: 91- 40- 23312454/2332 0251 Fax: 91- 40- 23311968 E-mail: vincent@karvy.com	100	[●]
Centrum Capital Limited Khetan Bhavan, 5th Floor, 198, J Tata Road, Churchgate Mumbai - 400 020 Maharashtra Tel: +91-022-2202 3838 Fax: +91-022-2204 6096 Email: bartronicsindia@centrum.co.in	27,00,000	[●]

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation. The above Underwriting Agreement is dated [●]

In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). The Committee of Board of Directors, at their meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of the Issuer Company and has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount.



5. Capital Structure of the Company

Share capital as on the date of filing of Red Herring Prospectus with SEBI is set forth below:

(Rs. In lacs)

Particulars	Nominal Value	Aggregate Value
A. AUTHORISED CAPITAL 1,70,00,000 Equity Shares of Rs.10/- each.	1700.00	
B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL 80, 68,950 Equity Shares of Rs. 10/- each.	806.89	
C. PRESENT ISSUE THROUGH THIS RED HERRING PROSPECTUS 65,00,000 Equity Shares of Rs.10/- each at a price of [●] Out of which 5,00,000 Equity Shares of Rs. 10/- each are reserved for promoters, their friends, relatives and associates at a price of [●]. 6,00,000 Equity Shares of Rs. 10/- each reserved for Employees at a price of Rs. [●]	650.00 50.00 60.00	[●] [●] [●]
D. NET OFFER TO PUBLIC 54,00,000 Equity Shares of Rs.10/- each at a price of Rs. [●]	540.00	[●]
E. EQUITY CAPITAL AFTER THE ISSUE 1, 45, 68,950 Equity Shares of Rs.10 Each	1456.89	[●]
F. SHARE PREMIUM ACCOUNT Before the Issue After the Issue	705.91 [●]	[●] [●]

[●] THE FIGURES WILL BE FINALIZED AFTER THE BOOK BUILDING PROCESS

Details of Increase in Authorised Capital

(Amount in Rs.)

Sr. No	Particulars of Increase	Date of Shareholders' Meeting
1.	40,00,000	At the time of incorporation
2.	40,00,000 to 1,00,00,000	August 9, 1995
3.	1,00,00,000 to 4,00,00,000	July 17, 1999
4.	4,00,00,000 to 5,00,00,000	February 18, 2002
5.	5,00,00,000 to 12,00,00,000	October 15, 2003
6.	12,00,00,000 to 17,00,00,000	May 02, 2005

The subscription by the Promoters for equity shares to be allotted shall be brought in at least one day before the opening of the issue at the higher price band. The Company would furnish a Certificate from their Auditor confirming the contribution to SEBI. The equity shares to be allotted in this category shall be for a minimum amount of Rs.25000/- in case of individuals and Rs.1,00,000/- in the case of corporate bodies. The said amount shall be kept in an escrow account with a scheduled commercial Bank & the said contribution/amount shall be released to the Company along with the public issue proceeds. Further, the minimum promoter contribution already brought in has been in the minimum lot of Rs.25,000/- in case of individuals and Rs.1,00,000/- in the case of Corporate Bodies.

Notes to Capital Structure

1. Capital History

Date of Allotment/ Splitting/ Consolidation	Date when fully paid up	No. of Shares	Face Value	Cumulative no. of shares	Issue Price (Rs.)	Consideration	Remarks/ Allotment
At Incorporation	At Incorporation	30	500	30	500	15,000	Subscription to Memorandum
28.08.1992	28.08.1992	1017	500	1047	500	5,08,500	Allotted to promoters
28.02.1995	28.02.1995	4953	500	6000	500	24,76,500	Allotted to promoters
04.07.1995	04.07.1995	8	500	6008	500	4,000	Allotted to promoters
06.07.1995*	—	300400	10	300400	—	—	Split
29.09.1995	29.09.1995	216500	10	516900	10	21,65,000	Allotted to promoters
18.01.1996	18.01.1996	237000	10	753900	19	45,03,000	General Allotment
11.05.1999	11.05.1999	225000	10	978900	10	22,50,000	General Allotment
27.08.1999	27.08.1999	200000	10	1178900	10	20,00,000	General Allotment
27.08.1999	27.08.1999	630000	10	1808900	10	63,00,000	Allotted to promoters
05.10.1999	05.10.1999	110700	10	1919600	10	11,07,000	General Allotment
29.12.1999	29.12.1999	326000	10	2245600	10	32,60,000	Allotted to promoters
28.01.2000	28.01.2000	70000	10	2315600	10	7,00,000	General Allotment
30.03.2000	30.03.2000	250000	10	2565600	10	25,00,000	General Allotment
23.03.2001	23.03.2001	499800	10	3065400	10	49,98,000	General Allotment
30.07.2001	30.07.2001	850000	10	3915400	10	85,00,000	Allotment to IDBI.
20.02.2002	20.02.2002	163900	10	4079300	25	40,97,500	Allotted to promoters
15.10.2003**		8158600	5	8158600			Split
15.10.2003	15.10.2003	600000	5	8758600	15	90,00,000	General Allotment
02.05.2005**		4379300	10	4379300			Consolidation
02.05.2005***	02.05.2005	2189650	10	6568950	10	2,18,96,500	Bonus Issue
05.09.2005	05.09.2005	1500000	10	8068950	50	7,50,00,000	Preferential Allotment

*These 6008 Equity Shares of Rs. 500/- each have been converted into Equity Shares of Rs. 10/- each on 06.07.1995, the relevant Form 5 has been filed on 20.07.1995.

** 4079300 Equity Shares of Rs.10/- each have been split into 8158600 Equity Shares of Rs. 5/- each and the relevant Form 5 has been filed on 02.11.2004.

** 8758600 Equity Shares of Rs. 5/- each have been consolidated into 4379300 Equity Shares of Rs. 10/- each and the relevant Form 5 has been filed on 01.06.2005.

*** 2189650 Equity Shares of Rs. 10/- each have allotted as Bonus Shares in the ratio of 1 Equity Share for every 2 Equity Shares held.



2. Details of Promoter Contribution and lock-in

Name	Date of Allotment/ Transfer/ Acquisition	Nature of Allotment	Consid- eration	No. of Shares	Face Value (Rs.)	Issue Price/ Acqui- sition Price	% of post- issue Capital	Lock-in Period
A.B.S. Reddy	08.03.2002	Purchase	Cash	3,30,000	10	10	2.27	1 year
	16.10.2003	Purchase	Cash	1,00,000	10	10	0.69	3 years
	25.04.2005	Purchase	Cash	5,27,600 (10,55,200*	10 05*	05	3.62	1 year
	02.05.2005	Allotment	Bonus	4,78,800	10	NA	3.29	3 years
	Proposed Subscription	Public Issue	Cash	[●]	10	[●]	[●]	3 years
	Total			[●]			[●]	
R.Satish Reddy	27.08.1999	Allotment	Cash	2,00,000	10	10	1.37	1 year
	29.12.1999	Allotment	Cash	3,26,000	10	10	2.24	1 year
	16.10.2003	Purchase	Cash	3,34,000	10	10	2.29	3 years
	02.05.2005	Allotment	Bonus	4,30,000	10	NA	2.95	3 years
	Proposed Subscription	Public Issue	Cash	[●]	10	[●]	[●]	3 years
	Total			[●]			[●]	
A.B. Neeta Reddy	16.10.2003	Purchase	Cash	1,47,060	10	10	1.01	1 Year
	16.10.2003	Purchase	Cash	3,52,740	10	10	2.42	3 Years
	17.11.2004	Purchase	Cash	2,26,000 (4,52,000) *	10 05*	05	1.55	1 Year
	02.05.2005	Allotment	Bonus	3,62,900	10	NA	2.49	3 Years
	Proposed Subscription	Public Issue	Cash	[●]	10	10	[●]	3 Years
	Total			[●]			[●]	
Shobha Rani Reddy	16.10.2003	Purchase	Cash	4,10,700	10	10	2.82	1 Year
	17.11.2003	Purchase	Cash	3,00,000 (6,00,000) *	10 05*	05	2.06	1 Year
	02.05.2005	Allotment	Bonus	3,55,350	10	NA	2.44	3 Years
	Proposed Subscription	Public Issue	Cash	[●]	10	[●]	[●]	3 years
	Total			[●]			[●]	

The above promoters have vide their letter dated June 17, 2005 given their consent for lock in as stated above. Shares issued last shall be locked in first. The entire pre-issue capital, other than that locked in as minimum promoters contribution shall be locked in for a period of one year from the date of allotment in the present issue.



Shareholding of the promoter group

Name	Date of Allotment/ Acquisition	Nature of Allotment	Consideration	No. of Shares	Face Value	Issue Price	% of post issue capital	Lock-in period *
IDBI	30/07/2001	Allotment	8500000	850000	10	10	5.83	One year
	02/05/2005	Bonus Issue	Nil	425000	10	-	2.92	One year
Bennett Coleman & Co Ltd	05/09/2005	Allotment	30000000	600000	10	50	4.12	One year
Lamtuf Plastics Limited	11/05/1999	Allotment	2250000	225000	10	10	1.54	One year
	02/05/2005	Bonus Issue	Nil	112500	10	-	0.77	One year
Swain Finance & Trading Pvt Ltd	05/09/2005	Allotment	5750000	115000	10	50	0.79	One year
Faisal Hawa	05/09/2005	Allotment	5000000	100000	10	50	0.69	One year
Gandhi Securities & Investment Ltd	05/09/2005	Allotment	5000000	100000	10	50	0.69	One year
SMS Holdings Pvt Ltd	05/09/2005	Allotment	5000000	100000	10	50	0.69	One year
Smt Prabha Mehta	27/08/1999	Allotment	1300000	130000	10	10	0.89	One year
	20/02/2002	Allotment	499000	49900	10	10	0.34	One year
	(08/03/2002)	(Transfer)	(1300000)	(130000)	(10)	(10)	(0.89)	—
	02/05/2005	Bonus	Nil	24950	10	—	0.17	One year
Priti Tarun Shah	05/09/2005	Allotment	3000000	60000	10	50	0.41	One year
Octon Technologies Ltd	05/09/2005	Allotment	2150000	43000	10	50	0.30	One year
Seeprajajoo	05/09/2005	Allotment	2000000	40000	10	50	0.27	One year
Nehar K Oza	05/09/2005	Allotment	1950000	39000	10	50	0.27	One year
Usha Potluri	05/09/2005	Allotment	1500000	30000	10	50	0.21	One year
Pradeep Ram Mukhi	05/09/2005	Allotment	1500000	30000	10	50	0.21	One year
Rahul Rege	05/09/2005	Allotment	1500000	30000	10	50	0.21	One year
Chaitali Vora	05/09/2005	Allotment	1250000	25000	10	50	0.17	One year
Rasvick Apparels Pvt Ltd	05/09/2005	Allotment	1250000	25000	10	50	0.17	One year
Deepak Somaiya	05/09/2005	Allotment	1250000	25000	10	50	0.17	One year
Saurashtra Finstock Pvt Ltd	05/09/2005	Allotment	1250000	25000	10	50	0.17	One year
Priya A Kothari	05/09/2005	Allotment	1250000	25000	10	50	0.17	One year
Manish Suresh Shah	05/09/2005	Allotment	1000000	20000	10	50	0.14	One year



Name	Date of Allotment/ Acquisition	Nature of Allotment	Consideration	No. of Shares	Face Value	Issue Price	% of post issue capital	Lock-in period *
Hemang Jani	05/09/2005	Allotment	900000	18000	10	50	0.12	One year
Uma Narendra Sethia	05/09/2005	Allotment	750000	15000	10	50	0.10	One year
P C Doshi - HUF	05/09/2005	Allotment	625000	12500	10	50	0.09	One year
G C Doshi - HUF	05/09/2005	Allotment	625000	12500	10	50	0.09	One year
Pawan Kumar Sachdeva	05/09/2005	Allotment	500000	10000	10	50	0.07	One year
Kamlesh Mehta	04/07/1995	Allotment	1000	100	10	10	0.00	One year
	02/05/2005	Bonus	Nil	50	10	—	0.00	One year
Praful Mehta	04/07/1995	Allotment	1000	100	10	10	0.00	One year
	02/05/2005	Bonus	Nil	50	10	—	0.00	One year
Meenakshi Mehta	04/07/1995	Allotment	1000	100	10	10	0.00	One year
	02/05/2005	Bonus	Nil	50	10	—	0.00	One year

* Will be locked in for a period of one year from the date of allotment in the present issue.

The promoters group holds 31,87,800 Equity Shares of Rs.10/- each. The Promoter, Promoter Group or the Directors have not purchased or sold any Equity Shares from the market during a period of six months preceding the date on which the Red Herring Prospectus is filed with Registrar of Companies.

The promoter contribution does not consist of:

- shares acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Securities issued during the preceding one year at a price lower than the price at which equity shares have been offered to the public
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum promoters contribution subject to lock in
- Shares issued to promoters on conversion of partnership firms into limited company
- Shares with a contribution less than Rs.25,000/- per application from each individual and contribution less than Rs.1,00,000/- from firms and companies.

3. Pre-issue & post-issue shareholding pattern:

Category	Pre Issue		Post Issue	
	Shares	%	Shares	%
Promoters				
Shri A.B.S.Reddy	14,36,400	17.80	[●]	[●]
Shri R. Satish Reddy	12,90,000	15.99	[●]	[●]
Smt A.B.Neeta Reddy	10,88,700	13.49	[●]	[●]
Smt R. Shobha Rani Reddy	10,66,050	13.21	[●]	[●]
Sub total (a)	48,81,150	60.49	53,81,150	36.94



Category	Pre Issue		Post Issue	
	Shares	%	Shares	%
Promoter Group				
IDBI	12,75,000	15.80	[●]	[●]
Individual and Corporates	19,12,800	23.71	[●]	[●]
Sub-total (b)	31,87,800	39.51	[●]	[●]
Promoter Group's Total				
Shareholding [(a)+(b)] - A	80,68,950	100.00	[●]	[●]
Others - FI's, Corporate Bodies, Employees and Public	—	—	[●]	[●]
Sub total (B)	—	—	[●]	[●]
Grand Total [(A)+(B)]	80,68,950	100.00	1,45,68,950	100.00

S.No.	Category	Pre-issue share holding		Post-issue share holding	
		No. Of shares	% Holding	No. Of shares	% Holding
A	Promoter's holding				
	1. Promoters				
	- Indian Promoters	4881150	60.49	5381150	36.94
	-Foreign Promoters	—	—	—	—
	2. Person's acting in concert	—	—	—	—
	Promoters Group				
	3 IDBI	1275000	15.80	[●]	[●]
	4 Individuals and Corporates	1912800	23.71	[●]	[●]
I	Sub - Total (1+2+3+4)	8068950	100.00	[●]	[●]
B	Non-Promoters Holding				
	Institutional Investors	—	—	—	—
A	Mutual funds and UTI	—	—	—	—
B	Banks, Financial Institutions, Insurance companies (Central/ State Govt. Institutions/ Non-Government Institutions)				
C	FIs	—	—	—	—
II	Sub - Total (A+B+C)	—	—	[●]	[●]
	Others (Directors, employees, etc.)				
A	Employees	—	—	[●]	[●]
B	Private Corporate Bodies	—	—	[●]	[●]
C	Indian public	—	—	[●]	[●]
D	NRIs/OCBs	—	—	[●]	[●]
E	Any other (Please specify)	—	—	[●]	[●]
III	Sub -Total (A+B+C+D+E)	—	—	[●]	[●]
	Grand Total (I+II+III)	8068950	100.00	14568950	100.00

The names of the natural persons in control of corporate bodies forming part of the promoters group are as follows:-

- **Rasvick Apparels Private Limited**
Hiren K.Zaveri
Vikram K.Zaveri
Shilpa H.Zaveri
Rajul V.Zaveri
Rashmina K.Zaveri
- **Octon Technologies Limited**
Abhijit Pawar
Jasdeep Bedi
Pratap Pawar
- **Gandhi Securities and Investments Private Limited**
Dhanesh T.Gandhi
Ketan D Gandhi
Rajesh C Kaneria
- **SMS Holding Private Limited**
Rajeev Agarwal
Shvetha Agarwal
J.C.Gupta
- **Swain Finance and Trading Private Limited**
Y.S.Chowdhary
G.Srinivasa Raju
Narendrananad
- **Saurashtra Finstock Private Limited**
Bipin P.Doshi
Paras H.Sanghri
- **Lamtuf Plastics Limited**
Surendra Kumar Mehta
Prateek Mehta
Praful Mehta
- **Bennett Coleman & Company Limited**
Samir Jain
Vineet Jain
Mrs. Ashok Jain

None of these bodies corporate/natural persons have been restrained from accessing the capital markets for any reasons by SEBI or any other authorities.

4. Buyback and Standby arrangement

There is no “buy back” or “stand by” arrangement for purchase of Equity Shares by the Company, its Promoters, Directors, or Lead managers for the Equity Shares offered through this Red Herring Prospectus.

5. The Company has not raised any bridge loan against the proceeds of this Issue.
6. The Equity Shares offered through this public issue will be fully paid up or may be forfeited within 12 months from the date of allotment of securities in manner specified in clause 8.6.2 of the SEBI DIP Guidelines.
7. An over subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearest integer while finalizing the allotment.



8. In this Issue, in case of over-subscription in all categories, upto 50% of the Net Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers out of which, 5% shall be available for allocation on a proportionate basis to Mutual Funds. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under subscription, if any, in any category shall be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs.
9. Only eligible employees would be eligible to apply in the Issue under the Employee Reservation Portion on competitive basis. Eligible employees can also make Bids in the Net Public Offer and such Bids shall not be treated as multiple bids.
10. Under-subscription, if any in the Employee Reservation Category would be met with spill over from the Net Offer to the Public category at the sole discretion of the Company in consultation with the BRLMs.

11. (a) Top ten shareholders as on date of filing of the Red Herring Prospectus with RoC

Sr. No	Name of the Shareholder	No. of shares held	% share holding
1.	Shri A.B.S.Reddy	1436400	17.80
2.	Shri R.Satish Reddy	1290000	16.00
3.	M/s. Industrial Development Bank of India Limited	1275000	15.80
4.	Smt Neeta Reddy	1088700	13.50
5.	Smt Shobha Rani Reddy	1066050	13.21
6.	M/s Bennett Coloman & Co Ltd	600000	7.44
7.	M/s Lamtuff Plastics Limited	337500	4.18
8.	M/s Swain Finance and Trading Private Limited	115000	1.43
9.	Shri Faisal Hawa	100000	1.24
10.	M/s Gandhi Securities & Investments Ltd	100000	1.24
	TOTAL	7408650	91.84

(b) Top ten shareholders 10 days prior to the date of filing of the Red Herring Prospectus with RoC

Sr. No.	Name of the Shareholder	No. of shares held	% share holding
1.	Shri A.B.S.Reddy	1436400	17.80
2.	Shri R.Satish Reddy	1290000	16.00
3.	M/s. Industrial Development Bank of India Limited	1275000	15.80
4.	Smt Neeta Reddy	1088700	13.50
5.	Smt Shobha Rani Reddy	1066050	13.21
6.	M/s Bennett Coloman & Co Ltd	600000	7.44
7.	M/s Lamtuff Plastics Limited	337500	4.18
8.	M/s Swain Finance and Trading Private Limited	115000	1.43
9.	Shri Faisal Hawa	100000	1.24
10.	M/s Gandhi Securities & Investments Ltd	100000	1.24
	TOTAL	7408650	91.84

(c) Top ten shareholders as on two years prior to the date of filing of the Red Herring Prospectus with RoC.

Sr.No.	Name of the Shareholder	No. of Shares.	% of Share Holding
1.	M/s Industrial Development Bank of India Ltd.	850000	20.84
2.	Shri R.Satish Reddy	526000	12.89
3.	Shri Amit Mehta	510800	12.52
4.	M/s Swain Finance & Trading Pvt.Ltd.	499800	12.25
5.	Shri A.B.S.Reddy	330000	8.09
6.	M/s Nagarjuna Finance Limited	226000	5.54
7.	M/s Lamtuff Plastics Limited	225000	5.52
8.	Smt Prabha Mehta	181300	4.44
9.	Smt Prabha Mehta Partner in EMC Electronik	179900	4.41
10	M/s. Internet Communication India Limited	150000	3.68
	TOTAL	3678800	90.18

12. As of the date of the Red Herring Prospectus, there are no outstanding financial instruments or any other right, which would entitle the existing Promoter or shareholders, or any other person any option to receive Equity Shares after the offering. The company does not have any outstanding ESOP.
13. **Shares Issued for consideration other than cash**
On May 2, 2005 the company has issued 21, 89,650 bonus shares in the ratio of 1 share for every 2 shares held in the Company by capitalization of Rs. 218.96 lacs from the free Reserves
14. The shares held by persons other than the Promoters, prior to the Issue, which are locked-in may be transferred to any other person holding shares which are locked in subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/ transferred during the lock-in period. However, the Equity Shares may be transferred amongst Promoter/ Promoter group or to a new Promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
15. The Company has not issued any shares out of revaluation reserves.
16. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares offered through this Red Herring Prospectus have been listed.
17. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company goes in for acquisitions and joint ventures the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
18. There shall be only one denomination of the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.



19. No single applicant can make an application for number of shares, which exceeds the number of shares offered.
20. The company has 33 (Thirty three) shareholders as on the date of filing this Red Herring Prospectus with the RoC.
21. **Shares issued and allotted in the last one year**

Date of Allotment	Date of approval of the issue	Bonus Issue Ratio	No. of Equity Shares of Rs.10/- each	Amount of reserves capitalised
02.05.2005	02.05.2005	1 :2	21,89,650	2,18,96,500

Name	Date of Allotment	Type of Issue	No. of Equity Shares of Rs.10/- each	Issue Price (Rs.)
Bennett Coloman & Co Ltd	05.09.2005	Preferential Allotment	600000	50
Swain Finance and Trading Private Limited	05.09.2005	Preferential Allotment	115000	50
Faisal Hawa	05.09.2005	Preferential Allotment	100000	50
Gandhi Securities & Investments Ltd	05.09.2005	Preferential Allotment	100000	50
SMS Holdings Private Limited	05.09.2005	Preferential Allotment	100000	50
Priti Tarun Shah	05.09.2005	Preferential Allotment	60000	50
Octon Technologies Ltd	05.09.2005	Preferential Allotment	43000	50
Seepura Jajoo	05.09.2005	Preferential Allotment	40000	50
Nehar Koza	05.09.2005	Preferential Allotment	39000	50
Usha Potluri	05.09.2005	Preferential Allotment	30000	50
Pradeep Ram Mukhi	05.09.2005	Preferential Allotment	30000	50
Rahul	05.09.2005	Preferential Allotment	30000	50
Chaitali Vora	05.09.2005	Preferential Allotment	25000	50
Rasvick Apparels Private Ltd	05.09.2005	Preferential Allotment	25000	50
Deepak Somaiya	05.09.2005	Preferential Allotment	25000	50
Saurashtra Finstock Private Ltd	05.09.2005	Preferential Allotment	25000	50
Priya A Kothari and Priyanka A.Kothari	05.09.2005	Preferential Allotment	25000	50
Manish Suresh Shah	05.09.2005	Preferential Allotment	20000	50
Hemang	05.09.2005	Preferential Allotment	18000	50
Uma Narendra Shethia	05.09.2005	Preferential Allotment	15000	50
P.C.Doshi-HUF	05.09.2005	Preferential Allotment	12500	50
G.C.Doshi-HUF	05.09.2005	Preferential Allotment	12500	50
Pawan Kumar Sachdeva	05.09.2005	Preferential Allotment	10000	50

22. 16,36,400 Equity Shares pertaining to Mr. A B S Reddy and Mr. R Satish Reddy have been pledged in favour of Industrial Development Bank of India Limited as Collateral Security for securing term loan of Rs.350 lakhs. Further, all the proposed shareholding of Mr. A B S Reddy would be pledged in favour of IDBI.

6. Objects of the Issue

The net proceeds from the Issue after deducting underwriting Commission and management fees, brokerage; fees to various advisors and all other Issue related expenses are estimated at Rs [●] lacs. The proceeds from the Issue of shares are intended to be deployed for:

- Setting up of R&D Technology Center at Hyderabad,
- Establishing branches in India and abroad
- Meeting the issue expenses
- Repaying the loan
- Making acquisitions
- Meeting the working capital requirements
- Meeting marketing expenses

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of the Company enables the Company to undertake the existing activities and the activities for which the Company, through the Issue, is raising the funds.

Fund Requirements:

Particulars	Amount (Rs. in lacs)
Technology Centre	743.70
Overseas Branches	406.97
Branches in India	377.73
Issue Management Expenses	(*)
Working Capital Requirements	400.00
Marketing Expenses	187.20
IDBI Loan Repayment	414.00
Acquisitions	450.00
Total cost of the Activities	(*)

1. Setting up of R&D Technology Center at Hyderabad

The Company proposes to set up R & D Technology centre at Hyderabad. The main objective of setting up of the Technical center will be to understand emerging technologies in various domains, in which the company is operating and the activities that are proposed to be carried out.

- Examine commercializing aspects.
- Integrate & build products
- Incubate them
- Reduce input costs constantly through newer technological approaches
- Keep the Company informed and disseminate information on technical trends etc., which will impact business models.

The company shall be procuring a lot of existing tech products and will be building applications around them in Barcodes, RFID, and Retail Technologies. The hybridization and integration of diverse technologies will form a key focus area of the technical center.

One of the most important focus areas would be a constant development model to reduce input costs resulting in reduced product cost which is critical for ensuring the product acquisition cost to consumers, a core area in the competitive marketplace. The constant development will entail experimenting on building



different components of a product through not so common place technologies, understanding developments in the tech spectrum and applying them for a profitable result is an area that would be focused on.

Further prototypes for various applications involving AIDC and RFID technologies would be developed for showcasing. The service aspects and the trouble shooting activities would also be attended to, there by attaining the process of standardization.

The total CAPEX for setting up the technology center is Rs.743.70 lacs, which is as follows:

Particulars	Amount (Rs. in lacs)
Testing & Service Equipment	179.55
Computers & Peripherals	173.00
Furniture & Fixtures	44.25
Vehicles	14.50
Office Equipment	14.00
Electrical Installations	9.50
Product Development Expenses	267.50
Deposits	12.80
Contingencies	28.60
Total cost	743.70

Details of Equipment to be supplied to R&D Centre at Hyderabad

Name of the Supplier	Description	Date of quotation	Qty./Sets	Unit Price	Amount Rs.
R&D Centre - Service Equipment					
Cluster Infotech	Demo Equipment	31-Aug-05	4	3584980	14339920
Cluster Infotech	Service Equipment	31-Aug-05	2	1807715	3615430
					17955350
R&D Centre - Furniture - R&D and Technology Centre					
Cluster Infotech	Chairs	31-Aug-05	100	2000	200000
Cluster Infotech	Chairs	31-Aug-05	25	5000	125000
Cluster Infotech	Front office Interiors	31-Aug-05			100000
Cluster Infotech	Cubicals/Partitions/Furnishing/Airconditioning	31-Aug-05	8000	500	4000000
					4425000
R&D Centre - Computers & Peripherals - R&D and Technology Centre					
Cluster Infotech	Server - Dell Power Edge Server - Intel Xeon Processor - Video Controller with other peripherals	31-Aug-05	2		5740000
Cluster Infotech	Computers - Acer Power - Intel P-5, 2.4GHZ, 128 MB DDR, 40 GB HDD, 1.44 MB FDD, 52x CD ROM Drive, AGP Lan, Linux, 15" Color Monitor, VGA Mouse	31-Aug-05	250	23000	5750000



Name of the Supplier	Description	Date of quotation	Qty./Sets	Unit Price	Amount Rs.
Cluster Infotech	Computers	31-Aug-05	30	40000	1200000
Cluster Infotech	Laser Printer-Big	31-Aug-05	2	30000	60000
Cluster Infotech	Laser Printer-Small	31-Aug-05	10	12000	120000
Cluster Infotech	Net working including Switch and Routers etc	31-Aug-05	Lumpsum		3075000
Cluster Infotech	UPS system	31-Aug-05			500000
Cluster Infotech	LCD	31-Aug-05	1		175000
Cluster Infotech	Scanners	31-Aug-05	8	10000	80000
Cluster Infotech	Laptops	31-Aug-05	10	60000	600000
					17300000
R&D Centre - Electrical Installations					
Cluster Infotech	Installations	31-Aug-05			300000
Cluster Infotech	Cable	31-Aug-05		50000	
Cluster Infotech	DG Set with alternator - 160 KVA with Control Panel - fuel tank etc.,	31-Aug-05		600000	950000
R&D Centre - Office equipment					
Cluster Infotech	Photocopier Machine	31-Aug-05	1	175000	175000
Cluster Infotech	EPABX System+Instruments	31-Aug-05	1	600000	600000
Cluster Infotech	Access Control System	31-Aug-05	1	200000	200000
Cluster Infotech	Fire Equipment System	31-Aug-05	1	200000	200000
Cluster Infotech	Conference Room Equipment	31-Aug-05			50000
Cluster Infotech	Projector	31-Aug-05	1	175000	175000
					1400000
R&D Centre - Vehicles					
Cluster Infotech	Tata - Sumo	31-Aug-05	2	500000	1000000
Cluster Infotech	Maruti 4 wheeler	31-Aug-05	1	350000	350000
Cluster Infotech	2 Wheelers	31-Aug-05	2	50000	100000
					1450000
	Grand Total				43480350

2. Establishing branches in India and abroad

Bartronics has a presence in the Western & Southern states in India and it is planning to set-up offices in 6 different cities in India to widen its reach across India. Earlier, Bartronics was servicing these markets through local partners but given the inherent demand and requests from its Principals, the Company has decided to open its own branches with sales and service personnel to address the needs effectively.

In terms of overseas presence it is planning to expand its reach to other countries viz., Dubai, Mauritius and the countries in the Indian sub-continent that are not adequately serviced - Sri Lanka and Bangladesh.

The Branches would also be equipped with respective infrastructure for demo and after sales service.

The company is yet to identify locations for setting-up overseas branches at Sri Lanka, Bangladesh, Dubai



and Mauritius. Further, the Company proposes to set-up its domestic branches at New Delhi, Pune, Ahmedabad, Bangalore, Jamshedpur, Gauhati, of which, the company is already operating at New Delhi, Pune, Jamshedpur and Bangalore with point of contact which should be converted into full fledged service center-cum-branch. For Ahmedabad and Gauhati the company is yet to identify the locations for setting-up the branches.

Overseas Branch Set up:

The total CAPEX for setting up branches overseas is Rs.406.97 lacs, which is as follows:

Particulars	Amount (Rs. in lacs)
Testing & Service Equipment	161.78
Computers & Peripherals	4.31
Furniture & Fixtures	72.60
Advertisement & Training	71.86
Deposits	24.72
Pre-commencement costs	20.00
Operating Expenses for 6 months	36.05
Contingencies	15.65
Total cost	406.97

Domestic Branches set up:

The total CAPEX for setting up domestic branches is Rs.387.83 lacs, which is as follows:

Particulars	Amount (Rs. in lacs)
Testing & Service Equipment	323.56
Computers & Peripherals	31.20
Furniture & Fixtures	9.00
Deposits	9.15
Contingencies	4.82
Total cost	377.73



Details of the Capex of the Company for the proposed project

Details of Equipment to be supplied to Domestic Branches					
Name of the Supplier	Description	Date of quotation	Qty./ Sets	Unit Price	Amount Rs.
Service Equipment					
Cluster Infotech	Demo Equipment	31-Aug-05	6	3584980	21509880
Cluster Infotech	Service Equipment	31-Aug-05	6	1807715	10846290
	Furniture/ Infrastructure				32356170
Cluster Infotech	Cubicals - Interior decoration, One Room-Air Conditioner and furnishing including Labour Charges at 6 Domestic centres	31-Aug-05	6	900000	
Cluster Infotech	Computers - Acer Power - Intel P-5, 2.4GHZ, 128 MB DDR, 80 GB HDD, 1.44 MB FDD, 52x CD ROM Drive, AGP Lan, Linux, 15" Color Monitoe, VGA Mouse - In Built Modem - CD Writer	31-Aug-05	47	30000	1410000
	Printers	31-Aug-05	6	10000	60000
	Laptops	31-Aug-05	6	50000	300000
	Networking	31-Aug-05			280000
	Scanners	31-Aug-05	6	10000	60000
					3010000
	Grand Total				35366170

3. Issue Management Expenses

The expenses for this Issue includes underwriting and management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. [●] lacs being, which will be paid by the Company.

Sr. No.	Particulars	Amount Rs. Lacs
1	Book Running Lead Managers Fees	[●]
2	Registrar to the Issue	[●]
3	Advisors to the Issue	[●]
4	Offer Stationery	[●]
5	Advertising Expenses	[●]
6	Brokerage and Selling Commission	[●]
7	Legal Fees	[●]
8	Other Expenses (incl. Filing Fees, Listing Fees, Depository charges, etc.)	[●]
9	Contingencies	[●]
	Total	[●]



4. Working Capital Margin

The company is presently enjoying working capital facilities with Andhra Bank to the tune of Rs.375 lacs. The summarized position of utilization as at March 2005 and September 2005 is as under:

Rs.in Lacs

Description	As at March 05	As at Sept 05
Current Asset Built Up		
Inventories	303.22	313.57
Receivables	976.95	1324.89
Other Current Asset	69.27	540.06
	1349.44	2178.52
Current Liabilities		
Sundry Creditors & Provisions	325.39	508.59
Net Working Capital	1024.05	1669.93
Bank Borrowing	240.44	0.00
Internal Sources	783.61	1669.93
Limits available		
Fund Based	275.00	275.00
Non Fund Based	100.00	100.00

In the envisaged project of Rs.3250 lacs an amount of Rs.400 lacs is being estimated as the Margin Money requirements for future working capital borrowings. The growth in the operations necessitates the company to infuse additional margins in to Current assets, which would enable it to access the required working capital support from the Banks.

The Working Capital Requirement has been calculated on the basis of additional working capital required over a period of next two years. Inventories, Receivables and Advances have been taken at various levels, which is in consonance with industry practice and past trends.

(Rs. in Lacs)

	2005-06	2006-07
Current Asset Built Up		
Inventories (3 Months Purchase)	376.63	710.05
Receivables (3 Months of sales - Domestic)	658.75	1248.50
Receivables (4 Months of sales - Domestic)	74.33	152.00
Other Current Asset Built Up (Advances)	85.74	163.5
	1195.45	2274.05
Current Liabilities		
2 Months of Purchases	251.08	473.37
1 Month of Expenses	31.05	49.38
	282.13	522.75
Net Working capital	913.32	1751.30
Margin @ 25%	228.33	437.83
Support from the banks	684.99	1313.47
Interest on Working capital @ 12%	28.85	157.62
Interest on Term Loan	25.00	0.00
Total Interest	53.85	157.62

All the above projections are based on the management's estimate and have not been appraised by any bank.

4. Repayment of term Loan

The company intends to clear the financial assistance of Rs. 414.00 lacs availed from Industrial Development Bank of India with an intention to reduce the financial burden. The Company has availed the term Loan assistance from IDBI in the year 2000 and has been servicing the dues since then. The company being technology driven wants to repay the loan out of the issue proceeds. "Debt Free" image will be an added advantage to the company.

Further the liquidation of the term loan will reduce the finance costs (In all Rs.120 lacs of Interest costs can be saved over a period of the next 4 years) thereby improving the profitability for the company.

5. Making Acquisitions

With the Brand Value attained over a period of 15 years, the company is also aiming at an increased market presence through acquisitions, amounting to Rs.450.00 lacs. These are targeted mainly in two areas of the company's businesses, viz. AIDC and RFID.

In AIDC arena, the target companies are providing integration services to customers based in Mauritius, Bangladesh and SriLanka and Bartronics expects to deliver better value to the customers on the basis of its competency. Through the acquisition, the company intends to deliver its services in these overseas markets in line with its international expansion plans.

In the RFID arena, the target companies are technology companies who are currently operating in niche application areas. These companies are US based and either owns their own patents or are recognised niche players in their domains and with the acquisition, the company intends to acquire the domain and application expertise to complement its current operations.

The company is in the process of identifying the potential takeover targets through contacts in USA after which the form of investment would be decided.

7. Meeting Marketing Expenses

The proposed marketing expenses is expected to have long-term advantages and create Brand value for Bartronics. Necessary registrations for the Trademarks and other related Rights are also envisaged as a part of marketing expenses. Dealer Conference though a routine activity per se, is a grand scale activity that is in the offing during the year 2005-06.

The proposed gifts are packaged offers that would be addressed to Individuals/Dealers for accomplishment of note worthy performance over a period of 3 years. The details of proposed expenses are given here under:

Particulars	(Rs. in Lacs)
Advertisement - Publication/Media Charges	90.00
Advertisement - Consultancy	28.00
Dealer conferences	20.00
Gifts and Articles	10.00
Travelling Expenses	20.00
Brochures and Communiques	5.00
Communication Costs	5.00
Rates & Taxes (Trade Marks)	2.00
Contingencies	7.20
Total	187.20

Means of Finance:

Particulars	Amount (Rs. in lacs)
Public Issue	[●]
Internal accruals	[●]
Promoters Contribution	[●]
Total	[●]

Notes

The entire requirement of the funds is proposed to be funded through IPO. In case of shortfall, if any, the same shall be met out of internal accruals. Excess money, if any, will be utilized for general corporate purpose. The project has not been appraised by external agencies and as such all the fund requirements are based on management estimate.

No part of the issue proceeds will be paid as consideration to promoters, directors, key managerial personnel, associate or group companies. Pending utilisation, the proceeds will be invested in high quality, interest/dividend bearing short term/long term instruments including deposits with the banks, for the necessary duration. These investments would be authorised by the Board Of Directors or a duly authorised committee thereof.

The Company is yet to place orders for Equipment and Computers worth Rs.873.40 lacs which translates into 100% of the total value of the Equipment and Computers proposed to be acquired in the present project.

Further, the Company is not proposing to buy any second hand machinery.

Of the total project cost 59.51% would be used to create tangible assets which would be financed out of the proceeds of the issue.

Appraisal

The Project is an on going activity and Institutional support is not sought for. Hence the project has not been appraised.

Schedule of Implementation

Activity	Original Schedule		Revised Schedule	
	Commencement	Completion	Commencement	Completion
Identification of Locations	March 2005	May 2005	March 2005	May 2005
Product Development	April 2005	November 2005	April 2005	February 2006
Lease Agreements	July 2005	September 2005	July 2005	January 2006
Interiors	September 2005	October 2005	September 2005	February 2006
Recruitment & Training	July 2005	September 2005	July 2005	March 2006
Procurement of equipment	September 2005	October 2005	December 2005	February 2006
Erection of Plant & Equipment	October 2005	November 2005	December 2005	February 2006
Advertisement & Campaign	November 2005	March 2006	November 2005	March 2006
Commercial Run	December 2005		March 2006	

The project implementation as originally envisaged should have been in full swing during October 2005 to December 2005. Due to inadvertent factors the same has been delayed by about a month. The basic reasons are delay in procurement of prototype for product development, slow down in the recruitment activity due to delay in raising the means of finances. Since most of the equipment is plugged and pay mode- the Company is confident of completing the implementation by first week of February 2006 and thus the commercial run can be on from March 2006.

**% of completion achieved as on 30/09/2005**

Activity	Commencement	% Completion
Identification of Locations	March 2005	100%
Product Development	April 2005	20%
Lease Agreements	July 2005	15%
Interiors	September 2005	5%
Recruitment & Training	July 2005	30%
Procurement of equipment	December 2005	
Erection of Plant & Equipment	December 2005	
Advertisement & Campaign	November 2005	5%
Overall project		(Overall completion 15%)

Funds Deployed as on October 31, 2005

The expenditure incurred on product development like R&D, and marketing expenses up to 31-10-2005, as certified the Company's Statutory Auditor, M/s. Yaji Associates, pursuant to their certificate dated November 26, 2005 was Rs 116.25 lacs as given in the table below.

(Rs. In Lacs)

Particulars	Amount
R&D and Technology Centre - Product Development Costs	95.46
Public Issue Expenses	16.15
Overseas Branch Expenses	0.81
Marketing Expenses	3.83
Total	116.25

Sources of Financing of Funds already deployed

The funds already deployed have been sourced as under:

(Rs. In Lacs)

Particulars	Amount
Internal Accruals/Current Liabilities	116.25
Total	116.25

Details of Balance Fund Deployment

Activity	Cost of the Activity	Oct-Dec	Jan-March
Technology Centre	743.70	529.90	118.34
Overseas Branches	406.97	311.97	94.20
Branches in India	377.73	300.00	77.73
Issue Management Expenses	[●]	[●]	[●]
Working Capital Requirements	400.00	200.00	200.00
Marketing Expenses	187.20	76.00	107.36
IDBI Loan Repayment	414.00	414.00	0.00
Acquisitions	450.00	200.00	250.00
Total	[●]	[●]	[●]

Interim Use of Funds:

Pending utilization of funds as stated above, the company intends to invest the proceeds of this Issue in high quality, interest / dividend bearing short term / long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by the Board of Directors of the Company or a duly authorised committee thereof.

7. BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Monitoring of utilization of Funds

There is no requirement for a monitoring agency in terms of clause 8.17 of the SEBI (DIP) Guidelines. The Audit Committee appointed by the Board of Directors will monitor the utilization of the proceeds of the Issue.

ISSUE STRUCTURE

Public Issue of [*] Equity Shares of Rs. 10/- each at the Issue Price of Rs. [*] for cash aggregating Rs. (*) lacs is being made through a 100% book building process. Details of the issue structure are tabulated below:

	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	27,00,000	8,10,000	18,90,000
Percentage of net issue size to the public available for allocation	Upto 50% or issue size less allocation to non - institutional Bidders and Retail individual Bidders of which 5% that is 1,35,000/- Equity Shares are reserved for Mutual Funds and the balance will be available for all QIBs including Mutual Funds	Minimum 15% or issue size less allocation to QIBs and Retail individual Bidders	Minimum 35% or issue size less allocation to QIBs and Non-Institutional Bidders.
Basis of Allocation or Allotment if respective category oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares and in multiples of 90 Equity Shares thereafter, that the Bid Amount exceeds Rs. 1,00,000	Such number of Equity Shares and in multiples of 90 Equity Shares thereafter, that the Bid Amount exceeds Rs. 1,00,000	90 Equity Shares and thereafter in multiples of 90
Maximum Bid	Not exceeding the size of the issue subject to applicable limits	Not exceeding the size of the issue	Such number of Equity Shares whereby the Bid Amount does not exceed Rs.1, 00, 000
Allotment Mode	Compulsory in Dematerialized form	Compulsory in Dematerialized form	Compulsory in Dematerialized form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share



	QIBs	Non Institutional Bidders	Retail Individual Bidders
Who can apply	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores.	Companies, corporate bodies, scientific institutions societies and trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000 amount)	Individuals (including NRIs and HUFs) applying for an amount up to Rs. 1,00,000.
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the member of the Syndicate	Margin Amount applicable to non-institutional Bidders at the time of submission of Bid-cum-Application Form to the member of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the member of the Syndicate
Margin Amount	10%	Full Bid Amount on Bidding	Full Bid Amount on Bidding

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

Subject to valid bids received at or above the issue Price, under-subscription, if any, in any of the categories, other than QIBs would be allowed to be met with spill over from any of the other categories, at the discretion of the Company and the BRLMs.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares Offered by way of Book Building.

Qualitative Factors

- The solutions are well accepted by the clients and the company is investing in R&D, primarily for hybridization and integration of diverse technologies thereby reducing the input cost significantly.
- The company is managed and run by a team of dedicated professionals.
- The business operates in high growth markets both domestic as well as the export market, which will also enjoy a fillip from the Government's initiative of permitting FDI in the Indian retail sector that will enhance the business prospects in respect of customer interfacing systems.
- The Company's effort in synergising the embedded hardware component sale and the distribution service is well appreciated and felicitated by the clients.

Quantitative Factors**1. Earning Per Share (EPS)**

Year	EPS (Rs.)	Weight
31.03.03	0.33	1
31.03.04	3.09	2
31.03.05	5.47	3
Weighted Average	3.82	

2. Price/Earning Ratio (P/E) in relation to Issue Price of Rs. [●]

Based on the results of Financial Year 2005, adjusted EPS of Rs. 5.47 on equity share of face value of Rs. 10/- each. [●]

3. Return on Net worth (RONW)

Year	RONW %	Weight
31.03.03	4.21	1
31.03.04	20.84	2
31.03.05	25.03	3
Weighted Average	20.16	

Note:

The average return on Net Worth has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments pertaining to earlier years.

4. Minimum Return on Increased Net Worth to maintain pre-issue EPS - [●]**5. Net Asset Value (NAV) per share**

- a. NAV as on 31.03.05 Rs. 23.78
- b. Issue Price [●]
- c. NAV after the Issue [●]

Note:

Net Asset Value Per Share = Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off /No. of Equity Shares

6. Comparison with Peer Group

Bartronics India Limited offers consulting services and provides solutions pertaining to diverse range of AIDC technologies - Barcode, Biometrics, RFID, RFDC and EAS. There are no comparable listed companies and hence comparison with peer group is not given.

7. The face value of Equity Shares of BIL is Rs. 10 and the issue price is [●] times of the face value.

The Issue Price of Rs. [●] has been determined by the Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.



8. TAX BENEFITS

YAJI ASSOCIATES
Chartered Accountants

10-3-281/1/301
Humayun Nagar
Mehdipatnam
Hyderabad - 500 028
PhNo.040-23532597/98

The Board of Directors,
Bartronics India Limited
4th Floor, My Home Sarovar
Secretariat
Hyderabad

Subject: Tax Benefit available to Company and its members

Dear Sirs,

Please refer to your letter dated 31.05.2005 requesting us to provide the certificate regarding benefits available to the company and its members under the Income Tax Act 1961, the Wealth Tax Act 1957 and the Gift Tax Act 1958.

It is hereby certified that under the current provisions of the Income tax Act, 1961 and existing laws for the time being in force, the following benefits, inter-alia, will be available to the company and its members.

A. To the Company

The Company will be entitled for the following tax benefits in computing the Taxable Income under the provisions of the Income Tax Act, 1961 (The Act):

1. Under Section 32 of the Act, the Company is entitled to claim depreciation on tangible and intangible assets as explained in the said section.
2. Subject to compliance of certain conditions laid down in Section 32 (ii)(a) of the Act, the company is entitled to additional depreciation on new machinery or plant acquired and installed after 31.03.2005.
3. Subject to compliance of certain conditions laid down in Section 35(1) (iv) of the Act, the company is entitled to claim as deduction the whole of capital expenditure, other than the expenditure incurred on the acquisition of any land, incurred on scientific research related to the business of the Company.
4. The company can carry forward and set-off the unabsorbed depreciation allowances, if any, against the income of future years. The company is also entitled to carry forward and set-off its unabsorbed business losses for a period up to eight subsequent years for set-off against its business income.
5. The company can carry forward the excess of tax paid under MAT (Section 115 JB) over and above the normal tax payable on its Total Income. The same can be carried forward and set-off against normal tax payable in subsequent five years, subject to the stipulated limits.
6. In accordance with and subject to the conditions specified in Section 80 IA of the Act the Company would be entitled to deduction of 100% of profits derived from Industrial Undertaking engaged in generation and/or distribution or transmission of power for any 10 consecutive assessment years out of fifteen years beginning from the year, in which the undertaking generated power or commences transmission or distribution of power before 31.03.2006.
7. By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115O of the Act, are exempt from tax in the hands of the company.
8. Under Section 35D of the Act, the company will be entitled to a deduction equal to 1/5 of the expenditure of the nature specified in the said Section, including the expenditure on the proposed issue by way of amortisation over a period of 5 years, subject to the stipulated limits.
9. Under Section 36 (1) (iii) of the Act, the Company is entitled to claim deduction of Banking Cash Transaction Tax paid on Taxable Banking Transactions entered into by it.



10. In accordance with and to the conditions specified in section 10B of the Act the company would be entitled for exemption of 100% of profits derived from 100% EOU.
11. As per the provisions of Section 112(1)(b) of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
12. Long term capital gain arising from transfer of an 'eligible Equity Share' in a Company Purchased on or after the 1st day of March, 2003 and before the 1st day of March, 2004 (both days inclusive) and held for a period of 12 months or more is exempt from tax under section 10(36) of the Act.
13. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
14. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and section 10 (38)) if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
15. As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units (not covered by section 10(36) and section 10(38)) shall not be chargeable to tax to the extent such gains are invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

B. To the members of the Company

1. As per the provisions of Section 10(38) of the Act, income arising from transfer of long term capital assets, being an equity share in a company is exempt from tax, if the transaction of such sale has been entered into on or after 01.10.2004 and such transaction is chargeable to the securities transaction tax..
2. As per the provisions of Section 111A of the Act, short term capital gain arising from transfer of equity share in a company shall be chargeable to tax @ 10%, if the transaction of such sale has been entered into on or after 01.10.2004 and such transaction is chargeable to the securities transaction tax. However, where the income includes any such short term capital gain, it shall not be considered for deduction under chapter VIA.
3. As per the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under the proposed section 10(38) and arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax, to the extent such gains are invested in acquiring Equity Shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of Equity Shares which satisfies the following conditions:
 - the issue is made by a public Company formed and registered in India; and
 - the shares forming part of the offer for subscription to the public.

The issue of shares by the Company being an eligible issue of share capital, the subscribers thereto would be eligible to claim the exemption granted under section 54ED.



4. As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (HUF), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax, if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
5. As per the provisions of Section 115AD of the Act and subject to the conditions specified therein, income received by Foreign Institutional Investor in respect of securities shall be taxed @ 20% and income by way of Long Term Capital Gains arising from the transfer of such securities shall be taxed @ 10%.
6. Section 10(34) provides that any income by way of dividends referred to in section 115 O i.e. dividend declared, distributed or paid by a domestic Company, on or after 1st April, 2003 is exempt in the case of all categories of assesses.
7. Under section 10(32) of the Act, any income of minor children clubbed with the total income of the parent under section 64(1A) of the Act, will be exempt from tax to the extent of Rs. 1500/- per minor child.
8. As per the provisions of Section 112(1)(b) of the Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by sections 10(36) and 10(38), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assesses.
9. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
10. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Share' in the Company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
11. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

C. Additional Benefits Available to non-residents Indians

Non-resident Indians have an option to be governed by the special provisions of Chapter XIIA of the Act according to which;

1. Under Section 115 G of the Act, it shall not be necessary for the Non-resident Indian to furnish their return of income, under Section 139(1) of the Act, if their source of income is only investment income or income by way of long term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII B has been deducted from such income.
2. The benefit conferred on a Non-resident Indian assessee will be available even after the assessee becomes a resident if declaration in writing is filed along with the return of income under Section 139(1) of the Act, to the effect that the provisions of Chapter XII A shall continue to apply to him in



respect of investment income derived from foreign exchange asset vide Section 115 H of the Act, until the Transfer or conversion (otherwise than by transfer) into money of such assets.

3. Under Section 115 I of the Act, a Non-resident Indian, if he elects by so declaring in the return of his income for that assessment year, not be governed by the above mentioned special provisions of chapter XII-A, than he will be entitled to tax benefits available to resident individuals.

D. Benefits available to Mutual Funds

Under Section 10(23D) of the Act, all Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by Public Sector Bank or Public Financial Institutions, or authorised by the Reserve Bank of India and subject to such conditions as may be notified by the Central Government will be exempt from income tax on any income.

E. Benefits available to Foreign Institutional Investors (FII)

- a. In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the conditions and to the extent specified in section 115AD of the Act, tax on long term capital gain (not covered by section 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However short term capital gains on sale of Equity Shares of a company through a recognized stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed @ 10% as per the provisions of section 111a. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FII.
- b. As per the provision of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Resident.
- c. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Shares' in the Company purchased during the period from March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
- d. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.
- e. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
- f. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted in to money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax a long term capital gains in the year in which the long term specified asset is transferred or converted in to money.
- g. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax (not covered by sections 10(36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.



F. Benefits available to Venture Capital Companies/Funds

In terms of section 10(23FB) of the Act all Venture capital companies/funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from an income from sale of shares of the Company.

Wealth Tax

The Shares held in a Company are not liable to Wealth Tax under the Wealth Tax Act, 1957.

Gift Tax

The Gift Tax Act, 1958 ceases to apply to gifts made on or after 1st October 1998. Gifts of shares of the Company would therefore, be exempt from Gift Tax.

Notes:

- a. All above benefits are as per the current tax law as amended by the Finance Act, 2005.
- b. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
- c. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefit available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- d. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

For Yaji Associates

Chartered Accountants,

APP Kasipati

Partner

Place: Hyderabad
September 19, 2005

SECTION IV — ABOUT THE ISSUER**1. Industry Review**

Automatic Identification and Data Capture (AIDC) is the industry term, which describes the identification, and/or direct collection of data into a microprocessor controlled device such as a computer system or a programmable logic controller (PLC), without the use of a keyboard.

At their core, all AIDC technologies support two common goals:

- To eliminate errors associated with identification and/or data collection
- To accelerate the through-put process (the through-put process is the Input to Output process)

As an industry composite, AIDC covers six distinct groups of technologies and services. They are: Card Technologies, Data Communications Technologies, Bar Code Technologies, Radio Frequency Identification Technologies, Emerging Technologies, and the Support and Supplies which serve the industry.

AIDC is now being seen as a radical and revolutionary data carrier and identifier discipline with principles and practices that can be applied virtually to every sector of industry, commerce and services where data is handled and needs to track and trace individuals, materials and equipment. The majority of applications are based on a few generic foundations, as listed below :

- Tracking and Traceability
- Escort Information
- Product and item
- Transaction and services support
- Access control
- Sortation
- Automation support

Booming AIDC Industry

Following the successes of the ERP, CRM and SCM industries over the past few years, AIDC is receiving a good amount of attention as it can leverage past IT investments better through automated data collection and input. In fact a recent AMR Research study concluded that “Dwarfing Y2K and the Internet in the scope and scale of changes it will ring in, RFID is the killer application driving the next ten years of supply chain investment.”

While smart card and bar code technologies continue to find applications, the AIDC industry is moving rapidly towards the use of RFID in a number of high-value and high-volume market segments. The RFID market is expected to jump from \$1.4 billion annually this year to as much as \$6.1 billion in 2010, according to a recent study by research firm Data Monitor. It is still in a nascent stage but there are several factors, in addition to dropping chip prices, which are driving the growth of RFID as an enabling technology. These include (but are not limited to):

- The US Government’s use of RFID to track military shipments (to and from the Persian Gulf, for example) & Wal-Mart’s mandate that has asked 138 of its retail suppliers to be RFID-enabled at the case- and pallet- level by January 2005
- The development of standards and standards bodies such as EPC (Electronic Product Code), ISO (International Standards Organization) and ongoing work by the Auto ID Center (www.autoidcenter.org) a joint collaboration between the Uniform Code Council and EAN International)
- Dramatic benefits being achieved by leading consumer packaged goods, retail, manufacturing, logistics, transportation and healthcare companies
- Improvements in RFID technology

Indian Scenario

The Indian market as specifically catered to by Bartronics, estimated at about Rs 100 crores in FY 2005, largely comprises of smart card and bar code solutions. This segment is expected to grow at 20-30% per annum. RFID and biometric solutions are making their presence felt in the current year. The market has been growing at an estimated CAGR of over 50% over the past few years and is poised to grow rapidly due to the retail and manufacturing growth in the country. Additionally a majority of the larger companies have already invested in ERP and SCM software that need to be leveraged further.

Barcode Segment The AIDC Technologies Association of India (www.aidcindia.org) has done a lot of work in the field of bar code technology, which is the precursor to RFID solutions. India is already a signatory to the EAN UCC System that enables automatic capture of vital data across the supply chain from raw material to warehousing to distribution to final retailing. The industry expects that the Walmart mandate combined with a number of other chains (Metro, Tesco, etc) will force Indian suppliers to set up confirming systems.

In India, the use of barcode has been mandatory in several areas of manufacture, retail and exports. For example, the Canteen Stores Department of the Ministry of Defence has embarked upon an ambitious program of automating its depots and retail outlets across the country to monitor and control stocks and sales of an estimated 4,000 different products it supplies and an inventory of over 200,000 items to the Indian armed forces.

Source: www.aidcindia.org

Smart Card segment

Over the last few years, the awareness of smart cards and its applications have gradually increased among the potential users in India. Significant growth has taken place in wireless cellular applications, retail loyalty applications, healthcare applications and vehicle registration applications. Several pilot projects have also been implemented for multi-application campus cards, banking, ID, automatic fare collection, toll, healthcare, etc. Though the SIM card market has driven the growth in the last 5 years, the rate of growth in banking and retail sector is expected to be larger in the coming years. The usage in transport and health care sectors is also expected to increase. However, the industry is looking at the government usage and the much-touted national ID project for a spiralling growth in the next few years.

Biometrics

As both the private and Government sector organisations search for more secure authentication methods, they have increasingly become aware of biometrics as the killer technology for near foolproof security. It may not be long before all password and card based systems currently in vogue get replaced with biometric devices. While there is a growing demand for both physiological and behavioural biometrics devices, fingerprint recognition is the current hot favourite. However, lack of infrastructure and standardisation in the industry, high costs and duties are the impediments in the growth of the industry. Most of the biometrics hardware is being imported from USA, Germany, Israel and in recent times from China. Indian manufacturers are also getting into the act with some fingerprint scanners now being made available in the market.

Competitive Landscape

The competitive landscape for Bartronics' solutions is largely marked by players who are either trading in Hardware or software system integrators. Large players in the industry include Essae Technology, Great Eastern Impex, Intellicon and Stallion. Bartronics' differentiates itself by being a total solution provider and hence has a list of impressive clientele in the Indian Market. This is the reason why every major company in India like ITC, HLL, TISCO, TELCO, ISPAT etc. has been served by Bartronics during the past few years. The second differentiating factor is the nation-wide sales and service network. The branches and sales offices of the company ensure that the Bartronics' engineers are always "on-hand" to provide solutions in case there are problems at customer locations.

Probably the most important differentiating factor in favour of Bartronics' is its skilled service engineers. Apart from being technically qualified, the company has ensured through a structured training programme that its engineers are continuously updated on the latest developments in the relevant technologies. Many of the engineers are specially trained by the company's principals. In fact, Intermec Corporation, USA awarded Bartronics' with a Gold Medallion Programme Certificate which certifies Bartronics' engineers to

service and repair any product supplied by Intermec Corporation. Apart from this recognition, Bartronics' After Sales Service Function has been certified for ISO 9002 which in turn means that the company's processes have been standardised and are capable of delivering quality results consistently.

2. Business Overview

Incorporated in 1990 as a Private Limited Company and converted to a Public Limited Company in 1995, Bartronics entered a large way in developing and marketing bar codes and leveraged on the opportunity the business provided. From the bar coding segment, the Company forayed into other areas of the AIDC technology viz. Biometrics and RFID and is today a total solution provider. The Company is an expert in system integration for Barcode solutions, which has applications in areas such as inventory management, attendance recording, dispatch management etc.

With the advent of the RFID revolution, the Company diversified into the same for further growth prospects. RFID is a technology that holds tremendous potential and Bartronics is certainly in a position to leverage on its expertise; this being its core area.

Wide Local Presence

The Company operates all across the country through its offices and Regional centres located at Hyderabad, Chennai, Coimbatore, Bangalore, Delhi, Jamshedpur, and Pune. These offices are manned by sales personnel and service engineers. The nation-wide offices ensure proximity to the Company's customer-base thereby ensuring that the needs of the customers are addressed promptly. The service engineers stationed in these offices ensure minimum break-down time in case the solutions provided by the Company cause any problems to the customers' critical business processes. In addition to the Company's own branch offices in the above locations, the Company also has dealer setups at Nagpur, Aurangabad, Mumbai and Visakhapatnam. Each dealer setup has trained engineers who provide the necessary critical support to the customers catered to by the respective dealer.

In order to further consolidate its national coverage, the Company intends opening offices in every major city across the country with an objective to have a full-fledged presence in every state.

To put the technology in the perspective, Automatic Identification and Data Capture (AIDC) is the industry term, which describes the identification, and/or direct collection of data into a microprocessor controlled device such as a computer system or programmable logic controller without the use of a keyboard. AIDC is a family of technologies for the unique identification of physical objects by automated processes. These technologies have been designed to bridge the gap between entities in the real world and computer databases that describe them. AIDC endows a computer system with a set of eyes that can uniquely identify any object that is appropriately tagged. Computer algorithms designed to improve efficiency can then work with direct and immediate knowledge of the environment, rather than process statistical information collected by hand at a prior date.

As an industry family, AIDC covers six distinct groups of technologies and services viz. Card Technologies, Data Communications Technologies, Bar Code Technologies, Radio Frequency Identification Technologies, Emerging Technologies and the Support and Supplies which serve the industry.

At their core, all AIDC technologies support two common goals:

- To eliminate errors associated with identification and/or data collection
- To accelerate the through-put process (the through-put process is the Input to Output process)

Barcoding technologies are used to identify products. More recent innovations, such as magnetic stripe cards and contact smart cards, are typically used to identify consumers rather than products. Currently in development are radio frequency identification (RFID) technologies, which have shown promise as an advanced method of identifying both products and people with minimum labour.

The Technology The technology known in Industrial Terms as Automatic Identification and Data Capture (AIDC) describes the identification, and/or direct collection of data into a microprocessor controlled device such as a computer system or a programmable logic controller (PLC) without the use of a keyboard.

The company offers consulting services and provides solutions pertaining to diverse range of AIDC technologies - Barcode, Biometrics, RFID, Radio Frequency Data Communication (RFDC) and Electronic



Article Surveillance (EAS).

At their core, all AIDC technologies support two common goals viz., a) To eliminate errors associated with identification and/or data collection and, b) To accelerate the throughput process. Discussed hereunder are some of the technologies in a nutshell.

Barcode is perhaps the oldest of the AIDC technologies. A barcode is a message that holds information. The structure of the barcode consists of the height and the width. Information is encoded into spaces and bars of various widths. Barcodes can be produced easily and inexpensively.

Biometrics: Biometric technologies are defined as “automated methods of verifying or recognizing the identity of a living person based on a physiological or behavioral characteristic”. Some of the biometrics technologies used are: fingerprint identification, iris identification, retinal identification, hand geometry, hand, palm, voice identification, facial feature identification, body salinity (salt) identification and ear identification.

RFID: RFID tags are essentially pieces of circuitry available in various formats (embedded in labels or as a wide variety of plastic tags), which contain a database record of information. Depending on design, they can be read from and/or written to without the need of line of sight. In general terms, Radio Frequency Identification (RFID) is a means of identifying a person or object using a radio frequency transmission, typically 125 kHz, 13.56 MHz or 800-900MHz. The AIDC (Automatic Identification Data Capture) industry is moving rapidly towards the use of RFID in a number of high-value and high-volume market segments.

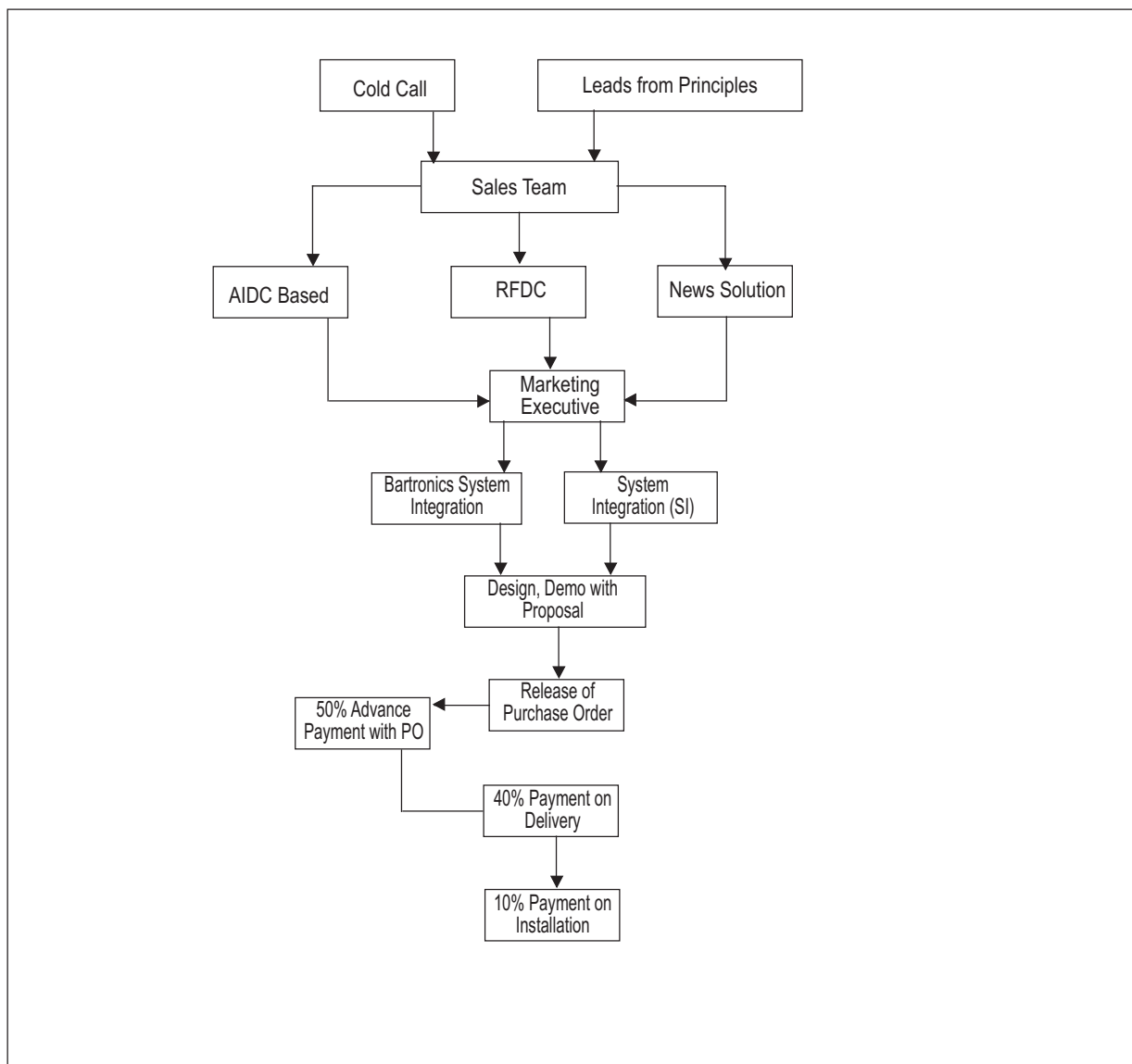
Electronic Article Surveillance (EAS): Electronic Article Surveillance (EAS) is a technology used to identify items as they pass through a gated area. Electronic Article Surveillance (EAS) is a form of electronic theft protection used by retailers, corporations, hospitals, and others. The technology functions on the same basic principle: a transmitter sends a signal at defined frequencies to create an electromagnetic field (EMF) that functions as a surveillance area. This field operates usually between two pedestals placed at the exit of a store or building. Upon entering this area, a security tag or label that has not been removed or deactivated creates a signal in the electromagnetic field, which is detected by a companion receiver. An alarm sounds when the signal is detected.

RFDC: Radio Frequency Data Communications (RFDC) is exactly what the name suggests: the use of radio waves to communicate data from one location to another. It involves a chip with an antenna that when activated by a reader can send or receive information. Radio Frequency Data communications is a technology that uses radio frequency (RF) waves instead of wires to transmit information, allowing real-time portability

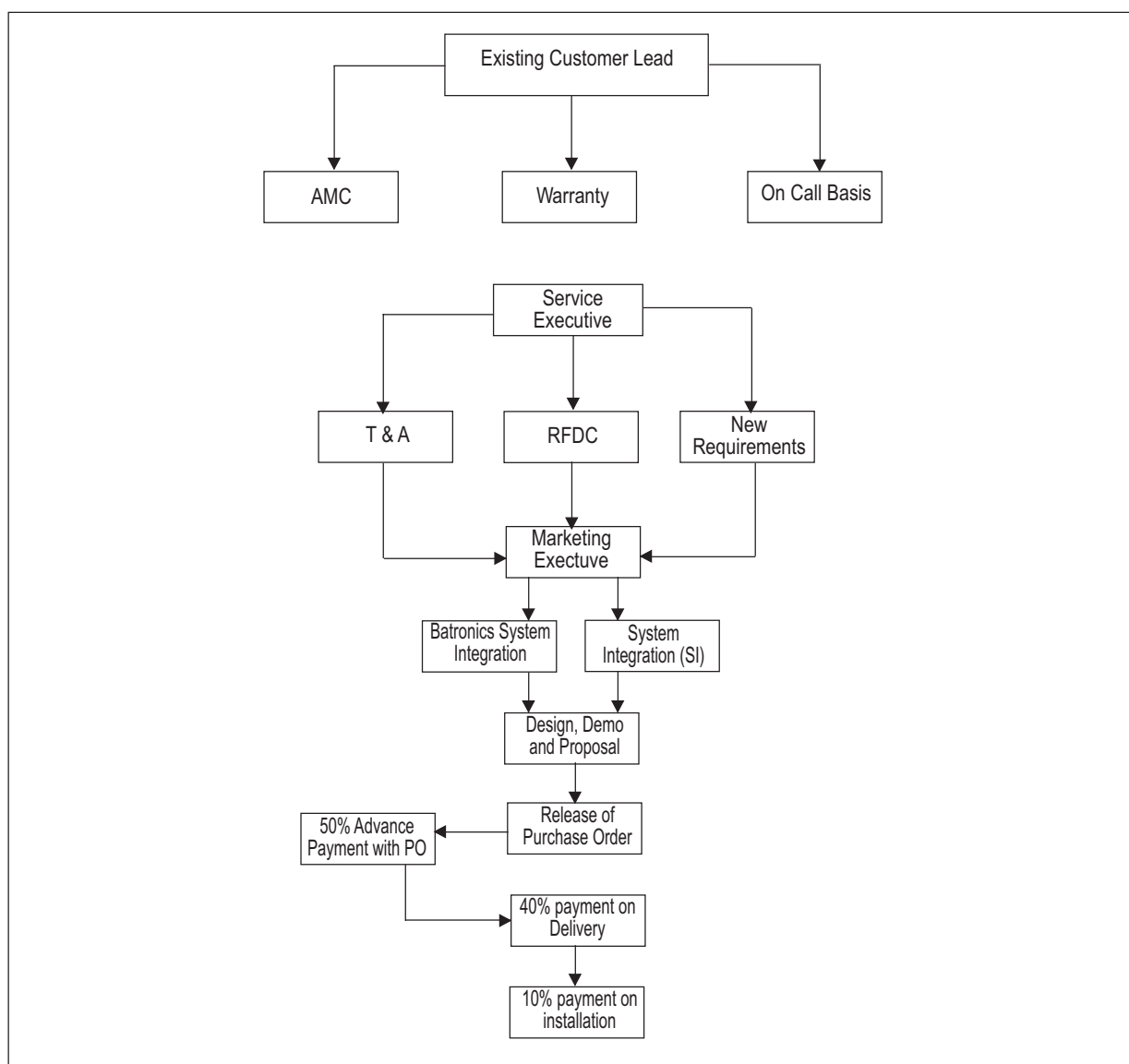
The technology is applied in the areas like Tracking and Traceability; Escort information; Product and item identification; Transaction and services support; Access control; Sortation and Automation support. Thus this is certified as a tool that would improve productivity. Development Centre would focus on various prototypes and highlight various areas of applications that would embed AIDC/RFID technology

Business Process Flow Overview

Business Process Flow of Order Execution for AIDC and Retails Divisions - Route 1



Business Process Flow of Order Execution for AIDC and Retails Divisions - Route 2



Products

The products and the services are categorized under 3 segments viz., AIDC Division, RFID Division and Retail Division

● AUTOMATIC IDENTIFICATION AND DATA COLLECTION (AIDC) Division

Automatic identification and data collection (AIDC) is the generic term for a number of technologies that bypass manual methods of data collection and data entry, thereby eliminating human error and significantly reducing time and labor.

Some additional technologies that share the ability to bypass human intervention or that provide improved system operation are also often included when talking about AIDC.

AIDC is known by many terms including: Keyless Data Entry, Automatic Identification, Auto ID, Machine Readable Codes (MRC).

Benefits

AIDC technologies eliminate manual entry of data, thereby eliminating the associated errors, time, and costs (of both manual entry and errors). These benefits can be seen in different ways in different companies and applications. In general, however, a well-designed AIDC system offers both direct and indirect benefits including:



- Increased accuracy
- Increased speed
- Reduced cost
- Reduced inventories
- Reduced (or eliminated) cycle counting
- Improved quality
- Increase productivity
- Increased data collection
- Improved responsiveness
- Simplified documentation

The solutions offered by the division span across the entire gamut of a manufacturing organisation. These include automation of time and attendance of employees, monitoring their canteen and on-campus activities, keeping track of work-in-process and inventories, distribution and sales tracking. Over the years, the division has established itself to become the number one provider of automation solutions to the Indian manufacturing sector having more than 1000 customers spread throughout the country. The technologies currently being employed for providing these solutions are:

- **Biometrics**

Biometric systems use physical characteristics for identification. A finger print, voice print, retinal pattern, even DNA signatures are being used to provide automatic, and secure, identification of an individual. For areas where high security is required, biometrics is certainly the answer. The Company has successfully implemented biometric systems at Tirupati and Vaishnav Devi for crowd management application. In addition, the biometric enabled terminals provided by the company are used by many organisations to keep track of employees' attendance and other activities. Such terminals eliminate typical problems like impersonation, disputes etc.

- **Bar Codes And 2d Symbols**

Bar codes, such as the familiar U.P.C. symbol used for point-of-sale, are physical marks arranged in a "linear" manner of dark and light "bars" (hence the term "bar" code). Bar codes are designed to provide reliable encodation of limited amounts of data (typically 30 characters maximum). These are used in variety of applications including item identification in spare parts management, inventory management and super markets check out counters. The company has standardised its solution for the manufacturing sector based on its past experience and is now capable of deploying such solutions within a very short period of time.

- **Vision Systems**

Machine vision systems use cameras to view an area and interpret symbols or shapes. Machine vision systems are typically used to inspect goods during manufacturing or packaging. Such technology is used in a production line where goods are continuously moving on conveyor belts etc and there is a need to quickly conduct a quality check and ensure that the end product meets specific quality parameters.

- **RADIO FREQUENCY IDENTIFICATION (RFID) Division**

Radio Frequency Identification (RFID) uses special data carriers, or tags, to hold data. Readers use RF signals to communicate with the tags. Generally, range, data transfer rate (DTR), and the dampening effects of overlying materials increase with frequency. Absorption of signals by metal decreases with frequency.

RFID systems are currently being used for:

- Electronic article surveillance (EAS)
- Intermodal container identification
- Rail and truck rolling stock identification



- Animal (livestock and domestic) identification
- Automated livestock feeding stations
- Flexible manufacturing (tracking and control)
- Cutting tool identification
- Cutting tool identification
- Asset identification
- Laundry tracking
- Vehicle identification / access control
- Automated debit or credit cards (gasoline),
- Automated toll collection
- Personnel identification / access control.

The advantages of RFID Technology are:

- Read/write capabilities or permanent (non-erasable) ID
- Non-contact, non-line-of-sight reading
- Virtual immunity from obscuring paint, dirt, grease, etc., (depending on frequency)
- Automatic operation
- Low cost-per-use
- Wide range of tag options
- Range to 100 feet
- Reading speeds to 60 mph
- Extremely high data integrity
- Extremely difficult to counterfeit.

Popular RFID Applications are:

- Vehicle Tracking & Identification
- Warehouse Management
- Factory Automation
- Industrial Waste Management
- Long Range Access
- Control High Speed Rail Identification
- Locating sub-assembly parts in a manufacturing process
- Cross-system associations between employee access control cards and employee-assigned physical assets
- Easy location of classified documents that have been left out overnight
- Security tracking of newborn infants while at the hospital
- Authentication of product brand against counterfeit articles
- Automatic capture of time and attendance during shift changes as employees pass freely in and out of plant gates
- Reconciliation of passenger luggage with passenger as they step on a plane.

TOUCH SCREENS - PEN-BASED TECHNOLOGY

Both touch screens and pen-based systems use the same basic technology. A sensitive screen is used instead of a mouse, keyboard or other entry device. In a data collection environment, touch and pen-based systems are best used for selection of pre-programmed information.

Touch is a “natural” interface. In public applications, users have little training in the technology and are simply instructed to “touch your selection.” Pen-based systems may also incorporate character recognition capabilities and signature capture.

Retail Division

Retailing today is much more than simple buying of goods from the supplier and selling it to the consumer. Some important functions of retailing like Stock maintenance, Tracking product sales, and Supplier and Customer transactions have become much complicated than before. Modern technology tools in retail like Point of Sale Systems, Kiosks, Touch screens, EDI, Bar-coding, security systems like CCTVs, RFID etc have the ability to improve and make more efficient each function of the retail. All the core processes of retail i.e storing operations, merchandise management, planning and forecasting, inventory control need advanced applications of IT for smooth functioning.

The company's focus so far has been in providing Point-of-Sale (POS) system to the exploding number of retail malls and super stores coming up all over the country. Due to the price and quality advantage of the company's solution, increasing number of retail chains are now opting for the company's solution. The division has plans to extend its product range to Electronic Cash Registers and other variations of POS thereby addressing a very large chunk of the Indian Retail market which is forced to automate its processes due to the introduction of the VAT regime.

Some of the projects as implemented by Bartronics India Limited for the Corporates:

WHIRLPOOL

The company has implemented two projects for Whirlpool, one of the leading Companies in home appliances in India. The Projects named Production Tracking and Warehouse & Dispatch management have been designed for Whirlpool at Pune and Pondichery.

The Objective of this project is to track every product manufactured by the company and to ensure that the rejected goods at QC level should not be dispatched to finished goods stores.

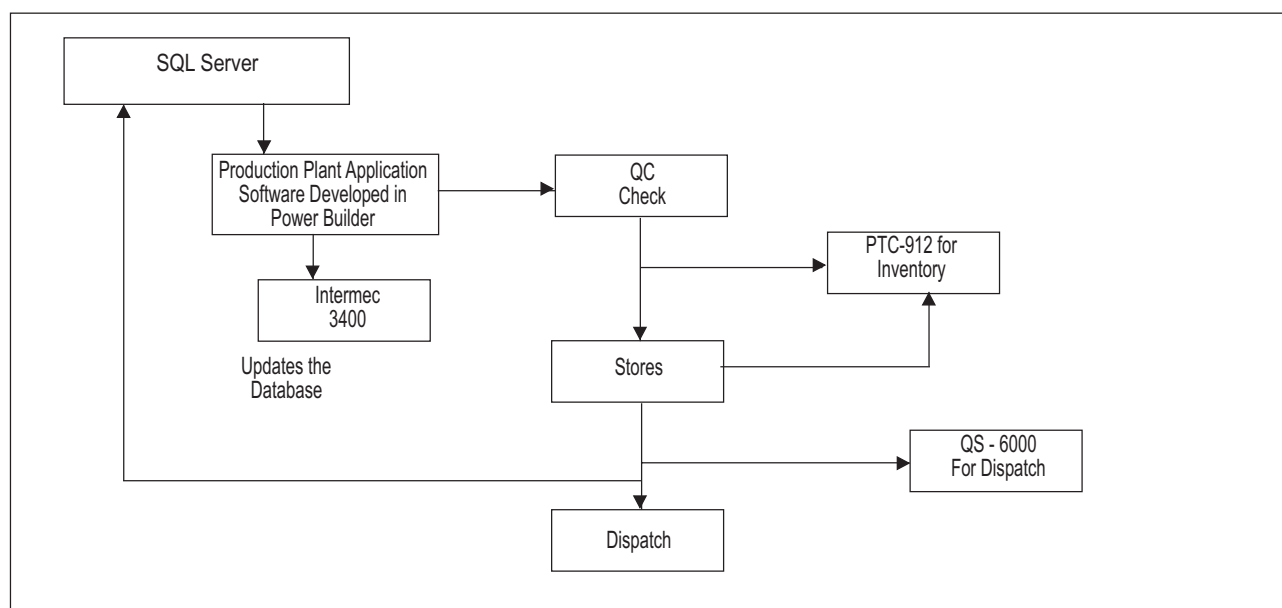
The process for the above-mentioned project is as under:

Production Tracking: At the start of the manufacturing of Product, a barcode will be generated and stuck to the same; this barcode is used at each level while manufacturing the product. Once the product is ready, then it is sent to the Warehouse for dispatch. The software is developed in Power Builder as front end and SQL server as backend to store the data.

Dispatch: In Dispatch process while dispatching the products the barcode is scanned and the data is validated and the same is updated in the database as dispatched.

Stores: With the help of Hand Held Terminals the products are scanned in the stores and the data is updated to the Server to check the stock position in the stores and in the warehouse

Process Flow



TATA STEEL

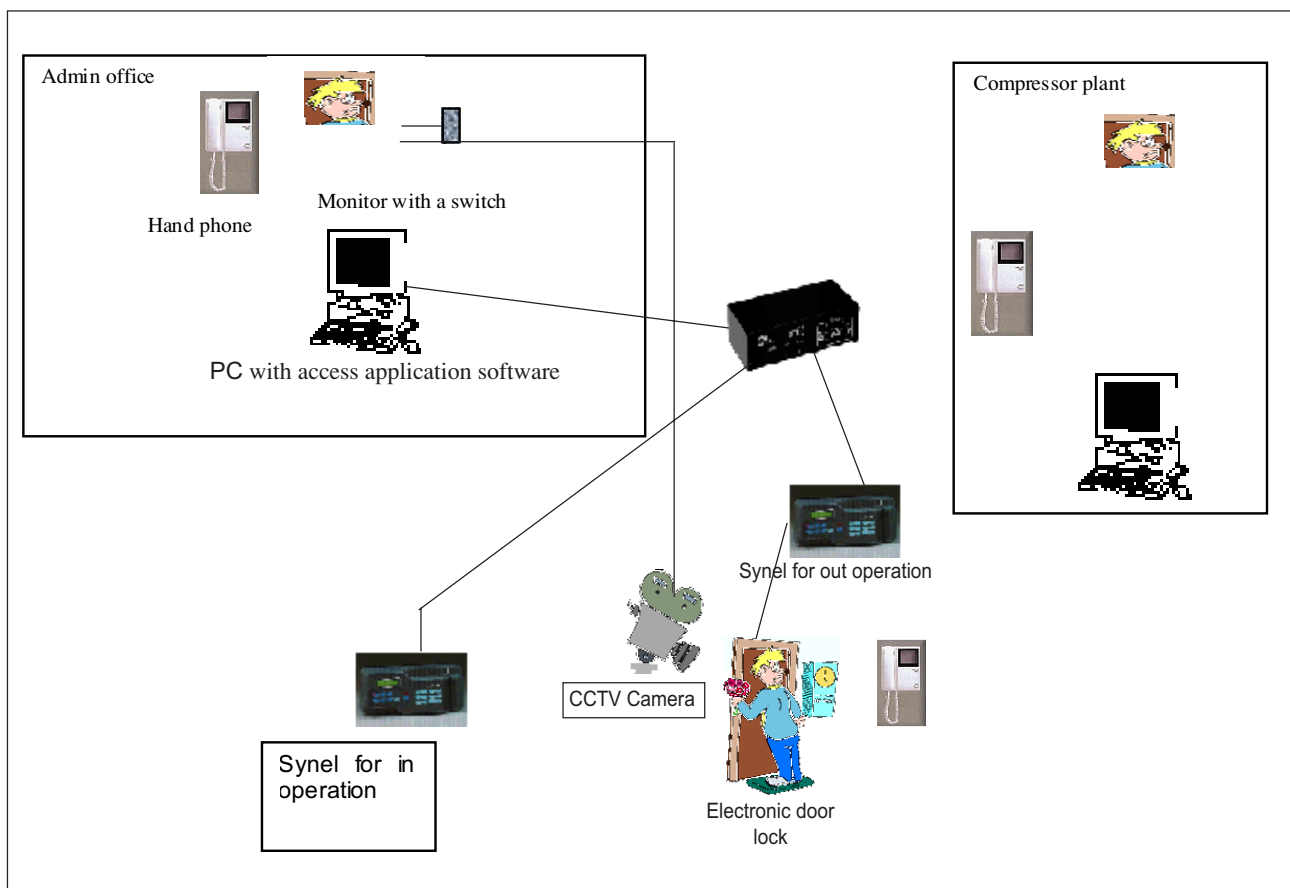
BIL designed an Access Control System for Tata Steel. The objective of this project is to monitor each and every entry in the Industrial Gas Division. The worth of the order executed was Rs.65 Lacs

Solution Implemented

The administration office and the compressor plant in the Industrial Gas Division premises are to be monitored for access control. If the person is authorized to enter the premises he is given an authorized bar coded card, which he swipes in the SY-125 data collection terminal and after validation the electronic door lock is opened for him/her and thus he/she enters the premises.

If a visitor or other person who does not have a card to swipe has to enter the premises picks the door phone fixed to the wall next to the door and press the button on it, as soon as it is connected to the administration office the person reveals his identity and at the same time, one can see his image in the monitor, which is connected to the CCTV camera fixed at the door. After identifying the person admin office opens the door lock by pressing a key. The same is applied for out operation.

The key benefits are effective access control in Industrial Gas Division premises and entry and exit of each person is monitored.



Some more projects as implemented or under implementation by Bartronics India Limited:

Vaishno Devi

M/s Bartronics India Limited is undertaking the Computerisation of Yatra Management System and other Yatra related activities alongwith setting up of Registration Counters in different cities for Advance Registration of Yatra to the Shri Mata Vaishno Devi Shrine (Katra)

Tirumala Tirupati Devasthanam

M/s Bartronics India Limited is undertaking the work of operations and maintenance of Sudarshanam scheme at T.T. Devasthanam, Tirupati. To counter the strain on infrastructure and to increase the comfort level of pilgrims,



the T.T.D. Board adopted the 'Sudarshan Token Scheme' which specified the date and the exact time the pilgrim could present himself at the main entry point to the temple, thus eliminating the long waiting period. The wristband provided as part of the system was found to be non-biodegradable and the used bands got accumulated in large quantities thus posing an environmental challenge to the authorities concerned.

The T.T.D. Management in association with Bartronics, has recently introduced a Biometric based system which uses finger print recognition and photo identification for verification, thus doing away with the need for wristbands. This system has eliminated many problems faced by the T.T.D. Management and is providing immense convenience to pilgrims.

Utilities

a. Hardware components

The Hardware components are procured in consultation with the client requirements. The Company has a tie up with Intermec (USA based Company with base at Singapore as well), Escort Memory Systems - USA, , Synel Industries-Israel and Data Logic-USA, etc.,. The company has been maintaining good business relations with its suppliers based in USA. The contractual obligations ensure compliance of the law of land. Following is the list of the agreements entered into /approvals taken by Bartronics India Limited.

ESCORT MEMORY SYSTEMS	Escort Memory Systems (USA), a Datalogic Group Company, has entered into a Regional Distributor Agreement with Bartronics India Limited, appointing it as its product distributor across India. The product range covers all RFID and RFID Communications Interface products manufactured by Escort Memory Systems.
INTERMEC TECHNOLOGIES CORPORATION	Intermec Technologies Corporation (USA) has appointed Bartronics India Limited as an Authorized Country Distributor (India) for their entire product range of Scanners, Label Printers, Mobile/Portable Printers, Mobile Computers, Access Points and R.F.I.D. products (Project Dependent). As per the agreement, Intermec shall provide assistance in marketing, engineering, technical, sales training, maintenance, operation & installation and also provide technical drawings for servicing of products.
SYNEL INDUSTRIES LIMITED	Synel Industries Limited, an Israel based Company, a major manufacturer of Data Collection Solutions, including Time and Attendance hardware and software and Access control Systems, has entered into a Distribution Agreement with Bartronics India Limited, appointing Bartronics as an Authorized distributor for its products in India, Sri Lanka, Bangladesh and Mauritius.
MARSON TECHNOLOGY Co.,LTD	The Company based in Taiwan manufactures a wide range of bar code devices, from high performance hand-held to fixed-amount long reading -depth CCD scanners plus versatile barcode decoder and low power consumption light pens. Bartronics India Limited authorised to represent Marson Technology Co.,Ltd in India for supply of Barcode scanners, Hand held terminals and service of Marson equipment.
ASK ASIA LIMITED	ASK is based in Singapore, offers comprehensive contactless and RFID product range on the market. Bartronics India Limited is a system integration partner of ASK and has the right to sell, integrate and implement its technology with the range of ASK's products
ID MICRO	ID Micro is based in USA, provides industrial scale high-value asset and people tracking solutions to Fortune 1000 companies. Bartronics has a partnership with ID Micro to sell, integrate and implement its technology.
WAVEX TECHNOLOGIES	Wavex Technologies is a Smart Card and RFID Application Service Provider(ASP) and not only provides hardware and software support, but also provide Turnkey solutions. The partnership with it authorises Bartronics to sell, integrate and implement its technology with the range of Wavex's products.

b. Infrastructure

The Company is carrying out its operations from two locations at Hyderabad and from Contact points in other six locations across India viz. Bangalore, Jamshedpur, New Delhi, Chennai, Pune and Coimbatore, being operated on leased premises. The Dealer Contact Points of the Company are located in Nagpur, Aurangabad, Mumbai and Visakhapatnam.

c. Human Resource

The company has been employing Human Resources with all professional care. Bartronics India has a competent team with record of accomplishment in the fields of business, technology, local expertise and networks. The reigns of the company are in the hands of Mr. Sudhir Rao, Managing Director, an IIM (A) graduate.

Marketing Strategy**AIDC & RFID Divisions****Existing Client Base**

The company keeps monitoring the business practices of the existing clientele and is in continuous touch with them so as to suggest advanced solutions. In the process the company not only serves the existing lines but enter in to new areas well.

Surveys & Demonstrations

The efforts of back end Technology Centre would be transmitted to the prospective Clientele with the help of Surveys and also by demonstrating in various forums such as Industrial meet.

Front Office Enquiries

With the increased geographical presence through various outlets, the company expects good number of enquiries to be generated looking for barcoding Solutions.

Small Scale Industry

With the increased attention of the Government towards this sector and also to promote the export potential Ministry of Commerce decided to include provision for financial assistance to SSI units to adopt Barcoding. Encouraged by similar measures the sector also looks for service providers in this segment. With the proposed Service Centers across the country, Bartronics India will be in a position to take an advantageous position.

Social perspective

Barcoding offers service to society as well with out foregoing its commercial interests. The services that the company offers at Tirumala Tirupati Devasthanam, Vaishno Devi Temple are the examples for this.

RETAIL DIVISION

With policy initiatives like FDI in retailing - entry of MNC's in retailing is expected any time and International retailing companies entering India would be a reality. This retail market is expected to give a token boost even to the IT infrastructure where in specialized companies like Bartronics can provide integrated solutions. Full scale Sales Team under the control of Retail Business Head would be in place.

Marketing Infrastructure

At present the company has six Marketing Offices at Pune, New Delhi, Jamshedpur, Chennai, Coimbatore and Bangalore. Dealer set ups are located at Nagpur, Aurangabad, Mumbai and Visakhapatnam.

The company is now proposing to establish full fledged service centers cum branches in 6 locations viz., New Delhi, Pune, Ahmedabad, Bangalore, Jamshedpur and Gauhati. Further, three overseas Branches with servicing facilities in Bangladesh, Sri Lanka and Dubai are proposed to be established during the F.Y.2005-06.

Since the services are technology driven, the company is having Direct Marketing approach. Wherever required strategic tie ups are entered into from time to time, in case of Turnkey assignments



Business Strategy

The company is in bar coding Business solution - which is envisaged as JUST another tool of inventory control and the related aspects. Now days, business process efficiencies that have Technology as backbone, are turning out to be more critical. It is in this context that Bartronics embarked up on the RFID technology that provides good amount of process efficiency to the customer.

The Retail IT sector, which has good business potential, is something that has not been identified so far. With its Brand strength and the R&D resource that the company has - the focus is also given to Retail division where in IT related products such as POS systems, Remote Mail Accessories, Electronic Cash Registers, Auto Check in equipment are being sold.

Strategically, the retail division would add to the TOP line and the RFID division being a technology driven would subscribe substantially to the profitability. The on going AIDC Division would continue the existing Client base and also offers introductory solutions to the new entrants in bar Coding.

Company has revealed a consistent pattern of strategic focus and alignment by following the same five principles:

- 1) Translate the strategy into operational terms
- 2) Align the organization to the strategy
- 3) Make strategy everyone's everyday job
- 4) Make strategy a continual process
- 5) Mobilize change through leadership

Facilities and Infrastructure

Facilities

The company is headquartered in Hyderabad, India. The office houses the senior key members of the organization and a decision support team including the HR function. Brief details of the company's existing facilities are:

Leased Facilities

1. 5-9-22/B/404, 4th Floor, MyHome Sarovar, Near Medicity Hospital, Secretariat Road, Hyderabad 500 004
2. 3-6-438/4, 4th Floor, Naspur House, Himayat Nagar, Hyderabad 500 029
3. 67/1, 1st Floor, 4th Cross, 10th Main, Water Tank Road, IInd stage, Indira Nagar, Bangalore 560 038
4. Block B, Flat B, ARR Apartments, 96, Thiruveethi Amman Koil, Koyambedu, Chennai 600 107
5. 2nd Floor, New Bardaware Layout, Near Central Excise Office, Sakchi, Jamshedpur 831 001
6. A-16, 4th Floor, Shardaram Park, Sasoon Road, Opp. Rudy Hospital, Pune 411 001
7. 209A, Ground Floor, Sant Nagar, East of Kailash, New Delhi 110 065
8. 189-B, 2nd Floor, Chinaswamy Lane, New Sidhapudur, Near GP Signal, Coimbatore 641 044

In addition, support offices are at the following locations:

1. 1st Floor, 28-14-15, Beside Rajkamal Theatre, Surya Bagh, Vishakapatnam 530 020
2. C/o Trimetric Software Solutions, 15, Rukmini Apartment, Chetna Nagar, Aurangabad 431 005
3. 3, Om Shiv, Manpada, Ghodbunder Road, Thana West, Opp. Godrej Lawkein Mumbai 400 607

Communication and IT Infrastructure

The overall IT infrastructure consists of a wide plethora of hardware and software required for running the enterprise. These include Enterprise Servers, storage devices, operating systems, compilers and other productivity enhancing software tools. All of these computing resources support the operations as well as the development, testing and simulation needs of the Company. The information systems (software) environment includes a multitude of operating systems, databases, and configuration management tools, object oriented design, documentation and review tools to enhance productivity.

Trademark

In India, trademarks enjoy protection under both statutory and common law. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner. The Trade Marks Act, 1999 which has brought Indian trademark law into compliance with TRIPS, governs the statutory protection of trademarks in India. Indian trademark law permits the registration of trademarks for goods and services and as well as Certification marks and Collective marks. In India, trademarks have to be registered by the proprietor/s of the mark.

An application for registration of the trade mark name "Bartronics" has been made at the Trade Mark Registry, Chennai and necessary application and search fees have been remitted. The company expects the trade mark registration process to be completed in due course of time.

Certifications

The company recognizes quality as a crucial differentiator in the industries it operates in. As a result, Bartronics India Limited became the first ISO certified player in the AIDC industry in the year 2003 when it was certified for the first time by DNV Quality Registrar.

An Cross-Functional Quality group is the custodian of the quality management system and this group facilitates the implementation of the quality policy. The quality group reports directly to the Managing Director of the company and has full management support for implementation of quality initiatives within the company.

Security Policies

Business Information related to the company as well as its customers are protected by the company through internal measures such as:

- Non-Disclosure Agreement
- Licensing Agreement
- Physical Security / Access Control
- Network Security
- Management of various projects /information for customer

In addition, the company has institutionalized corporate values in its employees and others regarding confidentiality, security of information, protecting customer data etc.

Human Resource

The employee strength as on 31 Oct 05 is:

Marketing	36
Engineers	65
Accounts and Administrations	20
Total	121

Bartronics India Limited has aligned its HR policy with a strategy of sustaining a high-technology business. The HR policy aims to enable scalability of its business and processes, simultaneously achieving a high level of ownership and involvement in employees. The HR policy is built around the core values and beliefs of:



- Trust and faith
- Flexibility
- Open culture
- Development of employees being the prime responsibility at the company level
- Concern for individuals

Initiatives, policies and procedures, are evolved through a consultative process with employees. These have helped create a non-hierarchical, flexible and informal work environment.

The key elements of the HR policy are:

Recruitment

The aim is to attract the best available talent and effectively deploy resources to meet the business requirements. The recruitment sources targeted include a mix of campus recruitments, referenced applications and recruitment through advertisements and placement agencies.

Training and development

All new recruits are inducted through a structured training programme involving technical training by a qualified HR team & technical team in soft skills. The HR policy provides for a minimum 6 days training per year for all employees. Non-executive employees are trained in personal and professional effectiveness, engineers in effective communication skills and front line executives in effective business presentation. Executive development courses are held for staff with supervisory responsibilities. Managerial employees undergo training for management, development and project management skills. Senior managers are also sponsored for advanced management development programmes in leading training institutions in India.

Employee evaluation

Employee evaluation is used as a tool for managing performance planning and motivating, evaluating and enhancing the performance of employees to achieve organizational goals. Performance management seeks to establish and maintain an environment that supports business processes and ensures that employee performance is evaluated against the achievement of objectives aligned to the goals. All employees are provided with an opportunity to discuss their performance, plan their development and submit self-appraisals. Performance appraisals are carried out annually. Performance ratings are discussed with the employee and feedback is given in a very constructive manner. The goals for the next period and the factors that facilitate and inhibit their achievement are discussed.

Incentive policy

The company is developing an Incentive policy with the aim to provide higher flexibility and incorporate the best industry practices. The remuneration package consists of fixed and variable components

Fixed component is based on a cost-to-company structure and is made up of two major components - basic pay and allowances. Variable component is determined based on the performance of the individual, and SBU Performance.

Retention

The company endeavors to provide its employees with a challenging work environment aimed at developing individual potential and providing multiple opportunities for growth and fulfillment.

Pollution Control

The company's line of activity does not envisage any pollution related issues.

3. Key Industry Regulations and Policies

No specific Industry Regulation or Policy is in effect.

SWOT Analysis

Strengths

- The company has established a Brand Value amongst its clients over a period of 16 years. The company has a reputed clientele, which include corporate houses of India like TISCO, TELCO, HLL, ITC, Ashok Leyland, TVS, CMC, Ranbaxy, Compaq, VST, Whirlpool, ITW, Dr.Reddys, and Nagarjuna etc. The company also offers services to the Devotees of Lord Balaji (Tirupati) by managing the Inflow Logistics of the Pilgrims.
- To promote the use of barcodes in India, the national IT task force laid down a clause, making the use of barcodes mandatory for all products within a time frame of five years. This gives a boost to the business prospects of the company.
- Barcode technology helps in effective inventory management and back tracking of the goods. These benefits are encouraging the business and trade houses to adopt this technology thereby enhancing the business opportunities for the company.
- The Government of India is favoring Foreign Direct Investment (FDI) into the retail sector. Barcode technology plays a very important role in this sector. The hardware and software tools of this technology have become essential for retailing. The company with its experience is at an advantageous position to meet the demands of the retail sector.

Weaknesses

- Bar coding made its foray in the Indian business sector in the 80's and only now it is gaining momentum, because of this the company has to satisfy itself with low level of operations and subsequently a low growth rate.
- The adoption of man made procedures with ease and comfort and human tendency of resistance for change can be counted as the hindrances in the growth path of the company as they continue to be the de-marketing features.
- Companies hesitate to adopt this technology because of its service related issues. Access for trouble shooting mechanism and operational aspects act as hindrances for the growth of the industry as a whole and the company in particular.
- Huge infrastructure costs associated at the implementation stage; particularly with RFID technology is an impediment, which would influence the buyer's decision.

Opportunities

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

Threats

- Technology obsolescence perceived as a threat to the industry as well as to the company.
- Entry of global players into the Indian market is also perceived as a threat to the company.



4. HISTORY AND CORPORATE STRUCTURE

Bartronics was founded in 1990 by Mr. R K Mehta to leverage the bar coding opportunity. The ownership changed hands in 2000 when Mr.ABS Reddy family and R Satish Reddy family agreed to buy out the company. Simultaneously, IDBI Venture Fund infused fresh capital into the company in the form of debt and equity.

Incorporated on 10.09.1990 as Super Bar Tronics Private Limited, the company has been converted into a Public Limited with effect from 27th July 1995. Finally it has been renamed as Bartronics India Limited wef 1st January 1996. The Registered Office of the Company is situated at 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad 500 004

Previously Registered Office was situated at 7-1-27/1, C Block, Srinivasa Complex, Ameerpet, Hyderabad 500 016 on incorporation and in May 1996 it was shifted to Siddi Vinayak, 6-3-864/1/1, First Floor, Ameerpet, Hyderabad - 500 016 and in December 1997 it was shifted to H.No.8-2-695/B 7A, Empress Garden Colony, Road No.12, Banjara Hills, Hyderabad - 500 034, in March 2000 shifted to Plot No.227, HUDA Colony, Road No.2, Banjara Hills, Hyderabad - 500 034 and in May 2001 it was shifted to 2nd floor, Pavani Plaza, 6-3-698/A, Panjagutta, Hyderabad - 500 082, in July 2003 it was shifted to Plot No.18, Nagarjuna Hills, Panjagutta, Hyderabad-500 082 and from 1st April 2005 it is at the present location

The main reasons for shifting the registered office are , the change of management control to the present promoters and to meet the enhanced needs of the Company.

Building on its strengths in Bar Coding and Smart Card technology, the company made a foray into the field of Automatic Identification & Data Capture (AIDC) solutions. Today the company has a good knowledge base of products, technologies, implementation skills and understanding of the market place and is a dominant player in the domestic markets.

The company's emphasis is on enabling businesses to gain real-time visibility, control and information through the effective evaluation, implementation, integration and support of various AIDC technologies.

The company is focused on the manufacturing sector and has implemented a number of projects across companies in their manufacturing set-ups. The projects primarily involve inventory & logistics management, time & attendance and asset tracking systems. AIDC is seen as an enhancing technology as it automates the data collection for the main systems.

Major Events in the History of the Company

- The company has received ISO accreditation in 2002 from Det Norske Veritas (DNV).
- Intermec Technologies Corp., USA awarded the company with Intermec Global Medallion Partner Award in the year 2003 , appreciating the efforts of the company in the embedded hardware component with Bar Code Technology.
- The term loan availed by the Company together with funded interest aggregating to Rs.469.11 lakhs was rescheduled by IDBI vide their letter dated 16th April, 2004.

Main and Other Objects of the Company

The main and other objects of the Company as stated in the Memorandum of Association are:

- 1) To manufacture, sell, deal in all types of Bar Code Equipments, Systems Accessories, Attachments, Label Materials, Label Printers, Label Verifiers and Allied Products.
- 2) To enter into Technical and / or Financial collaborations with foreign companies to manufacture Bar Code Equipments, Systems. Accessories, Attachments, Label Materials, Label Printers, Label Verifiers and Allied Products.
- 3) To carry on business of other automatic identifications, Equipments, Systems. Accessories, Attachments and Allied Products.
- 4) To establish and run data processing / computer centers and to offer consultancy and data processing and other computer related services that are normally offered by data processing/ computer centers to industrial, business and other type of customers and to impart training on electronic data processing and others and to provide IT enabled solutions in India and abroad to implement internet technologies



with web based applications for e-commerce, e-business, e-trade, multimedia, call center services and networking worldwide.

- 5) To acquire and take over all or any part of business, property, plant and machinery and any other assets and liabilities of any person, firm or Company carrying on any business which this Company is authorized to carry on or possessed of any property suitable for the purposes of this Company.
- 6) To expand the company's activities by opening branches and /or in appointing agents in India and in any foreign country.

The Main objects and objects incidental to the main objects permit the Company to undertake the present and proposed activities.

Changes in the Memorandum of Association

Since its incorporation the following changes have been effected to the Memorandum of Association:

Date of Shareholder Approval	Changes
July 06, 1995	The Company was converted into Public Limited Company Super Bartronics Limited.
August 9, 1995	The Authorised Share Capital of the Company was increased from Rs. 40,00,000 comprising of 4,00,000 Equity Shares of Rs.10/- each to Rs. 1,00,00,000 comprising of 10,00,000 Equity Shares of Rs.10/- each.
January 01, 1996	The name of the Company changed from Super Bartronics Limited to Bartronics India Limited
July 17, 1999	The Authorised Share Capital of the Company was increased from Rs1,00,00,000 comprising of 10,00,000 Equity Shares of Rs.10/- each to Rs. 4,00,00,000 comprising of 40,00,000 Equity Shares of Rs.10/- each.
June 20,2001	Insertion point no.29 in the incidental objects relating to giving of loans,guarantees,securities to group or other companies.
February 18, 2002	The Authorised Share Capital of the Company was increased from Rs 400,00,000 comprising of 40,00,000 Equity Shares of Rs.10/- each to Rs. 5,00,00,000 comprising of 50,00,000 Equity Shares of Rs.10/- each.
March 10, 2003	The Objects Clause of the Company was amended to include the following object: "To establish and run data processing / computer centers and to offer consultancy and data processing and other computer related services that are normally offered by data processing/ computer centers to industrial, business and other types of customers and to impart training on electronic data processing and others and to provide IT enabled solutions in India and abroad to implement internet technologies with web based applications for e-commerce, e-business, e-trade, multimedia, call center services and networking worldwide."
October 15, 2003	The Equity Shares of Rs. 10 each have been sub-divided into Equity Shares of Rs. 5 each.
October 15, 2003	The Authorised Share Capital of the Company was increased from Rs 5,00,00,000 comprising of 1,00,00,000 Equity Shares of Rs.5/- each to Rs. 12,00,00,000 comprising of 2,40,00,000 Equity Shares of Rs.10/- each.
May 2, 2005	The Equity Shares of Rs. 5/- each have been consolidated into Equity Shares of Rs. 10/- each.
May 2, 2005	The Authorised Share Capital of the Company was increased from Rs 12,00,00,000 comprising of 1,20,00,000 Equity Shares of Rs.10/- each to Rs. 17,00,00,000 comprising of 1,70,00,000 Equity Shares of Rs.10/- each.

The details of the capital raised by the Company are given in the section entitled "Capital Structure" on page no.10 of this Red Herring Prospectus.

Subsidiaries of the Company

The Company does not have any subsidiary.

Shareholders/Financial Agreement:

The Company has witnessed only one Investment agreement entered into with IDBI. The restrictions placed upon the erstwhile promoters were transferred to the New Promoters as well.

On December 22, 1998 Bartronics India Limited (BIL) applied for financial assistance from the Industrial Development Bank of India (IDBI) for setting up facilities for the manufacture of barcode equipment, providing Generation II barcode solutions and providing training and export of system integration skills.

IDBI, on April 22, 1999 agreed in Principal to grant Bartronics India Limited Venture Capital Assistance (VCA) of an amount not exceeding Rs.435 lacs, comprising of a convertible term loan of Rs.350 lacs and direct subscription of Rs.85 lacs to the equity share capital of the Company. The Salient features of the agreement are enumerated below:

Special Terms and Conditions

1. The Company shall pay IDBI interest on the principal and outstanding quarterly starting January 1 at a rate equal to 3.5% above the Minimum Term Lending Rate (MTLR). MTLR was 13.5% p.a.
2. In case any disbursements were made before the creation of final security, further interest of 1.5% will be charged from the date of disbursement in case final security is not created within one year.
3. Security
 - a. All present and future immovable properties of the Company would be mortgaged to IDBI.
 - b. As first charge, all present and future movable properties to be created in favor of the bankers for securing the working capital advances or facilities
 - c. Irrevocable and unconditional personal guarantees from the promoters and the directors for due payment of interest, repayment of principal amount and any other monies related to the term loan.
 - d. Pledge of shares, held by the promoters and the directors, with voting rights to IDBI
4. The loan shall be repaid in 20 quarterly installments starting April 1, 2001.
5. IDBI shall have the option to convert the whole/part of the term loan into equity at par at any time during the period of the loan.
6. The company will pay IDBI a front-end fee @ 2.6% on the amount of direct subscription by IDBI to equity of the Company.
7. The loan agreement and the subscription of equity by IDBI would be executed only after the Company has cleared all debts with Nagarjuna Finance Ltd (NFL) and the lawsuit filed by NFL is withdrawn.
8. Before seeking disbursement of assistance from IDBI the promoter/company shall:
 - a. Raise at least 50% of the further promoter's contribution of Rs.145 lacs and use it for implementation of the venture.
 - b. Increase the authorized capital and amend the Memorandum of Association of the Company.
 - c. Furnish an undertaking that at the option of IDBI they would buy back, on or before April 2004, the equity shares subscribed to by IDBI, ensuring a return of at least 30% p.a. to IDBI.
 - d. Furnish an undertaking that if there are costs over runs the promoters will bring in the additional capital with out any recourse to IDBI.
9. The Company shall also enter into Technology Transfer Agreements with Synel Industries Limited, Israel and Marson Technology Company Limited, Taiwan, which shall specify that the last installment of 15% of the fees payable would be paid only after quality parameter are achieved.



10. The Company shall broaden its Board of Directors by including an experienced finance professional.
11. Executives with requisite qualifications and experience in the areas of production, marketing and finance would be recruited.
12. The Company will have to obtain sanctions for additional working capital requirements from its bankers.
13. Obtain sanction for additional power from the Andhra Pradesh State Electricity Board.
14. Obtain a No Objection Certificate from the State Pollution Control Board.
15. The Company will have to furnish an undertaking that its shares will be listed on a recognized stock exchange by September 30, 2003.

Other Agreements:**Annual maintenance contracts (AMC)**

Bartronics India Limited offers its clients a Service Maintenance Agreement on a yearly basis, for the upkeep of the equipment and to keep the machines in good working order.

The agreement remains in force initially for one year from the date of commencement mentioned in the agreement, and comes into force on the date of its execution. It shall also be open to either party to terminate the agreement at any time during its validity, by giving two months notice, to the other party, in writing.

This service consists of Preventive and Corrective Maintenance and includes carrying out of the necessary repairs and replacement of parts except a few which are not covered under the A.M.C. Yearly maintenance shall comprise of 4 visits/Year (one visit every quarter) in addition to attending to the service complaints/calls at any time.

The customer pays an Annual Maintenance Charge which does not include any software support or Hardware training. Training in Hardware as well as Software shall be undertaken at additional cost.

Strategic Partners:

The Company does not have any strategic partners.

Financial Partners:

The Company has entered into an agreement with Andhra Bank to finance the business of the company vide the composite agreement entered into with Bartronics India limited, by granting the following Credit facilities in the manner mentioned herein below:

- | | |
|---|-----------------|
| 1) Open Cash Credit at any one time up to the limit of | Rs. 2,75,00,000 |
| 2) Performance / Money guarantee at any one time up to the limit of | Rs.10,00,000 |
| 3) Letter of Credit facility at any one time up to the limit of | Rs.90,00,000 |

In all making a total sum of Rs.3, 75, 00,000, for the purpose of facilitating finance to BIL for working capital / fixed capital needs.

As security, Raw Materials, Work-in-progress, finished goods and Book Debts have been hypothecated. The Margin is 25% on Stocks and 50 % on Debtors of less than 90 days subject to a maximum of 50 % of OCC limits sanctioned. The Interest charged is 13 % P.A. at present.

Also sanctioned is the Letter of Credit and the Bank Guarantee facility upto a limit of Rs. 100.00 lacs (Rupees One Hundred Lacs only) with Sub Limit of Rs. 10.00 lacs (Rupees Ten Lacs only) for Bank Guarantee favouring Govt. Departments etc. The facility is for the purpose of procuring material. As Security, Stock procured under Letter of Credit & Counter Guarantee issued by the Company has been hypothecated. The margin rate is 20 %.

5. MANAGEMENT

Board of Directors

The following table sets forth details regarding the Board of Directors:

Name	Age	Designation	Address	Occupation	Date of Appointment	Qualification	Other Directorships
Mr. Sudhir Rao	39	Managing Director	37, Navodaya Colony, Yella Reddy Guda. Krishna Devaraya Nagar, Hyderabad- 500 073	Service	20/09/2004 Appointed for period of 5 years w.e.f 21.08.2004	B. Com, PGDM from Indian Institute of Management, Ahmedabad.	Nil
Mr. A.B.S. Reddy	42	Director	Flat No.704, Bhanu Deluxe Towers, Plot No.7-1-26, Ameerpet, Hyderabad 500 016	Business	15/10/2003 Liable to retire by rotation at 2009 Annual General Meeting.	B.Tech, (Mechanical Engineering)	Satya Straps and Packing Technology Limited. Omicron Bio-Genesis Limited Bhagyanagar Investment and Trading Pvt.Ltd. Info Tech Infin and Trading Private Limited Godavari Exports and Imports Private Limited Total Iron & Steel Private Limited
Mr. R.Satish Reddy	42	Director	3-10-73/A, Ramanthapur Colony, Hyderabad 500 013	Business	30/06/2000 Liable to retire by rotation at 2006 Annual General Meeting.	B.E (Mechanical), Master of Computer Science	Bhagyanagar Investment and Trading Pvt.Ltd. G.B Trading & Investment Pvt. Ltd. Global Forgings Limited
Mr. T. Venkateswara Rao	50	Director	GF-1, Tapasvi Kutir Apartments Plot No. 4, Subhash Nagar Yellareddyguda Hyderabad 500 073.	Service	24/04/2005 Liable to retire by rotation at 2008 Annual General Meeting.	CAIIB, PDIB, PDFS	NIL
Mr.B.Narayanswamy	50	Director	41, Nava Nirman Nagar, Road No.71, Jubilee Hills, Hyderabad 500 033.	Service	25/04/2005 Liable to retire by rotation at 2007 Annual General Meeting.	B.Tech (Chemical Engineering) Masters in Energy Technology (Renewable Sources)	Micro Bio-Med Products Limited
Mr. K.N. Dupare	53	Director - IDBI Nominee	Flat No.A-63, Twin Towers, Prabhadevi Mumbai - 400 025	Service	27/03/2004 Nominee Director not liable to retire by rotation.	M.com, PGDMM, C.A.I.I.B	Neco Schubert & Salzar Limited



Brief Profile of the Directors :

Mr. A. B. Satyavas Reddy and Mr. R. Satish Reddy, being the Promoter Directors, their profiles are mentioned under the head 'Promoters'. Please refer to page no. 63 of this Red Herring Prospectus for further details.

Brief Profile of the other Directors

Mr. Sudhir Rao, 39 years, is the Managing Director of Bartronics India Limited. He holds a Post Graduate Diploma in Management (P.G.D.M) from the Indian Institute of Management (1989-91), Ahmedabad, and a Bachelor's Degree in Economics and Advanced Accountancy from Osmania University, Hyderabad. He worked in Tata Consultancy Services (1991-94) as a 'Senior Systems Analyst'. He has also worked in companies such as Shalina Laboratories Pvt. Ltd., Mumbai (Executive Assistant to Managing Director), Core Healthcare limited, Ahmedabad (Vice President-Corporate), and VMF SoftTech Limited, Ahmedabad / Hyderabad (Chief Operating Officer). In Bartronics India Limited, he had previously held the position of 'Chief Operating Officer'.

Mr. B. Narayanswamy, 50 years is a B.Tech from Alagappa Chettiar College of Technology, University of Madras (1971-76), and holds a Masters Degree in Energy Technology (Renewable Sources) from Asian Institute of Technology, Bangkok (1981-82). He has first hand experience in a wide spectrum of industries, in a career span of 25 years. He has held various positions - from a 'Graduate Engineer Trainee' to the position of 'Advisor'-during this time. His area of expertise is wide and covers Management, Marketing, and Projects/Production & Troubleshooting. Corporate & Business Planning; Strategy Development; Techno-commercial and Concept marketing; International trade & Marketing and Process and Plant Optimization in Synthetic Pharmaceuticals, Paper, Textiles and Garment Industries are some specific areas of his expertise.

Mr. T. Venkateshwara Rao, 50 years, started his career working for Corporation Bank, in 1980. He acquired a Masters degree in Business Administration from Jamnalal Institute of Management Studies, in 1988. He has had a career spanning 24 years, during which he has held various positions on the way up the corporate ladder. He is also a Certified Associate of the Indian Institute of Bankers (C.A.I.I.B), which is a Post Graduate Diploma in Financial Services awarded by the Indian Institute of Bankers. From September 1998 to July 2004 he worked for IndusInd Bank where he started of as a Branch head and finally became Vice President and Bank head of the Secunderabad branch. He has been honored with the National award for the research work on behalf of Indian Banks' Association on "Implementation and efficacy of Turn around Strategy for Sick Units under C.H.Baba Scholarship and Award".

Mr. K N Dupare, 53 years, is a Post Graduate Commerce and has a Post Graduate Diploma in Marketing and Management and also a certified Associate of the Indian Institute of Bankers (C.A.I.I.B) awarded by Indian Institute of Bankers. He joined IDBI in 1987 and served in various capacities /departments at IDBI branches in Bhopal, Indore and Ahmedabad and headed the Branches at Indore and Goa. He is working in the capacity of Deputy General Manager in IDBI, at Mumbai.

Details of borrowing powers

The Company at its Extra Ordinary General Meeting held on Saturday July 17, 1999, passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) for borrowing any sum or sums of money from time to time notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 50 Crores (Rupees Fifty Crores Only).

Terms of Appointment and Perquisites of Managing Director

The Shareholders in the Extra Ordinary General Meeting held on 20th September, 2004 approved the reappointment of Mr. Sudhir Rao as Managing Director upto 5 years with effect from 21st August, 2004

The following are the terms and conditions of his appointment in terms of service agreement dated 20/09/04 is as under:

Salary & Perquisites:

He is entitled for a monthly salary of Rs. 46,334/- as structured below:

Particulars	Rs.
Basic:	30,223
HRA:	9,667
Conveyance:	3,222
CCA	3,222
Total	46,334

He is also entitled for Re-imbursement of Cell Phone used for official purpose. He is also provided with company's car for official purposes. He is also provided with Employer's contribution of PF to the extent of Rs.780/- per month.

The Service contract entered into with the Directors does not provide for any benefits upon the termination of the employment.

Compensation of Managing Directors/ Non - Executive Directors as on 31 March 2005

Name of the Director	Designation	Sitting Fee	Commission	Salary & Bonus	Perquisites
Shri Sudhir Rao	Managing Director	-	-	3,62,676*	1,93,332*
Shri A.B.S.Reddy	Director	-	-	-	-
Shri R.Satish Reddy	Director	-	-	-	-
Shri T.Venkateswara Rao	Director	-	-	-	-
Shri B.Narayanswamy	Director	-	-	-	-
Shri K.N.Dupare	Nominee Director	1000**	-	-	-

* Denotes Per Annum Figures in Rupees

** Denotes Amount in Rupees per Board Meeting

Corporate Governance

The Company stands committed to good Corporate Governance - transparency, disclosure and independent supervision to increase the value of its stakeholders. The Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broadbasing the Board, constituting the Committees viz., Shareholding/Investor Grievance Committee, etc., The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit, etc, details of which are as follows:

Audit Committee:

The Audit Committee was constituted during the financial year 2005-06 on April 25, 2005. The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchange.

The Audit Committee consists of only non-executive directors, with the majority being independent directors. The Committee currently comprises of three members namely Mr. T. Venkateswar Rao as its Chairman, Mr. A.B.S. Reddy and Mr.K.N. Dupare as its members.

The scope and functions of the Audit Committee shall include but shall not be restricted to the following:

1. It shall have authority to investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.



2. Reviewing with management the annual financial statements.
3. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems, functions, structure and frequency of reporting of the audit systems.
4. Reviewing the Company's financial and risk management policies.
5. To have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

Remuneration Committee

The Remuneration Committee was constituted during the financial year 2005-06 on April 25, 2005. The Remuneration Committee consists of non-executive directors, with the Chairman being an independent director. The Committee currently comprises of three members namely Mr. T. Venkateswara Rao (Chairman), Mr. B. Narayanswamy and Mr. K. N. Dupare as its members. The Committee has been formed to decide and approve the remuneration package of directors of the company and other matters related thereto.

Shareholders / Investor Grievance Committee

As part of its Corporate Governance initiative, the Company constituted the Shareholders/Investors Grievance Committee during the financial year 2005-06 on April 25, 2005. The Shareholders Grievance Committee consists of Mr. Sudhir Rao, Mr. Satish Reddy, Mr. A.B.S. Reddy and Mr. K.N. Dupare as its members. Mr. A.B.S. Reddy is the Chairman of the Committee. The Committee is formed to specifically look into all the matters relating to Shareholders' Grievances like non- receipt of balance sheet, non receipt of declared dividends, etc.

Share Transfer Committee

The Share Transfer Committee was constituted during the financial year 2003-04 on 15th September 2003. The committee now comprises of Mr. Sudhir Rao, Mr. Satish Reddy and Mr. K.N. Dupare and Mr. Sudhir Rao is the Chairman of the Committee. The Committee is formed to look into the matters relating to share transfers, rejection of share transfers, consolidation of shares, issue of duplicates etc.

Shareholding of Directors in the Company as on 19th September, 2005

Sr. No.	Name	No. of shares held	% shareholding
1.	Mr. A.B.S.Reddy	14,36,400	17.80
2.	Mr R.Satish Reddy	12,90,000	16.00
	Total	27,26,400	33.80

Interest of Directors (Other than promoter directors)

Except to the extent of their compensation as mentioned on page no.58 of this Red Herring Prospectus and their shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

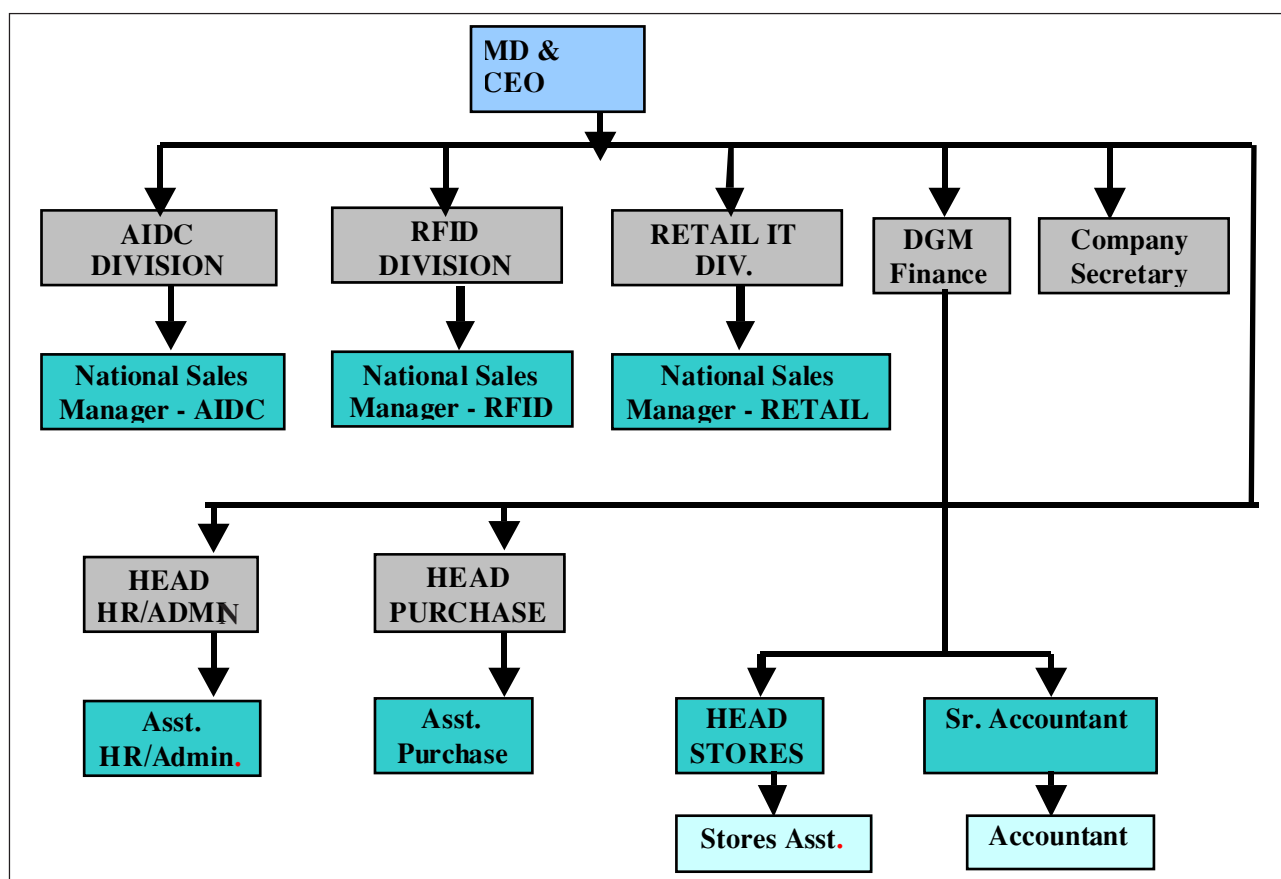
Except as stated otherwise, in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in the Directors

The following changes have taken place in the Board of Directors of the Company during the last three years.

Name of Director	Date of Appointment/ Resignation	Reason for Change
1. Shri V.Ramamohan Rao	02.05.2005	Resigned as executive director in the Board Meeting
2. Shri T.Venkateshwara Rao	02.05.2005	Regularized as Director of the Company in AGM.
3. Shri B.Narayanswamy	02.05.2005	Regularized as Director of the Company in AGM.
4. Shri T. Venkateshwara Rao	25.04.2005	Appointed as Additional Director
5. Shri B.Narayanswamy	25.04.2005	Appointed as Additional Director
6. Shri A.B.S Reddy	30.12.2004	Regularized as Director in the Annual General Meeting
7. Shri D.D.Gudsoorkar	27.03.2004	Resigned as Nominee Director
8. Shri K.N.Dupare	27.03.2004	Appointed as Nominee Director
9. Shri Amit Mehta	15.10.2003	Resigned as Director
10. Shri A.B.S Reddy	15.10.2003	Appointed as Additional Director.
11. Shri Sudhir Rao	28.09.2002	Regularized as Director in the Annual General Meeting.
12. Shri V.Ramamohan Rao	28.09.2002	Regularized as Director in the Annual General Meeting.

MANAGEMENT ORGANISATION STRUCTURE



Key Management Personnel

At present the Company has a total strength of 121 employees out of which 89 are permanent employees of the Company. Apart from this, the Company has engaged 32 employees on contractual basis. The Company enjoys cordial relationship with its employees and currently has no major labour related industrial relations issues.



The details of the key managerial personnel of the Company are as follows:

Name	Date of joining	Age (yrs)	Designation	Qualification	Current Responsibility	Service in the Company	Previous Experience
Mr.Bhanu Prakash	24.04.1995	36	Vice President	M.Sc.,MBA	Divisional Head	10 years 7 months	Microland, Arke Tech Services
Mr.Parasa Srinivas	01.06.2004	50	Vice President	B. Tech (Electronics)	Divisional Head	1 Year 5 months	Credit Suisse First Boston, USA
Mr. V.Shankar	01.04.2005	40	Vice President	Post Graduate Diploma in Management	Divisional Head	7 months	Extredge POS Systems Ltd., Kelvinator of India Ltd, ITW Signode
Mr.T.V.Rama Krishna	21.11.1996	34	DGM Finance	B.Com., PGDPM, PGDIM	Head - Finance & Accounts	9 Years	United Phosphorus
Mr.G.Rajesh	01.08.1996	32	National Sales Manager	B.Com., PGDBM	Head of sales Division	9 Years 3 Months	First Employment
Raghunandan Verma	09.09.2005	34	All India Sales Manger	MBA	Head of sales Division	2 Months	WINGS - popular software
Mr.V.Srinivas	01.01.1997	33	National sales Manager	MBA (Finance)	Head of Sales Division	8 Years 11 Months	First Employment
Mr.K.V.V.S.N Murthy	16.10.2002	41	Manager Purchase	B.Com, PGDCA	Head-Procurement	2 Years 1 Month	Chowgule Enggrs., Harvin Scientific Optics , Kakarla Electronics
Mr. H. Arun Shourie	09.05.2005	22	Company Secretary	B. Com , ACS	Head-Secretarial	6 Months	First Employment

- The persons mentioned above are in the employment of the Company as permanent employees.
- None of the key personnel mentioned above are related to the promoters/Directors of the Company.
- No director or member of Senior Management has been selected pursuant to any arrangement/ understanding with major shareholders/customers/suppliers

Compensation paid to Key Managerial Personnel for the financial year 2004-05

Sl.No	Name	Compensation paid(Rs.)
1	Mr. Bhanu Prakash	Rs.4,74,658
2	Mr. Parasa Srinivas	Rs.1,74,000
3	Mr. V. Shankar	N.A.
4	Mr. T.V. Rama Krishna	Rs.2,69,305
5	Mr. G. Rajesh	Rs.2,45,323
6	Mr. Raghunandan Verma	N.A.
7	Mr. V. Srinivas	Rs.2,37,618
8	Mr. K.V.V.S.N Murthy	Rs.1,08,000
9	Mr. H. Arun Shourie	N.A.

Shareholding of key managerial Personnel

The shareholding of the key employees of the Company as on the date of the Red Herring Prospectus is NIL

Bonus or Profit Sharing Plan for the Key Managerial Personnel

Bonus to the Key managerial personnel is given in line with the terms of payment as per the Bonus Act 1965.

Changes in Key Managerial personnel

There has been no change in the key managerial personnel other way by way of induction during the last three years.

Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme as on date.

Payment or Benefit to Officers of the Company (non salary related)

Not Applicable

6. Promoters

Bartronics was founded in 1990 by Mr. R K Mehta to leverage the bar coding opportunity. The ownership changed hands in 2000 when Mr.ABS Reddy family and Mr. R Satish Reddy family agreed to buy out the shareholding of Mehta family. The Shares were acquired at par. Mr. A.B.S. Reddy, Mr. Satish Reddy, Mrs. A.B. Neeta Reddy and Mrs. R.Shobha Rani Reddy are the promoters of Bartronics India Limited.A brief Profile of the promoters is given herewith:



Mr. A.B.Satyavas Reddy, 42 years, holds a Bachelors Degree (B.Tech.) in Mechanical Engineering from Osmania University, Hyderabad. He has more than a decade and a half of work experience through various capacities he has held in the Engineering Industry.

He worked as Vice-President Operations M/s Handum Iron and Steel Enterprises Ltd. He worked in Backau Wolf (I) Ltd. (now known as Krupp India Ltd) as tool room incharge, and Vickers Systems as shift incharge. He was incharge of productions in Saudi Pump Factory, Riyadh, Saudi Arabia and M/s Spiral tools Pvt Ltd, Khed Shivapur, Pune. He has in-depth knowledge and experience in Engineering Industries, especially in the Manufacturing Activities side. He is also proficient in handling the Technical and Operational area of the plant's activities. His work has taken him to many countries, including, Singapore, U.K., Malaysia, Italy, Saudi Arabia and Sri Lanka.



Mr. R. Satish Reddy, 42 years, holds a Bachelors Degree (B.E.) in Mechanical Engineering (1993-98) from Bangalore University. He held the position of 'Production In charge' in M/s. Megaflex Laminations (P) Ltd. Hyderabad, a Tool Design and Heavy Presses Manufacturing concern. He also holds a Masters Degree in Computer Science from Tennessee State University, U.S.A. After returning to India, he worked with Tata Consultancy Services in the position of 'Technical Support Professional'. In two years he grew to be a Software developer for Engineering Product Description and development. He was involved in many New Technology Development and Application projects where he also served as the Coordinator. Digitization Conversion and Mapping of Software Development Solutions, E.R.P. solutions and Electron hardware applications are some of the various areas he has a first hand experience of.

Mrs. A.B. Neeta Reddy, 32 years, holds a Bachelors Degree (B.A.) in Political Science from Osmania University (1992)

Mrs. R. Shobha Rani Reddy, 41 years, holds a Bachelors Degree (B. Sc.) from Kakatiya University (1988)

Mr. A.B.Satyavas Reddy	Mr. R. Satish Reddy
Voter ID: No.AP/31/210/153191	Voter ID : NA
Driving License No: NA	Driving License No: DLDAP009260512004
PAN No: ACCPA8788R	PAN No: AFNPR6788N
	



Mrs. A .B. Neeta Reddy	Mrs. R. Shobha Rani Reddy
Voter ID: No. AP/31/210/153192	Voter ID: No. NA
Driving License No: NA	Driving License No: NA
PAN No: ADKPA7522Q	PAN No: NA
	

We confirm that Permanent Account Number, Bank Account Number and Passport Number of the Promoters have been submitted to NSE and BSE at the time of filing the Red Herring Prospectus with them.

Relationship between the Promoters, Directors and Key Managerial Personnel

Mrs. A.B. Neeta Reddy is the wife of Mr. A.B. Satyavas Reddy and Mrs. R. Shobha Rani Reddy is the wife of Mr.R. Satish Reddy, other than this there exists no relationship between Promoters, Directors and Key Managerial Personnel.

Common Pursuits: There are no common pursuits among the company and its promoter/Group/Associate Companies.

Interest of the Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the company.

The Promoters are not interested in any property acquired by BIL within the preceeding two years from the date of the Red Herring Prospectus except as stated.

The Promoters are not interested in any loan or advance given by the Company; neither are they beneficiaries of any such loans or advances.

The Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits, if any.

Payment or benefit to Promoters of the Company

There are no payments being made or benefits being offered to the promoters of the company.

Related Party Transactions

There are no related Party transactions for the company.

Currency of Presentation

In this Red Herring Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

Dividend Policy

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the company's earnings, capital requirements and overall financial condition. The company has not declared any dividend since inception. The profits are ploughed back for the growth of the company.

SECTION V - FINANCIAL INFORMATION

1. AUDITOR'S REPORT

FINANCIAL INFORMATION AND AUDITORS REPORT RESTATED FINANCIAL STATEMENTS AS PER INDIAN GAAP AUDITOR'S REPORT

To
The Board of Directors
Bartronics India Limited
Hyderabad.

Subject: Your Proposed Initial Public Offer

Dear Sirs,

We have examined the accounts of Bartronics India Limited ('the Company') for the Five financial years ended 31st March, 2001, 31st March, 2002, 31st March, 2003, 31st March, 2004 and 31st March, 2005 being the last date to which the accounts of the company have been made up and audited by us for presentation to the members of the Company. We have also examined the accounts of the company for the six months period ended 30th September, 2005 prepared and approved by the Board of Directors of the Company and audited by us for the purpose of disclosure in the Red Herring Propsectus to be filed with Securities Exchange Board of India by the Company in connection with its Initial Public Offer

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act 1956 (the Act), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (SEBI Guidelines) and our terms of reference with the Company dated 2nd May, 2005, requesting us to make this report for the purpose of disclosure in the Red Herring Propsectus

- I. The restated assets and liabilities of the Company as at 31st March 2001, 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005 and 30th September 2005, are as set out in Annexure 1 to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Accounting Policies appearing in Annexure 3 to this report.
- II. The restated profits of the Company for the financial years ended 31st March 2001, 31st March, 2002, 31st March, 2003, 31st March, 2004, 31st March, 2005 and 30th September 2005, are as set out in Annexure 2 to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Accounting Policies appearing in Annexure 3 to this report.

We have examined the following unconsolidated financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Red Herring Prospectus : -

- III. Details of Notes forming part of accounts for the year ended 31st March 2005 as appearing in Annexure 4 to this report
- IV. Statement of Cash Flows as appearing in Annexure 5 to this report
- V. Operating income as appearing in Annexure 6 to this report
- VI. Details of other income as appearing in Annexure 7 to this report
- VII. Accounting ratios as appearing in Annexure 8 to this report.
- VIII. Statement of Unsecured Loans as appearing in Annexure 9
- IX. Age-wise analysis of Sundry Debtors as appearing in Annexure 10
- X. Details of Loans and Advances as appearing in Annexure 11



- XI. Statement of Tax Shelters as appearing in Annexure 12 to this report.
- XII. Statement of dividends paid as appearing in Annexure 13
- XIII. Capitalization Statement as at 30th September 2005 as appearing in Annexure 14 to this report
- XIV. Details of Secured Loans as appearing Annexure 15
- XV. Statement of contingent liabilities as appearing in Annexure 16
- XVI. Information on related party disclosures as appearing in Annexure 17

In respect of financial information contained in this report, we have relied upon the audited financial statements for the years ended 31st March 2001, 31st March, 2002, 31st March, 2003, 31st March, 2004 and 31st March, 2005 which were audited by us.

In our opinion the above financial information of the company read with significant accounting policies attached in Annexure 3 to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Red Herring Prospectus to be filed with SEBI in connection with the specific Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose, without our written consent.

Yours faithfully,

For Yaji Associates,
Chartered Accountants

A.P.P.Kasipathi
Partner
M.No.19442



Annexure -1

STATEMENT OF ASSETS AND LIABILITIES AS ON

Rs.in Lacs

As at	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
A. Assets						Apr - Sept
Fixed Assets- gross block	128.88	232.39	802.01	817.35	983.57	990.38
Less: Depreciation	48.68	81.37	117.02	142.16	226.04	266.64
Net Block	80.20	151.02	684.99	675.19	757.53	723.75
Less: Revaluation Reserve	0	0	0	0	0	0.00
Net Block after adjustment for Revaluation Reserve	80.20	151.02	684.99	675.19	757.53	723.75
B. Investments/CWIP	361.11	536.93	0.00	0.00	0.00	116.25
C. Current assets, loans and advances						
Inventories	63.5	74.55	60.98	170.15	303.22	313.57
Receivables	258.71	285.82	418.72	706.56	976.95	1,324.89
Cash and bank balances	87.88	0.79	0.82	0.70	0.50	171.16
Other current assets	0	0	0	0	0	0.00
Loans and advances	19.57	44.33	54.27	29.02	68.77	368.90
Total assets	870.97	1,093.44	1,219.78	1,581.62	2,106.97	3,018.52
D. Liabilities and provisions						
Loan funds						
Secured loans	262.83	478.39	536.12	604.55	740.08	449.64
Unsecured loans	10.32	10.32	10.32	0.00	0.00	0.00
Current liabilities and provisions						
Sundry liability	100.84	91.43	128.44	178.68	310.39	490.06
Provisions	10.00	15.00	15.00	15.00	15.00	18.53
Total Liabilities	383.99	595.14	689.88	798.23	1,065.47	958.23
E. Net worth	486.98	498.30	529.90	783.39	1,041.50	2,060.29
Represented by:						
Shareholders funds						
Share capital	432.51	407.93	407.93	437.93	437.93	806.90
Reserves and surplus	70.26	100.52	122.82	346.12	606.84	1,256.24
Less: Revaluation Reserve	0	0	0	0	0	0.00
Reserves (Net of Revaluation Reserve)	70.26	100.52	122.82	346.12	606.84	1,256.24
Less: miscellaneous expenditure not written off	15.79	10.15	0.86	0.67	3.28	2.84
Total	486.98	498.30	529.90	783.39	1,041.50	2,060.29



a) Annexure -2

STATEMENT OF PROFIT AND LOSS

Rs.in lacs

Period ended on	2000-01	2001-02	2002-03.	2003-04	2004-05	2005-06
	Apr - Mar	Apr - Mar	Apr - Mar	Apr - Mar	Apr - Mar	Apr - Sept
Income						
Sales:						
Of Products manufactured by the Company	0	0	0	0	0	0
Of products traded by the Company	841.51	820.48	831.29	1257.64	1805.52	1277.38
Other Income	2.92	4.15	0.29	0.54	11.66	4.28
Increase (decrease) in inventory	0	0	0	0	0	0
Total Income	844.43	824.63	831.58	1258.18	1817.18	1281.66
Expenditure						
Raw materials & goods consumed	583.50	540.90	539.94	735.05	1117.65	777.54
Staff Costs	82.15	74.51	83.81	88.71	115.43	79.74
Other Admn.expenses	79.60	115.36	46.08	64.10	71.19	39.69
Selling & distribution expenses	28.00	38.00	45.00	45.00	45.00	20.00
Interest	13.63	10.85	45.68	86.51	107.92	47.78
Depreciation	22.73	32.7	35.65	25.14	83.88	40.60
Miscellaneous expenditure written off	16.69	6.14	9.29	0.19	0.89	0.44
Total expenditure	826.30	818.46	805.45	1044.70	1541.96	1005.79
Net Profit before tax and extraordinary items	18.13	6.17	26.13	213.48	275.22	275.87
Provision for taxation & Deffered Taxation	1.65	0.50	12.54	78.29	35.50	7.50
Net Profit after tax & before extraordinary items	16.48	5.67	13.59	135.19	239.72	268.37
Extraordinary items (net of tax)	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after extraordinary items	16.48	5.67	13.59	135.19	239.72	268.37
Earlier year adjustments						
Appropriations						
Transfer to General Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00
Tax on proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00
Balance carried to Balance sheet	16.48	5.67	13.59	135.19	239.72	268.37

B. Annexure - 3

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.

Annexure - 4

Notes to statement of Assets & Liabilities and Profit & Loss Accounts

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.

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
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4.5 Managerial Remuneration details:

Managing Director	:	Rs.5,56,008/-
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4.6 Expenditure in foreign currency.

I. Time & Attendance System

Accessories, Scanners etc.	:	Rs. 15,244,340
Travelling	:	Rs. 3,25,971

4.7 Quantitative Information :

1. Particulars

	a) Opening Stock	2. Purchases	3. Sales	Closing Stock
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 wherever necessary.

All the significant Accounting Policies, notes in the Balance Sheet for the financial year 2004-05 and Auditor's qualifications have been incorporated.

Change in Accounting Policy

During the year 2003-04 the company has changed its method of depreciation accounting to Straight Line Method from WDV method. Other than this there are no changes in the accounting Policies.

Annexure 5

Statement of Cash Flows from the Restated Financial Statements

Rs.in lacs

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 Apr - Sept
A Cash Flow from Investing Activities:						
Net Profit after tax and before extraordinary items	16.48	5.67	22.31	163.30	260.72	268.37
Adjustments for :						
Depreciation	22.73	32.70	35.65	25.14	83.88	40.60
Interest Expenses	13.63	10.85	45.68	86.51	107.92	47.78
Amortisation of Miscellaneous Epxenses	16.69	6.14	9.29	0.19	0.89	0.44
Less:						
Interest / Other Income	2.92	4.15	0.29	0.54	11.66	4.28
Profit on sale of assets						
Operating profit before working capital changes	66.61	51.21	112.64	274.60	441.75	352.91
Adjustments for :						
Trade and other receivables	83.16	27.11	132.90	287.84	270.39	347.94
Inventories	13.30	11.05	(13.57)	109.17	133.07	10.35
Trade Payables	87.09	5.46	38.32	53.49	303.20	(57.25)
Loans and Advances	(22.37)	24.76	9.94	(25.25)	39.75	300.13
Net Cash from operating activities	79.61	(6.25)	21.69	(43.67)	301.74	(362.76)
B. Cash Flow from Investing Activities:						
Preliminary Expenditure	7.41	0.50	-	-	3.50	-
Purchase of fixed assets/CWIP	109.08	279.33	32.69	15.34	166.22	123.06
Sale of fixed assets						
Interest/ Other income Received	2.92	4.15	0.29	0.54	11.66	4.28
Net Cash used in investment activities	113.57	275.68	32.40	14.80	158.06	118.78
C. Cash Flow from Financing Activities:						
Proceeds from issuing shares/SAM	147.26	(24.58)	-	30.00	368.97	-
Proceeds from borrowings (net)	(13.31)	205.69	56.42	54.86	(35.96)	(49.99)
Increase in Share Premium		24.58	-	60.00		381.03
Financing Charges	13.63	10.85	45.68	86.51	107.92	47.78
Dividend Paid including tax thereon						
Net Cash flow from financing activities	120.32	194.84	10.74	58.35	(143.88)	652.22
Net increase in cash and cash equivalents	86.36	(87.09)	0.03	(0.12)	(0.20)	170.65
Cash and Cash equivalents (Opening)	1.52	87.88	0.79	0.82	0.70	0.50
Cash and Cash equivalents (Closing)	87.88	0.79	0.82	0.70	0.50	171.15

**Annexure 6****Operating Income**

(Rs.in lacs)

Period ended on	2000-01 Apr - Mar	2001-02 Apr - Mar	2002-03. Apr - Mar	2003-04 Apr - Mar	2004-05 Apr - Mar	2005-06 Apr - Sept
Profit After Tax	16.48	5.67	13.59	135.19	239.72	268.37
Add:						
Interest	13.63	10.85	45.68	86.51	107.92	47.78
Depreciation	22.73	32.7	35.65	25.14	83.88	40.60
Miscellaneous expenditure written off	16.69	6.14	9.29	0.19	0.89	0.44
Total	69.53	55.36	104.21	247.03	432.41	357.19
Annexure 7						
Other income						
Miscellaneous receipts	1.80	1.68	-	0.23	-	0.00
Interest received	0.02	-	-	-	0.06	0.29
Commission Received	-	-	0.29	-	11.60	3.99
Excess provision Written back	0.48	2.47	-	0.31	-	-
Forwarding Charges	0.62	-	-	-	-	-
Total	2.92	4.15	0.29	0.54	11.66	4.28

Annexure 8**Accounting Ratios**

(Rs.in lacs)

Particulars	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06 Apr-Sept
Basic EPS						
- Earning Per Share	0.64	0.16	0.33	3.21	5.47	3.96
- Annualised EPS	0.64	0.16	0.33	3.21	5.47	7.93
Dilluted EPS						
- Same as basic EPS	0.64	0.16	0.33	3.21	5.47	7.93
Cash earnings Per Share						
- Cash earning Per share (Rs)	2.17	1.22	1.43	3.81	7.41	9.14
Return on net worth (%)	3.38%	1.14%	2.56%	17.26%	23.02%	26.05%
Net Asset Value per share (Rs)	18.90	13.65	12.99	18.58	23.78	30.43
Face Value of the share	10	10	10	10	10	10

EPS PAT/No.of Shares

Cash EPS (PAT+DEPN+AMORT)/No.of Shares

RONW PAT/Net Worth

NAV per Share Net Worth/ No.of Shares

The Ratios for the period April 2005 to September 2005 are annualised wherever required

Accounting standard - 20 issued by the Institute of chartered Accountants of India has been followed to calculate the EPS ratios.

In May 2005 - the company has issued Bonus Shares in the ratio of 1:2

Further in Sept 05 - the company has concluded a Preferential Issue of 15,00,000 shares of Rs.10/- each fully paid up at a premium of Rs.40/- per share

Annexure - 9

Statement of Unsecured Loans:

(Rs. In lacs)

Sl.No.	Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05 Apr-Sept
1	From promoters	0	0	0	0	0	0
2	Group/associate companies	0	0	0	0	0	0
3	Others	10.32	10.32	10.32	0	0	0
	Total	10.32	10.32	10.32	0	0	0

Annexure - 10

Age-wise Analysis of Sundry Debtors

(Rs. In Lacs)

Age-wise break-up	As at					
	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
More than six months	61.2	41.34	48.41	34.68	28.92	156.26
Less than six months	197.51	244.48	370.31	671.88	948.02	1168.63
Total	258.71	285.82	418.72	706.56	976.94	1324.89

Top twenty beneficiaries - out of Sundry Debtors as on 30th September 2005

Infokall Malaysia Sdn Bhd	256.09
Gamma Machinery Corporation Ltd.	172.40
Alpha Global Links	162.51
Simatech Asia Ventures	81.16
Tata Motors	61.92
Selvel Exim Pte Ltd	60.20
ISPAT Industries Ltd	15.22
Hindustan Lever Ltd.	13.41
ITC Limited	8.86
Assam Electronics Development Corpn.	7.85
National Inst. of Rural Dev. Corp.	7.36
Trinetra Super Market	7.35
Dy. Commissioner of Police	6.94
Whirlpool India Ltd.	6.52
Dy Commissioner of Police-Neredmet	6.26
Natco Pharma Ltd.	6.25
Tata Ryerson Ltd.	5.78
Cummins India Ltd.	5.65
Tata Cummins Ltd.	5.06
Mohsin Motor Needs	4.90

None of the Sundry Debtors is related to the company or its Directors or Promoters

**Annexure - 11**

Loans and Advances (Unsecured, considered good)

Loans and Advances (Unsecured, considered good)

(Rs. In lacs)

Sl.No.	Particulars	As at					
		31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
1	Advances recoverable in cash or kind or for value to be received	7.16	27.61	25.14	21.55	17.76	341.38
2	Deposits	12.41	16.72	30.13	7.46	51.00	27.52
	Total	19.57	44.33	55.27	29.01	68.76	368.90

Top twenty Beneficiaries of Loans and Advances as on 30th September 2005

(Rs. In lacs)

Ganga Exim	179.81	Tejdeep Engineering	73.18
Intra Asia Trading Pte Limited	65.26	Intractive Corporation	8.26
Advance Tax	7.50	EMD Thirumala Tirupati Devasthanam	5.26
Rental Deposits	4.71	Stick Labels	3.50
Deposits with Banks	1.47	EMD with National Chemical Laboratory	1.00
Suvistas	1.00	National Informatic Centre	1.00
Anurag	1.00	Yernest Compactivity	0.96
Gayatri Logistics	0.90	Ominisent Electronics	0.86
Hind Electricals	0.76	Department of Posts	0.73
Branch Advances	0.63	DHL	0.53
S.V. Electricals	0.43		

There are no advances against the directors or the Promoters of the company

Annexure - 12**Statement of Tax shelters**

(Rs. In Lacs)

Year Ending March 31st	2005	2004	2003	2002	2001
Tax Rate	35%	35%	35%	35%	35%
Surcharge	2.50%	2.50%	5%	2%	13%
Education cess	2.00%	0.00%	0.00%	0.00%	0.00%
Net Profit before Tax & Extra Ordinary items	275.22	213.47	26.12	6.18	18.13
100% EOU Profits exempted in view Sec 10B	160.80	-	-	-	-
Net Profit before Tax & Extra Ordinary items	114.42	213.47	26.12	6.18	18.13
Tax at Notional Rate	41.87	76.58	9.60	2.21	7.17
Adjustments :					
Difference between Tax Depreciation and Book Depreciation	65.20	96.88	60.84	(1.86)	13.74
Difference between DRE incurred and Written off	-	-	(9.10)	-	16.36
Other Adjustments	9.41	25.94	(10.11)	8.42	(13.08)
Net Adjustments	74.61	122.82	41.63	6.56	17.02



Year Ending March 31st	2005	2004	2003	2002	2001
Tax Saving thereon	27.30	44.06	15.30	2.34	6.73
Total Taxation	14.57	32.52	(5.70)	(0.14)	0.44
Taxation on extraordinary items	-	-	-	-	-
Tax on profits before extraordinary items	14.57	32.52	(5.70)	(0.14)	0.44
Profit and Loss as per Income Tax Returns	39.82	106.55	(15.51)	(0.38)	1.11
Brought Forward Losses Adjusted	-	15.89	-	-	-
Taxable Loss/Income	39.82	90.66	(15.51)	(0.38)	1.11
Taxable Income as per MAT	114.42	213.47	26.12	6.18	18.13
Mat Tax Liability	8.97	16.41	2.06	0.47	1.54
Tax as per Income Tax Returns	14.57	32.52	2.06	0.47	1.54

Annexure - 13

The Company has not declared any dividend since its inception. The Profits have been ploughed back in to the operations

Annexure - 14**Capitalization Statement**

(Rs.in lacs)

Particulars	Pre Issue As at 30.09.2005	Adjusted for Present Public Issue
Shareholder's Funds		
Equity Share Capital	806.90	**
Reserves & Surplus	1,256.24	**
Less : Miscellaneous Expenditure to the extent not written off	2.84	2.84
Total Shareholders' Funds	2060.29	
Borrowings		
Secured		
Short Term Debts	0.00	0
Long Term Debts	449.64	0
Unsecured Debts		
Total Borrowings	449.636	
Debt/ Equity Ratio	0.22	

** Share Capital and Reserves (Post Public Issue) can be calculated only on conclusion of the Book Building Process

Annexure - 15

Details of Secured Loans

Rs. In Lacs

Sl.No.	Particulars	31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
1	Terms Loans						
	From IDBI	205.52	413.64	470.31	523.46	483.41	435.43
	Sub-total	205.52	413.64	470.31	523.46	483.41	435.43
2	Cash Credit Account						
	UTI Bank Ltd	54.52	64.39	65.70	68.96	0.00	0.00
	Andhra Bank					240.45	0.00
	Sub-total	54.52	64.39	65.70	68.96	240.45	0.00
3	Hire Purchase						
	Essenda Finance Ltd	0.13	0.13	0.00			
	Citi Bank	1.17	0.00	0.00			
	Citi Bank	1.49	0.23	0.11	0.00		
	Citi Bank				6.01	4.74	4.11
	Citi Bank				6.01	4.74	4.11
	ICICI Bank Ltd				0.12	0.00	0.00
	ABN Amro Bank					6.74	5.99
	Sub-total	2.79	0.36	0.11	12.14	16.22	14.21
	Total Secured Loans	262.83	478.39	536.12	604.56	740.08	449.64

Details of Secured Loans Outstanding as on 30.09.2005

Sl. No.	Particulars of Loan	Bank	Nature of Loan	Sanctioned Amount	Amount Outstanding	Rate of Interest P.A.(%)	Repayment Terms	Securities Offered
1	Term Loans	IDBI	VCF	469.11	435.43	12%	The term loan availed by the Company together with funded interest aggregating to Rs.469.11 lakhs was rescheduled by IDBI vide their letter dated 16th April, 2004. As per the reschedulement approved, the dues are to be repaid in - 20 quarterly installments starting from 01.04.05. Interest shall be paid separately as and when due.	All fixed assets of the company present & future. Personal guarantees of Sri.A.B.S Reddy and R.Satish Reddy and Pledge of 9,57,600 shares of A.B.S.Reddy and 2,00,000 shares of Sri R.Satish Reddy
	Total			469.11	435.43			
2	Working Capital facility	Andhra Bank	Open Cash Credit	275.00	0.00	12.50%	Hypothecation of stock of raw material, WIP, semi finished goods and finished goods	
	Total			275.00	0.00			
3	Hire Purchase Loans	Citi bank	Hire Purchase Loans		4.11		Payable in 60 EMIs - Left over Instalments 39	Secured by specific asset
		Citi bank	Hire Purchase Loans		4.11		Payable in 60 EMIs - Left over Instalments 39	Secured by specific asset
		ABN Amro Bank	Hire Purchase Loans		5.99		Payable in 60 EMIs - Left over Instalments 48	Secured by specific asset
	Total			0.00	14.21			

Annexure - 16**Contingent Liabilities**

(Rs. In lacs)

Sl.No.	Particulars	As at					
		31.03.01	31.03.02	31.03.03	31.03.04	31.03.05	30.09.05
1	Letter of Credit	0.00	0.00	0.00	0.00	5.09	0.00
2	Bank Guarantee	0.00	0.00	0.00	0.00	44.70	3.04
3	Excise Duty	4.00	0.00	0.00	0.00	0.00	0.00
	Total	4.00	0.00	0.00	0.00	49.79	3.04

Annexure - 17

Information on related party disclosures as per the AS-18 (Accounting Standard 18 on related party disclosures)

There are no transactions that can be classified as related party transactions in terms of Accounting Standard - 18 . None of the parties engaged with the company fall under the definition of related parties in terms of the Accounting Standard - 18.

2. FINANCIAL INFORMATION OF GROUP COMPANIES

There are no group companies of the Company.

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

During the year 2003-04, the company has changed its method of depreciation accounting to straight line method from WDV method. Other than this, there are no changes in the accounting policies.

3. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

Management discussion and analysis of financial condition

Investors should read the following discussion of our financial condition and results of operations together with our audited under Indian GAAP and the notes to those statements included in this Red Herring Prospectus. The following discussion is based on our Company's audited financial statements and on information available from other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year.

I. Overview

The Company is India's leading Automatic Identification and Data Collection (AIDC) and Radio Frequency Identification (RFID) solutions provider. The Company offer consulting services, design, software, hardware, personalization and full implementation and work with its customers to deliver comprehensive, integrated and tailor-made AIDC and RFID based system. The Company provides Business and technology strategy, systems design and architecture, applications implementation, network and systems integration, and related services that enable the clients to leverage technology for stronger return on investment and enhanced services to their customers, vendors and employees.

The quality consciousness, strong customer base and the goodwill built up over a period of time has enabled the company to record a significant growth rate over last two years.

II. Key factors influencing results of operations

The key factors influencing the company results of operations, profitability and cash flow are listed below:

- **Indian economic growth:** The Company's operations are primarily based in India and we derive substantial portion of our revenue from the Indian market particularly from Organised sector. In the backdrop of economic reforms - the Company have been experiencing paradigm shift in the approach of corporate and Trade sectors towards the standardization of practices. The Indian Corporates are inclined to improve the control over their activities through the process of automation. The over all growth prospects drive them which in turn will improve our business prospects.
- **Verticals :** The Company's operations also based up on the business Improvements in Vertical segments viz., Automobile, Textiles, Pharma, IT, Service and Retail segments.
- **Population:** With Population be now being viewed as Indian Strength - the Company blessed to provide many innovative solutions in the form of Pilgrimage Management System which are quite useful
- **Capital expenditure on IT infrastructure by Indian corporate:** The Company's income from the Solutions is largely dependent on corporate requirements to create, modernize and upgrade their IT network. As such any slowdown in corporate capital expenditure on IT infrastructure may restrict our future growth and profit margins.
- **Compliance:** The ongoing demand for more and more system driven tracking of movement of goods will influence the business potential of our company. Automated physical goods flow normally precedes EDI which is a national priority National IT Task Force, Govt. of India has mandated barcoding and DGFT has prioritized exporters as part of operationalisation of this national manadate.
- **Fluctuations in exchange rate :** The Company is marginally susceptible to fluctuations in exchange rates as we source a significant amount of AIDC, RFID and RETAIL equipment from overseas suppliers. On the same lines - the Export earnings of the company are also subjected to Exchange fluctuations.
- **Duties & Taxes**

Since the imports are subjected to customs Duty and CV Duty - the government policies in this regard influence the landed costs of imports. The implications on account of value added Tax and Service Tax aspects may influence the pricing patterns and the ultimate realization.

III. The Company's Growth Path

The table below sets forth information regarding the company's income, expenditure and profits for the indicated period.

STATEMENT OF PROFIT AND LOSS

Period ended on	2002-03		2003-04		2004-05	
	Apr - Mar	Growth%	Apr - Mar	Growth%	Apr - Mar	Growth%
Income						
Sales	831.29	01.32	1257.64	51.29	1805.52	43.56
Other Income	0.29	(93.01)	0.54	86.21	11.66	20.60
Total Income	831.58	0.84	1258.18	51.30	1817.18	44.43
Expenditure						
Raw materials & goods consumed	539.94	(0.18)	735.05	36.14	1117.65	52.05
Staff Costs	83.81	12.48	88.71	5.85	115.43	30.12
Other Admn.& Selling Costs	91.08	(40.61)	109.10	19.78	116.19	6.50
	714.83	(7.02)	932.86	30.50	1349.27	44.64
EBITDA	116.75	109	325.32	178.65	467.91	43.83
Interest	45.68	321.01	86.51	89.38	107.92	24.75
Depreciation	35.65	9.02	25.14	(29.48)	83.88	233.65
Miscellaneous expenditure written off	9.29	51.30	0.19	(97.95)	0.89	368.42
Net Profit before tax and extraordinary items	26.13	323.50	213.48	716.99	275.22	28.92
Provision for taxation & Deferred Taxation	12.54	1204.00	78.29	524.32	35.50	(54.66)
Net Profit after tax & before extraordinary items	13.59	139.68	135.19	894.78	239.72	77.32

IV. The position of Assets and Liabilities stand as under :

STATEMENT OF ASSETS and LIABILITIES

Rs.in Lacs

Period ended on	2002-03.	2003-04	2004-05
Assets			
Gross Block (including capital Work In Progress)	802.01	817.35	983.57
Net Block	684.99	675.19	757.53
Add: Current assets	534.79	906.43	1349.44
Less: Current Liabilities	143.44	193.68	325.39
Less:Cash Credit Support	65.70	68.95	240.44
Total Net Assets	1010.64	1318.99	1541.14
Liabilities			
Represented By			
Share Capital	407.93	437.93	437.93
Add: Reserves & Surplus	122.82	346.12	606.84
Less: Misc.Exps.not w.off	0.86	0.67	3.28
Total Net Worth	529.90	783.39	1,041.50
Add: Loan Funds	480.74	535.60	499.64
Total Funds	1,010.64	1,318.99	1,541.14

V. Comparison of Fiscal 2003-04 with Fiscal 2002-03**1) Total Income**

The operations of the company recorded a growth rate of 51% when compared to year 2002-03. During the year 2003-04 - in addition to the AIDC business - the company focused in to Biometrics activity as well. The company has also been focusing at R&D to be inline with Industry requirements. The concept of AIDC and Biometric technology established by the company at Tirumala Tirupati Devasthanam has brought in e-darshan concepts as an effective time management tool for the benefit of one and all. During 2003-04 - Gati, Endurance, Trinethra Super Markets, Mihira Networks, Fabmall, Mahindra & Mahindra, Satyam Computers are added in to the Customer List.

2) Raw Material & Goods Consumed

The consumption patterns witnessed a down trend on account of increased margins in the sales and also increased focus at newer Technologies like Biometrics etc.. The Raw material costs to turnover ratio has come down to 58% during 2003-04 from 65%.for the year 2002-03. The absolute increase is 36% (i.e., from Rs.540 lacs for the year 2002-03 to Rs.735 lacs for the year 2003-04)

3) Staff Cost

The Company's staff costs for the period 2003-04 remained more or less at same level when compared to 2002-03. As a result of improvement in the Turnover levels the percentage of staff cost has come down to 7% in 2003-04 from that of 10% in 2002-03

4) Administrative and Selling Expenses

The substantial growth of company's business with out any substantial increase in the infrastructure costs in the fiscal helped us to control this spent to 8.67% of Turnover for 2003-04 from 10.95% of 2002-03. The expenditure in absolute terms has gone up to 109 lacs from 91 lacs due to establishment of Branch at New Delhi

5) Finance Expense

During the period, the company's financial expenses increased by Rs 40.83 lacs or 89%, largely due to increased borrowing to finance our working capital requirements. With the growth in turnover our increased working capital requirement was met through increase in bank finance and through back to back credit from the suppliers. The reduction in the IDBI interest rate from 17% to 12% during the last quarter of the year has marginally off set the over all increase in Finance costs.

6) EBITDA

Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the fiscal year 2003-04 was Rs 325 Lacs, which increased by 178% in comparison to the previous year. The EBITDA margin improved during this period due to overall reduction in the Costs.

7) Depreciation

During the year 2003-04 the Depreciation has gone down by 30% (From Rs.36 lacs for 2002-03 to Rs.25 lacs for 2003-04) due to change in methodology from WDV to Straight Line Method.

8) Income Tax

The provision for tax for the Financial year 2003-04 increased to Rs 50 Lacs from Rs 3 Lacs for the Financial year 2002-03. The increase was on account of taxing the company's profits at regular rates due to lesser claims for set off under Income Tax Act.

9) PAT

PAT for the period touched at Rs.135 lacs in 2003-04 from Rs 13.59 Lacs for the year 2002-03.

VI. Comparison of Fiscal 2003-04 with Fiscal 2004-05**10) TOTAL INCOME**

During 2004-05 the growth rate recorded is 44%. The company identified the changing scenario of Bar Code Industry and established business plans in the areas of RFID & Biometric Technology. The establishment of 100% EOU during 2004-05 under the ambit of STPI is a major shift in the focus of the company. The STPI recorded an Export Turnover of Rs.279 lacs (equ.to USD 617 K) . The Exports

lead to new business initiatives such as establishment of overseas Branches - particularly in Malaysia and Dubai

During 2004-05 with its entry in to Exports the company has added Overseas customers to its list viz., Infokall Malaysia Sdn.. On Domestic front - Ashok Leyland, Satyam, Greaves Cotton, Pantaloon , HP, IBM, Videocon, Trident Industries are the new customer members of Bartronics family.

Other Income in the fiscal year 2004-05 improved to Rs.11 Lacs from the negligible levels in the earlier years due to the new stream of revenue viz., external Invoicing. Thus the other income form part of 0.64% total Turnover for the year 2004-05 from that of 0.04% for the year 2003-04

11) RAW MATERIAL CONSUMED

The trends increased marginally to 61% of the Turnover in 2004-05 when compared with 58% of the Turnover for the year 2003-04. This increase is attributable to the arrest of down trend in the USD rate in the year 2004-05 when compared with 2003-04 and the general escalatory trends. The over all spent has gone up by 52% (From Rs.735 lacs to Rs.1118 lacs)

12) STAFF COST

The staff cost was in down trend for the year 2004-05 (6.35% of the Turnover for 2004-05) than that of 2003-04 (7.05% for 2003-04). However- due to increase in volumes the over all amount has gone up by 30% (From that of Rs.89 lacs in 2003-04 to Rs.115 lacs in 2004-05). As the company continued to expand, we increased our recruitment of personnel at various locations across the country to cater the service branches nationwide. 100% EOU has also accounted for increase in man Power cost.

13) Administrative and Selling Expenses

In comparison to the fiscal year 2003-04, the expenses under this head increased by 6%. The rise was on account of increased business activity, which required increased domestic and overseas travel by the company's executives and sales personnel. However- the over all percentage to turnover has seen a down trend (From 8.67% for the year 2003-04 to 6.39% for the year 2004-05)

14) FINANCE EXPENSES

During the year the company undertook enhancement of working capital limits and the average monthly utilization of the Working capital facilities has gone up by almost 100%. Resultantly the interest costs have gone up by 25% to Rs.108 lacs for the year 2004-05 from Rs.87 lacs for the year 2003-04. The settlement of differential interest on account of reduction in Interest rate also contributed to the increase in finance costs.

15) EBITDA

Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year 2004-05 remained at same level as a percentage to Turnover . However- in absolute terms the same has gone up by 43% (i.e., from Rs.325 lacs for 2003-04 to Rs.468 lacs for 2004-05). Our EBITDA increased due to 100% EOU unit activities during the year 2004-05.

16) DEPRECIATION

Depreciation increased by Rs. 59 lacs (i.e., nearly a 3 fold increase) from Rs.25 lacs in 2003-04 to Rs. 83 lacs in 2004-05. The higher depreciation was due to increased Capex in the EOU unit and on Domestic front as well to the tune of Rs.166 lacs.

17) INCOME TAX

Since the Company is entitled for exemption of Export profits from the purview of Income tax in terms of 100% EOU status our provision for tax was limited to Rs. 35.50 lacs including that of Deferred taxation provision Rs.21 lacs.

18) PAT

PAT for the period increased by 77% in 2004-05 to Rs.240 lacs from Rs. 135 lacs in 2003-04

19) Net worth addition, Capital issues.

The company has taken up an aggressive growth path for the last two years resulting in the growth in its net worth. During 2003-04, on private placement basis equity shares worth Rs.30 lacs of face value were allotted on preferential basis at a premium of Rs. 20/- per share.

The net worth has gone up by 30% during the period 2002-03 to 2003-04. The growth in the Net worth stabilized during the period 2003-04 to 2004-05 to the tune of 17%.

20) Dividend paid.

With an objective to plough back the profits, the company has not paid any dividend since its inception

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that has significantly affected the business of the Company

Significant economic changes that materially affected or are likely to affect income from continuing operations

To focus at overseas operations, the company has established an Export Oriented Undertaking under the ambit of STPI. In the context of the same, the company will enjoy the 100% exemption of Export profits from the Corporate Tax purview till March 2009

The regulations of Government on Foreign Direct Investment in the retail segment and the mandatory guidelines already in force for the adoption of Bar Code technology will have positive impact on the future income levels of the company.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

There are no known trends or uncertainties that have or are expected to have an adverse impact on sales except for national calamities like war, terrorist attacks etc.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Since majority of the Hardware components are to be imported, the Foreign Exchange Fluctuations might influence the procurement costs. However, as the procurement lead time is normally less than three months, there is enough space for taking the precautionary measures. The Labour cost is sensitive from sales and marketing point of view. Similarly, business promotion costs will also influence the revenues. This necessitates extra selling and distribution costs in the form of incentives given to the marketing workforce.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

During the year 2004-05, Software Development wing has been strengthened so as to focus at customised Software Exports which has contributed to the extent of Rs.270 lacs.

Status of any publicly announced new products or business segment

Effective from the year 2005-06 the operations are vertically bifurcated in to AIDC Division, RFID Division and Retail Division. New products such as Point of Sale systems and Electronic cash Registers are being planned to cater to the Retail IT segment. While RFID Division will focus at high end Bar code solutions, AIDC aims at catering to new entrants in the Bar Code Technology.

The extent to which business is seasonal

The core business of the company is aimed at improving the operational efficiency of the clientele as far as Logistics management is concerned. Thus, the business has no delineation such as slack or busy season.

Any significant dependence on a single or few suppliers or customers

The company has exclusive tie-ups neither for procurements nor for supplies. The customer relation that the company established over a period of years enables the team to assess the requirements and plan the procurements. Similarly compliance to the Service Level Agreements and Feed back mechanism that the company adopts, enables excellent Customer relations on a continuous basis.

Competitive conditions

The company is constantly scanning the market for potential competitors based on the analysis of the company; it does not face any serious threat from competition as of now.

SECTION VI — LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

There are no outstanding litigations, suits, criminal or civil prosecutions, potential disputes, labour disputes, bargains and demands, investigations, Central / State Government claims or inquiries, proceedings or tax liabilities, overdues to banks/financial institutions, defaults against banks/ financial institutions, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company or its Subsidiary or its Group Companies or its promoters or its directors and no defaults of non-payment of statutory dues against the Company including under the excise, customs, sales tax, income tax and service tax, and no disciplinary action has been taken by SEBI or any stock exchanges against the Company.

Contingent liabilities of the Company as of September 30, 2005:

Towards bank guarantee availed Rs.3.04 lacs.

Income Tax Liabilities

The Company has filed its income tax returns till the Assessment Year 2005-06. The contingent liability of the Company relating to income tax is Nil as of March 31, 2005 and there are no proceedings pending against the Company by the Income Tax Department and the Company is not disputing any tax demand. The Permanent Account Number of the company is AAACB 8231F.

2. Litigations / Disputes involving Securities related offences, including penalties imposed by SEBI or any other securities market regulator in India or abroad: NIL
3. Litigations involving statutory or other offences, including penalties imposed by any regulatory authority in India or abroad (present or past): NIL
4. Outstanding litigation against the group companies and subsidiary company of Bartronics India Limited - Not applicable as there are no group companies and subsidiary company
5. Litigation in relation to labour laws, and employee related cases: Nil
6. Litigation involving revenue authorities (customs/excise/sales tax/income tax/service tax):Nil
7. Litigation involving customers/suppliers/agents : Nil
8. Litigation in the nature of winding up petitions/ liquidation/ bankruptcy / closure filed by / against the company: Nil
9. Other Litigation: Nil

Non payment of statutory dues or dues to Banks / Institutions:

Overdue interest/ principal as on current date:

The term loan availed by the Company together with funded interest aggregating to Rs.469.11 lakhs was rescheduled by IDBI vide their letter dated 16th April, 2004. As per the reschedulement approved, the dues are to be repaid in - 20 quarterly installments starting from 01.04.05. Interest shall be paid separately as and when due. As on date there are no defaults on this account.

There have been no defaults and there are no overdues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.

Further, there are no litigations/disputes/penalties or any proceedings known to be contemplated by government authorities.

No disciplinary action/investigation has been taken by the Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its Directors, Promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of Sec 370 (1B) of the Companies Act, 1956.

The Company, promoters, directors or any of the Company's Associates or Group companies or other ventures of the promoters and companies with which the directors of Bartronics India Limited are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

No penalties were ever imposed by SEBI or any other regulatory body in India or abroad. Other than those mentioned above, there is no litigation against Bartronics India Limited. The Company does not owe sum exceeding Rs. 1 lac outstanding for more than 30 days to small scale undertakings or any creditor of Bartronics India Limited.

There are no litigations against any other company whose outcome could have materially adverse effect on the position of Bartronics India Limited including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.

Litigation against Promoters:

Other than what has been disclosed above there are no pending litigations in which the promoters are involved. Further, no defaults were made to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and the companies/ firms promoted by the promoters.

Further, there are no cases of pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the promoters were associated in the past but are no longer associated.

Further, there are no litigations against the promoter involving violation of statutory regulations or alleging criminal offence.

There are no Pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases, if found guilty). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the issuer company as per section 370 (1B) of the Companies Act, 1956).

Litigation against Directors: There are no pending litigations against the directors involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against the directors.

There are no past cases in which penalties were imposed by the concerned authorities on the issuer company or its directors.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases, if found guilty), any disciplinary action taken by the SEBI / stock exchanges against the issuer company or its Directors: Nil

Litigation against Group Company/ Associate Concerns: Nil

The promoters, their relatives (as per Companies Act, 1956), issuer, group companies, associate companies are not detained as willful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.



Material Developments

Apart from the changes mentioned below, In the opinion of the Board of Directors, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company and its subsidiaries taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months other than as disclosed in the Red Herring Prospectus.

On September 5, 2005, 15,00,000 equity shares of the face value of Rs.10/- each have been allotted for cash at a price of Rs.50/- (including a premium of Rs.40/-) on preferential basis.

2. GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS

The Company has obtained the following licenses, permissions and approvals from the Central and State Government and other Government Agencies / Certification Bodies required for carrying out the business:

Serial No.	Issuing Authority	Registration No.	Nature of Registration	Validity
1	Registrar of Companies	01-11721	Certificate of Incorporation	—
2	Income Tax Department	AAACB 8231F	PAN	—
3	Ministry of Commerce, Government of India	Code No.0991003624	Importer - Exporter Code	—
4	Commercial Taxes Department, Govt. of A.P	TIN 28160212522	Value Added Tax	—
5	Commercial Taxes Department	PJT/06/1/1996	Central Sales Tax Act	—
6.	E-Seva Department, Govt. of A.P	A-1719179	Professional Tax	—
7.	Commissioner of Customs & Central Excise -Service Tax Cell	AAACBS231FST001	Service Tax Registration	—
8.	Employees' Provident Funds and Miscellaneous Provisions Act, 1952	AP/23652	P.F Registration	—
9	Employees State Insurance Act, A.P	52-10044-67	E.S.I	—
10	Shops & Establishments Act ,A.P	C26-1995	—	For 2005
11	Software Technology Park of India, Hyderabad	Vide letter dated STPH/IMSC/04-05/ 1343/19056	100% Export Oriented Unit	2007

The company can undertake all the present and proposed activities in view of the present approvals. No further approvals from any government authorities/RBI are required by the Company to undertake the present and proposed activities except those approvals that may be required to be taken in the normal course of business from time to time

It must be specifically understood that in giving the above approvals, the concerned authority does not take any responsibility for the financial soundness or correctness of the statements made by the Company.

The Company has obtained No Objection Certificate for making Initial Public Offer from IDBI. However, Industrial Development Bank of India limited, (IDBI) bears no responsibility for accuracy of the statements made in the Red Herring Prospectus.

SECTION VII — OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on April 25, 2005 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Annual General Meeting of the Company held on May 2, 2005.

PROHIBITION BY SEBI

The Company, its Directors, its Promoters, its Subsidiary, other companies/ ventures promoted by the Promoters and companies with which the Company's Directors are associated as directors or promoters have not been prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any direction or order passed by SEBI.

ELIGIBILITY FOR THE ISSUE

In terms of clause 2.2.1 of the SEBI (DIP) Guidelines, 2000 an unlisted company may make an Initial Public Offering (IPO) of Equity Shares or any other securities, which may be converted into or exchanged, with Equity Shares at a later date, only if it meets all the following conditions.

- (a) The company has net tangible assets of at least Rs. 3 crores in each of the preceeding 3 full financial years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with clause 2.2.1(a) of the SEBI Guidelines.

Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project.

- (b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three(3) out of immediately preceeding five (5) years and is compliant with Clause 2.2.1(b) of the SEBI Guidelines

Provided further that extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of the Companies Act, 1956;

- (c) The company has net worth of at least Rs.1 crore in each of the preceeding 3 full years (of 12 months each) and is compliant with Clause 2.2.1(c) of the SEBI Guidelines
- (d) In case the company has changed its name within the last one year, at least 50% of the revenue for the preceeding 1 full year is earned by the company from the activity suggested by the new name; There has been no change in the name of the Company in the last one year. Therefore, Clause 2.2.1(d) of the SEBI Guidelines is not applicable.
- (e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), does not exceed five (5) times its pre-issue networth as per the audited balance sheet of the last financial year and is compliant with Clause 2.2.1(e) of the SEBI Guidelines

The Company satisfies the above eligibility criterion in the following manner:

(Rs. in Lacs)

Year	31st March 2005	31st March 2004	31st March 2003	31st March 2002	31st March 2001
Net Tangible Assets	2106.97	1581.62	1219.78	1093.44	870.97
Monetary Assets	0.50	0.70	0.82	0.79	87.88
Distributable Profit	239.72	135.19	13.59	5.67	16.48
Net worth	1041.50	783.39	529.90	498.30	486.98

Note:

Net Tangible Assets: means the sum of all net assets of the Company excluding 'intangible assets'.

Monetary assets : means cash and bank balances

Distributable profits means net profit after tax and extraordinary items

In addition to these, the company shall ensure that the number of allottees getting Equity Shares is not less than one thousand in number.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KARVY INVESTOR SERVICES LIMITED HAS FURNISHED TO THE SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 20, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES AND DISPUTES WITH COLLABORATORS ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- a. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- c. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE.**
- d. BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
- e. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, ANDHRA PRADESH, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT, 1956.**
- f. WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**



THE FILING OF DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS / MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

WE CERTIFY THAT WRITTEN CONSENT FROM THE SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED /SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS

GENERAL DISCLAIMER

Investors may note that the Company and the Book Running Lead managers accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

The Book Running Lead Managers accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Book Running Lead Managers and the Company.

The Company shall make all information available and the Book Running Lead Managers to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations , in research or sales reports at bidding centres or elsewhere.

The Company or BRLMs shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software /hardware system or otherwise.

JURISDICTION

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under Societies Registration Act, 1860, or any other Trust law and are authorized under their constitution to hold and invest in shares), permitted insurance companies and to NRIs and FIIs as defined under the Indian Laws. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of courts in Hyderabad only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in United States to 'qualified institutional buyers' as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.



Investors may please note that Central Government/RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Red Herring Prospectus.

The draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI has given its observations and that the Red Herring Prospectus has been filed with the Registrar of Companies as per the provisions of Companies Act, 1956.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE)

As required, a copy of this Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter dated November 10, 2005 granted permission to the Company. to use the Exchange's name in this Draft Red Herring Prospectus as one of the Stock Exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). NSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does not in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoter, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED ("BSE")

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. BSE has given vide its letter dated October 28, 2005 permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchange on which the Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner-

- (a) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- (b) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- (c) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

UNDERTAKING FROM PROMOTERS AND DIRECTORS

The company accepts full responsibility for the accuracy of the information given in the Red Herring Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which makes any statement in the Red Herring Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The company further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in this offer document. The Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that



would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to a mis-statement/ mis-representation, the Promoters/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

FILING

A copy of this Red Herring Prospectus, has been filed with the Corporate Finance Department of SEBI, at B Wing, First Floor, Mittal Court, Nariman Point, Mumbai - 400 021.

A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Act, would be delivered for registration to the Registrar of Companies, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500 195 and a copy of the Prospectus to be filed under Section 60 of the Act would be delivered for registration with the Registrar of Companies.

LISTING

Initial listing applications have been made to NSE and BSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. BSE will be the Designated Stock Exchange for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by any of the above mentioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of Issue Closing Date, whichever is earlier), then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of basis of allotment for the Issue.

CONSENTS

The written consents of , Directors, Company Secretary,& Compliance Officer Auditors, Legal Advisor, Lead managers to the Issue, Registrars to the Issue, Bankers to the Company and Bankers to the Issue, Escrow Bankers to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Andhra Pradesh, Hyderabad as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration.

Yaji & Associates, Chartered Accountants, and the statutory auditors of the Company have given their consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration.

Yaji & Associates, Chartered Accountants, have given their written consent to the inclusion of tax benefits accruing to the Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration.

EXPERT OPINION

The Company has not obtained any expert opinion apart from whatever is already mentioned in this Red Herring Prospectus.

EXPENSES OF THE ISSUE

The expenses of the Issue payable by the Company inclusive of brokerage, fees payable to the Lead managers to the Issue, Registrar to the Issue, Legal Advisor, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs. [●], and will be met

out of the proceeds of the present issue.

DETAILS OF FEES PAYABLE

Particulars	Amount (Rs. Lacs)	% of total issue expenses	% of total issue size
Book Running Lead managers	[•]	[•]	[•]
Bankers to the Issue	[•]	[•]	[•]
Registrars	[•]	[•]	[•]
Advisors	[•]	[•]	[•]
Legal Advisor	[•]	[•]	[•]
Others	[•]	[•]	[•]
Total	[•]	[•]	[•]

Fees payable to the BRLMs

The total fees payable to the Book Running Lead Managers will be as per the letters of appointment dated July 4, 2005, and August 25th, 2005 with Karvy Investor Services Limited and Centrum Capital Limited respectively, copies of which are available for inspection at the registered office of the company.

Fees payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the letter of appointment dated June 15, 2005, issued by the Company a copy of which is available for inspection at registered office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by Registered post.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission, brokerage and the selling commission for the Issue is as set out in the Syndicate Agreement amongst the company, the BRLMs and the Syndicate Member.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned in the Red Herring Prospectus.

PREVIOUS PUBLIC OR RIGHTS ISSUES

This is the first public issue of the Company. The company has not made any public issue previously.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

On May 2, 2005, the company allotted 21,89,650 Equity Shares of face value of Rs. 10 each as bonus shares in the ratio of one(1) share for every two(2) shares held in the Company by capitalisation of Rs. 218.96 lacs from the free Reserves.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

The company has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

PARTICULARS IN REGARD TO THE COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370(1)(B) OF THE COMPANIES ACT, 1956, WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

There are no listed companies under the same management within the meaning of Section 370 (1)(B) of the Companies Act, 1956 that made any capital issue during the last three years.

PROMISES VS PERFORMANCE

The company has not made any public issue of shares since its incorporation. There are no group companies, which have made any public issue.



OUTSTANDING BONDS/ DEBENTURES

There are no outstanding debentures or bonds or redeemable preference shares or any other instruments issued by the issuer company outstanding as on the date of Red Herring Prospectus.

STOCK MARKET DATA

This being the first public issue by the Company, no stock market data is available.

DISCLOSURE ON INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Letters of Allotment/Share Certificates/Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Bigshare Services Private Limited, giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch/collection center where the application was submitted.

Disposal of Investor Grievances

The average time required by the Company/Registrar for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company/Registrar would strive to redress these complaints as expeditiously as possible.

Investors can also contact the Compliance Officer for any investor grievances:

Mr. Arun Shourie

Company Secretary

Bartronics India Limited

5-9-22/B/404, My Home Sarovar, Secretariat Road

Hyderabad 500 004

E-mail: arunsh@bartronicsindia.com

GROUP COMPANIES

There are no listed Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956

CHANGES IN THE AUDITORS DURING THE LAST THREE YEARS AND REASONS THEREOF

There have been no changes in the auditors of the Company during the past three years

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS

21,89,650 Equity Shares of the Company were allotted as bonus in the ratio of 1 share for every 2 shares held in the Company by capitalisation of Rs. 218.96 lacs from the free Reserves

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS

The Company has not revalued its assets during the last five years

PROPERTY

The Company owns the following properties:

S.no	Description	Location	Extent	Type	Date of Acquisition on and Doc ref No	Cost of Acquisition (Rs. In Lakhs)
1	Industrial Shed	D-119, Phase I, IDA, Jeedimetla, Qutbullapur, Mandal, R.R.Dist	Plot Admeasuring 448.56 Sq.yards. Built-up area 978 Sq Ft.	A.C.C Roof with RCC Structures Age: 18 years	31.07.99 4322/99	4.45 lakhs
2	Industrial Shed	D-119, Phase I, IDA, Jeedimetla, Qutbullapur, Mandal, R.R.Dist	Plot Admeasuring 717.48 Sq.yards Built-up area 76 Sq Ft.	A.C.C Roof with RCC Structures Age: 18 years	31.07.99 4323/99	4.44 lakhs
3	Industrial Shed	D-119, Phase I, IDA, Jeedimetla, Qutbullapur, Mandal, R.R.Dist	Plot Admeasuring 448.56 Sq.yards Built-up area 821 Sq Ft.	A.C.C Roof with RCC Structures Age: 18 years	31.07.99 4324/99	4.17 lakhs

PURCHASE OF PROPERTY

Except as stated in the section titled "Objects of the Issue" in this Red Herring Prospectus, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the net proceeds of the issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which :

- * The Contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- * The amount of the purchase money is not material; or
- * Disclosure has been made earlier in this Red Herring Prospectus

We have not purchased any property in which any Directors, have any direct or indirect interest in any payment made thereof.

SERVICING BEHAVIOUR

There has been no default in payment of statutory dues or of interest or principal in respect of the Company's borrowings.

SECTION VIII — ISSUE INFORMATION**Terms of the Issue**

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the allotment advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted at its meeting held on April 25, 2005 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extra Ordinary General Meeting of the Company held on May 2, 2005

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of Allotment.

Mode of payment of dividend

The declaration and payment of dividends will be recommended by the Board of Directors and its shareholders, at their discretion, and will depend on a number of factors, including but not limited to Company's earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in terms of this Red Herring Prospectus at a price band of Rs. 63/- to Rs.75/- per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- * Right to receive dividend, if declared;
- * Right to receive general meeting notices and to attend general meetings and exercise voting powers, unless prohibited by law;
- * Right to vote on a poll either in person or by proxy;
- * Right to receive offers for rights shares and be allotted bonus shares, if announced;
- * Right to receive surplus on liquidation;
- * Right of free transferability; and
- * Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Description of Equity Shares and Terms of Articles of Association" on Page 120 in this Red Herring Prospectus.

Market Lot and trading lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialised form for all investors.



Since trading of the Company's Equity Shares will be in dematerialised mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of 90 Equity Shares to the successful bidders. For details of allocation and allotment, see "Other Regulatory and Statutory Disclosure - Basis of Allotment and Allocation" on page No.117.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts/authorities in Hyderabad, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transmitted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- * to register himself or herself as the holder of the Equity Shares; or
- * to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below: "Any person who:

- (a) make in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net offer to the public including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days, the Company becomes liable to pay the amount, the Company shall pay the interest as per Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1,000 allottees, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date without assigning any reason thereof. In such cases if any, the total amount received will be refunded.

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. The Company shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first bidder's sole risk within 15 days of the Bid/Issue Closing Date. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- * Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- * Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- * The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day prescribed time period as mentioned above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Restriction On Transfer And Transmission Of Shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

Application by Non Residents/NRIs/FIIs

There is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Fund applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the policy of the RBI, Overseas Corporate Bodies cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

ISSUE PROCEDURE**Book Building Procedure**

The Issue is being made through the 100% Book Building Process under clause 2.2.1 of SEBI (DIP) Guidelines, 2000, wherein upto 50% of the Net Issue to the public shall be available for allocation to QIB bidders on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remaining shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the issue price. Further, not less than 15% shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% shall be available for



allotment on a proportionate basis to the Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price within price band.

Bidders are required to submit their Bids through the members of the Syndicate. The Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful allottees only in the dematerialised form. Bidders will not have the option of Allotment of Equity Shares in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs 20 to Rs 24 per share, issue size of 3000 Equity Shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.24 per share while another has bid for 1,500 shares at Rs.22 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	27.77
1000	23	1500	83.33
1500	22	3000	166.67
2000	21	5000	277.78
2500	20	7500	416.67

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs 22 in the above example. The issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut off price i.e. at or below Rs 22. All bids at or above this issue price and cutoff bids are valid bids and are considered for allocation in respective category.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allotment of Equity Shares, dispatch of CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the ROC and as would be required by ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid Cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Eligible Non residents, NRIs or FIIs applying on a repatriation basis	Blue
Eligible Employees	Pink

Who can Bid?

1. Indian nationals resident in India who are major, in single or joint names (not more than three);

2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: ABC Hindu Undivided Family applying through ABC, where ABC is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, scheduled commercial banks, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable); as defined Section 4 A of Companies Act;
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital Investors registered with SEBI;
8. State Industrial Development Corporations;
9. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ Societies and who are authorised under their constitution to hold and invest in Equity Shares;
10. Eligible non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable laws;
11. Scientific and/ or Industrial Research Organisations authorised to invest in Equity Shares.
12. Insurance companies registered with the Insurance Regulatory and Development Authority;
13. Provident funds with minimum corpus of Rs. 25 crores and who are authorised under their constitution to hold and invest in Equity Shares;
14. Pension funds with minimum corpus of Rs. 25 crores and who are authorised under their constitution to hold and invest in Equity Shares;
15. Multilateral and bilateral development financial institutions; and

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs) may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

How to Apply- availability of forms, Red Herring Prospectus and mode of payment

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds

No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights These limits would have to be adhered to by the Mutual Funds for investment in the Equity Shares.

In case of a Mutual Fund, a separate bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the bids clearly indicate the scheme concerned for which the bid has been made.

Under the SEBI Guidelines, 5% of the QIB portion has been specifically reserved for Mutual Funds.

Application of NRIs

Bid cum Application forms have been made available for NRIs at the Registered office of the Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) Account shall use the form meant for Resident Indians (white in colour.). All instruments accompanying bids shall be payable in Mumbai only.

Application by FIIs

As per current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more than 10% of the post-issue paid-up capital of the Company (i.e. 10% of 1,45,68,950 Equity Shares of Rs. 10 each). In respect of an FII investing in the Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual

As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date no such resolution has been recommended to the shareholders of the Company for adoption.

Bids by NRIs or FIIs on Repatriation basis**Bids and revision to bids must be made:**

- * On the bid cum application form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- * In a single or joint names (not more than three).
- * Bids by NRIs for a Bid amount of up to less than Rs 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid amount of more than or equal to Rs. 1,00,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity shares and in multiples of 90 Equity Shares thereafter so that the Bid amount exceeds Rs.1,00,000; for further details. Please refer to the sub-section titled "Maximum and Minimum Bid size on page no.100".
- * In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Financial Institutions but not in the names minors, firms or partnerships, foreign nationals or their nominees or OCB's
- * Refunds, dividends and other distributions, if any, will be payable in India Rupees only and net of band charges and/ or commission, in case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision form through Indian Rupee drafts purchased abroad, such payments in India Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by the space provided for this purpose in the Bid Cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account or conversion of foreign currency.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of the Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Individual Bidders

The Bid must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter, subject to maximum Bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail bidders have to ensure that the Bid amount does not exceed Rs. 1,00,000. In case the maximum Bid amount is more than Rs. 1,00,000, due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final issue price as determined at the end of the Book Building process.

For Non-Institutional Bidders and QIBs Bidders

The Bid must be for a minimum of such number of Equity Shares, so as to ensure that the minimum Bid amount exceeds Rs.1,00,000. Above this minimum Bid Amount, the Bid should be in multiples of 90 Equity Shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under SEBI existing guidelines a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000/-. In case the Bid Amount reduces to Rs 1,00,000/- or less due to a revision in Bids or revision of the Price Band, the same would be considered for allocation under Retail portion.

Non-Institutional Bidders and QIB Bidders are not allowed to Bid at Cut-Off Price.

For Bidders in the Employee Reservation Portion: The Bid by Eligible Employees must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 6,00,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 100,000 may bid at "Cut-off".

No promoters or persons belonging to the promoter group are part of the employees for whom reservation has been made.

Information for the Bidders

- (a) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in the Equity Shares of the Company) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from the registered office of the Company or from any of the BRLMs or Syndicate Members.
- (d) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
- (e) Investors who are interested in subscribing to the Company's Equity Shares should approach the BRLMs or Syndicate Members or their authorised agent(s) to register their Bid.

Method & Process of Bidding

- a) The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement shall be in the



format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement

- b) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLMs, or Syndicate Member or their authorised agent(s) to register their Bid
- c) The Bidding Period shall be open for atleast 3 working days and not more than 7 working days. In case the price band is revised, the revised price band will be published in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated and the Bidding period will be extended for a further period of three days, subject to the total Bidding period not exceeding 10 working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every Member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids
- d) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 101 below) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid
- e) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page no.104 of this Red Herring Prospectus
- f) The BRLMs, and Syndicate Members will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form
- g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- h) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" on Page 103 of the Red Herring Prospectus.

Bids at Different Price Levels

- a) The Price Band has been fixed at Rs. 63/- to Rs. 75/- per Equity Share of Rs.10 each, Rs. 63/- being the Floor Price and Rs.75/- being the Cap Price. The Bidders can bid at any price with in the Price Band, in multiples of Re 1.
- b) In accordance with SEBI Guidelines, the Company, in consultation with the BRLMs, can revise the Price Band during the Bidding period, in which case the Issue will be kept open for a period of three days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% fixed initially and as disclosed in this Red Herring Prospectus. In addition to this, the cap on the Price Band should not be more than 20% of the floor of the Price Band
- c) In case of revision in the Price Band , the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of ten working days. Any revision in the Price Band and the

revised Bidding / Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper in Telugu, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members and the Bidding Period shall be extended for a further period of three days, subject to the total bidding period not exceeding 10 days.

- d) The Company in consultation with the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders
- e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation portion applying for a maximum bid in any of the bidding options not exceeding Rs.1,00,000/- may bid at "Cut off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected
- f) Retail Individual Bidders or eligible employees who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding or eligible employees at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders or eligible employees (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders or eligible employees who bid at cut-off price shall receive the refund of the excess amounts from the Escrow Account/ refund account(s)
- g) In case of an upward revision in the Price Band announced as above, the Retail Bidders or eligible employees who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band(such that the total amount i.e.,original Bid Price plus additional payment does not exceed Rs. 1,00,000/- for Retail Bidders or Rs. 1,00,000/- for Eligible Employees,if the Bidder wants to continue to bid at Cut-off Price),with the Syndicate Member to whom the original bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 1,00,000 for retail Biddersor for Eligible Employees the Bid will be considered for allocation under the Non-Institutional portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that the no additional payment would be required from the Biddder and the Bidder is deemed to have approved such revised Bid at Cut-off Price. ,
- h) In case of downward revision in the Price Band announced as above, Retail Bidders or eligible employees who have bid at Cut-Off Price could either revise their Bid or the excess amount at the time of bidding would be refunded from the Escrow Account/ refund account(s)
- i) In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application shall remain 90 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs.5,000/- to Rs.7,000/-.

Option to Subscribe

Equity Shares being issued through this Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Escrow Mechanism

Escrow Account for the Issue

The Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account for the Issue shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the



Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payments of refunds to the Bidders shall also be made from the Escrow collection Banks as per the terms of the Escrow Agreement with the company and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue and BRLMs, and Syndicate Members to facilitate collection from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions" on page no.111 and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, each QIB shall, with the submission of the bid cum application form draw a cheque or demand draft for 10% of the maximum amount of his bid in favour of the Escrow account of the Escrow collection bank. The balance amount shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected and the margin amount will be refunded.

Each category of bidders i.e. QIBs, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable margin amount at the time of submission of the bid cum application form. The margin amount payable by each category of bidders is mentioned under the section titled, "Issue structure" on page No.29 this Red Herring Prospectus. Where the margin amount applicable to the bidder is less than 100% of the bid price, any difference between the amount payable by the bidder for equity shares allocated/allotted at the issue price and the margin amount paid at the time of Bidding, shall be payable by the Bidder not later than the Pay-in-Date which shall be minimum period of 2 days from the date of communication of the allocation list to the Members of the Syndicate by the BRLMs. If the applicable margin rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

QIB Bidders, will be required to deposit a margin of 10% at the time of submitting of their Bids. After the Issue closing date/Bid closing date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, may be called for from the QIB.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where the Bids are being accepted.



- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Company shall upload the Bids till such time as may be permitted by the Stock Exchanges
- (c) Aggregate demand and price for bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period
- (d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:
 - * Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
 - * Investor Category - Employee, Individual, Corporate, NRI, FII, or Mutual Fund, etc.
 - * Numbers of Equity Shares bid for
 - * Bid price
 - * Bid-cum-Application Form number
 - * Whether payment is made upon submission of Bid-cum-Application Form
 - * Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or to the Company
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind
- (g) Bids shall not be rejected except on the technical grounds listed on page no.114 in the Red Herring Prospectus
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company, and BRLMs are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.



- (b) The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus
- (c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate
- (d) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis
- (e) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum- Application Form
- (f) Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete his or her Bid cum Application Form, the details of all the options in his or her Bid cum Application Form or earlier Revision Form and revisions for all the options as per his Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate
- (g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form or copies thereof.
- (h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders
- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid
- (j) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs based on the physical book shall be final and binding to all concerned.

Price Discovery and Allocation

- a. After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the company
- b. The Company in consultation with the BRLMs shall finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders.
- c. The allocation for QIBs would be upto 50% of Net Issue to the Public (including 5% specifically reserved for Mutual Funds) would be on proportionate basis in consultation with Designated Stock Exchange subject to valid bids being received at or above the issue price, in the manner as described in the section "Basis of Allotment - Allotment to QIB Bidders" on page no.117. The allocation to Non-Institutional Bidders would be not less than 15% of the Issue Size and allocation for Retail Individual Bidders will be not less than 35% of the Issue Size on proportionate basis, subject to valid Bids being received at or above the Issue Price.



- d. Under subscription, if any, in the Non-Institutional Portion and / or Retail Portion, would be allowed to be met with spill over of demand from any of the other categories, at the sole discretion of the Company and BRLMs. Any under subscription in equity shares reserved for allocation to eligible employees would be treated as a part of the net offer to the public and allocated in accordance with the basis of allotment described in the heading titled "Basis of Allotment" on page no.117 & 118 of this Red Herring Prospectus
- e. Allocation to QIBs, Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the RBI while granting permission for Allotment of Equity Shares to them
- f. The BRLMs, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders

The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, without assigning any reason thereof. QIB Bidders shall not be allowed to withdraw their bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

- (a) The company, the BRLMs and the Syndicate Members shall enter into an underwriting agreement on finalisation of the Issue Price and allocation(s) to the Bidders
- (b) After signing the Underwriting Agreement, the company will update and file the Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects

Filing of the Prospectus with the RoC

The Company will file a copy of the Prospectus with the Registrar of Companies, Hyderabad, Andhra Pradesh in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI DIP Guidelines in an English National Daily with wide circulation, one Hindi National Newspaper and a regional language Newspaper with wide circulation at Hyderabad

Advertisement regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and containing the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

- (a) The BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue
- (b) The BRLMs or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account of the Company at the time of bidding shall pay in full the amount payable into the Escrow Account of the Company by the Pay-in Date specified in the CAN
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account of the Company at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account of the Company. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be allotted to such Bidder

Designated Date and Allotment of Equity Shares

- (a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders' depository account. Allotment of the Equity Shares to the allottees would be made within two working days of the date of Allotment.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. Equity Shares will be offered only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act
- (c) After the funds are transferred from the Escrow Account to the Public issue Account on the Designated Date, The Company would allot the Equity Shares to the allottees. The Company would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case the Company fails to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- (d) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue

General Instructions**Do's:**

- a. Check if you are eligible to apply;
- b. Ensure that the Bid is only within the Price Band;
- c. Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour) or Eligible Employee Bid Cum Application Form (pink in colour), as the case may be;
- d. Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be transferred in the dematerialized form only;
- e. Ensure that the DP account is activated;
- f. Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- g. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- h. Ensure that you have been given a TRS for all your Bid options; and
- i. Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS
- j. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- k. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application.; and
- l. Ensure that the bid cum application number is written on the reverse of the cheque/demand draft.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid to a price that is less than the Floor of the Price Band or higher than the Cap of the Price Band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- f) Do not bid at Cut-off price for Non-institutional and QIB Bidders;
- g) Do not fill up the bid cum application form such that the equity shares bid for exceeds the issue size and/ or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations.
- h) Do not submit Bids accompanied by Stockinvest

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLMs, or Syndicate Members.

Bids and Revisions of Bids

Bids and revisions to Bids must be:

- a. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRI or FII or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis and pink colour for eligible employees).
- b. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid cum Application Form and Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- c. For Retail Individual Bidders, the Bids must be for a minimum of 90 Equity Shares and in multiples of 90 thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
- d. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 90 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- e. For Eligible Employees, the Bid must be for a minimum of 90 Equity Shares and shall be in multiples of 90 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 6,00,000 Equity Shares.
- f. In single name or in joint names (not more than three).
- g. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal.

Bids by Employees

- 1. Bids by Eligible Employees shall be made only in the prescribed Bid cum Application Form or Revision Form, (i.e., pink colour form).
- 2. Eligible Employees should mention their Employee ID at the relevant place in the Bid cum Application Form.



3. Only Eligible Employees, who are Indian Nationals based in India and are physically present in India on the date of submission of the Bid-cum-Application Form and such person is an employee or Director during the period commencing from the date of filing of the Red Herring Prospectus with the RoC upto the Bid/Issue Closing Date would be eligible to apply in this Issue under the Employee Reservation portion on a competitive basis.
4. The sole/first Bidder should be an Eligible Employee. In case the Bid cum Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid cum Application Form.
5. Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for allotment under this category.
6. Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. Eligible Employees should ensure that such Bids (whether at Cut-Off or not) should not exceed Rs.100,000, failing which such Bids may be rejected.
7. The maximum Bid in this category should not exceed 6,00,000 Equity Shares.
8. If the aggregate demand in this category is less than or equal to 6,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Any under-subscription in Equity Shares reserved for Eligible Employees would be treated as part of the Net Offer to the Public and allotment shall be in accordance with the basis of allotment described in the section titled "Basis of Allotment" on page 117 of this Prospectus.
9. If the aggregate demand in this category is greater than 6,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis subject to a minimum of 90 Equity Shares. For the method of proportionate basis of allotment, refer to section titled "Basis of Allotment" on page 117 of this Prospectus.
10. Bidding at Cut-off is allowed only for Eligible Employees whose Bid Price is less than or equal to Rs.100,000.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant's Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.



These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid -cum application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or is liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms that we may deem fit, in consultation with the BRLMs.

The Company , in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

- NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following: Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office at 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad 500 004 or from members of the Syndicate or the Registrar to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
- NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids and revision to Bids must be made:

- On the Bid-cum-Application Form or the Revision Form, as applicable, (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three).
- By NRIs - For a minimum of 90 Equity Shares and in multiples of 90 thereafter subject to a maximum Bid amount of Rs.1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.1,00,000 would be considered under Non Institutional Category for the purposes of allocation. For further details see "Maximum and Minimum Bid Size" on page 100.
- By FIIs - for a minimum of such number of Equity Shares and in multiples of 90 that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled "Maximum and Minimum Bid Size" on page 100.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- * Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRI's, FIIs, foreign venture capital investors registered with SEBI and multinational and bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non-Residents, NRIs, FIIs and foreign venture capital funds and all Non-Residents, NRIs, FIIs and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in United States to 'qualified institutional buyers' as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Payment Instructions

The Company shall open an Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue:

- i. The Bidders shall, alongwith the submission of the Bid Cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
- ii. In case the above Margin Amount paid by the Bidders during the Bidding period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
- iii. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - In case of QIB Bidders: "Escrow Account - BIL Public Issue - QIB"
 - In case of Resident Bidders: "Escrow Account - BIL Public Issue"
 - In case of Non Resident Bidders: "Escrow Account - BIL Public Issue -NR"
 - In case of Eligible Employees "Escrow Account - BIL Public Issue -Eligible Employees"
 - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
 - In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to Special Rupee Account.
- iv. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
- v. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders until Designated Date.
- vi. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue.
- vii. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque or demand draft drawn on any Bank (including a Co-Operative Bank), which is situated at, and is a member of or sub-member of the banker's clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the BRLMs or Syndicate Member at the time of submitting the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the BRLMs or Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions**Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Bids made by eligible employees both under employee reservation portion as well as in the net offer to the public shall not be treated as multiple bids.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion

Procedure for Application by Mutual Funds

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the name of scheme concerned for which the Bid has been made. The application made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

The company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

PAN or GIR Number

Where Bid(s) is/are for Rs.50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T.Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any



document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g)Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Company Right to Reject Bids

The Company & BRLMs have a right to reject bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

- a. Amount paid doesn't tally with the highest number of Equity Shares bid for;
- b. Bank account details (for refund) are not given;
- c. Age of First Bidder not given;
- d. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- e. PAN not given if Bid is for Rs. 50,000 or more or Copy of Form 60 or Form 61 as required not given;
- f. Bids for lower number of Equity Shares than specified for that category of investors;
- g. Bids at a price less than lower end of the Price Band;
- h. Bids at a price more than the higher end of the Price Band;
- i. Bids at cut-off price by Non-Institutional and QIB Bidders;
- j. Bids for number of Equity Shares which are not in multiples of 90;
- k. Category not ticked;
- l. Multiple bids as defined in this Red Herring Prospectus;
- m. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- n. Bid-cum-Application Form does not have the stamp of the BRLMs, or Syndicate Members;
- o. Bid-cum-Application Form does not have Bidder's depository account details;
- p. Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum-Application Form
- q. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
- r. Bids accompanied by money order/postal order/cash/Stockinvests;
- s. Signature of sole and / or joint bidders missing;
- t. Bids by OCBs;
- u. In case no corresponding record is available with the Depositories that matches the parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID).
- v. Bids by U.S residents or US persons other than "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act of 1933.
- w. Bids under Employee reservation portion for more than 6,00,000 Equity Shares.
- x. In case of bids under Power of Attorney or by limited Companies, Corporate, trust etc. relevant documents are not submitted.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two tripartite agreements have been signed between The Company and the Depositories:

An agreement dated 06th December, 2005 with NSDL, the Company and Bigshare Services Private Limited.
An agreement dated November 29, 2005 with CDSL, the Company and Bigshare Services Private Limited.

All bidders can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- a. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c. Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e. Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f. If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i. The trading of the Equity Shares of the Company would be in dematerialised form only for all investors.

As this Issue comprises of Fresh Issue, investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque/ draft number and issuing bank thereof.

The company has appointed Mr. Arun Shourie, Company Secretary as Compliance Officer. He can be contacted at Bartronics India Limited, 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad

500 004 Tel: 91-040-2329 8073. Fax: 91-040-2329 8076. E-mail: arunsh@bartronicsindia.com

The Investors can contact the Compliance Officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Procedure and Time Schedule for Allotment of Equity Shares and Disposal of Applications and Application Money

The company reserves, at their absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in



part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/ or dematerialized credits are not made to investors within two working days from the date of allotment.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below: "Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

Disposal of Applications and Application Money

The company shall ensure despatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. We shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs.1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

The company shall put in its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- The company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- The company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment/ transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 days time prescribed above.

The company shall provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the record of the Bidder.

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of allotment or allocation

A. For Retail Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size, less allotment to Non Institutional and QIB Bidders, shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 18,90,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 18,90,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 90 Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non Institutional Bidders

- Bids received from Non institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Issue Price.
- The Issue size, less allotment to QIBs and Retail Portion, shall be available for allotment to Non Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 8,10,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 8,10,000 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 90 Equity Shares. For the method of proportionate basis of allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB portion shall be available for allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

- a) In the first instance allocation to Mutual Funds for upto 5% of the QIB portion shall be determined as follows:
 1. In the event that Mutual Fund bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionateproportionate basis for upto 5% of the QIB portion.
 2. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the issue price.
 3. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below.
- b) In the second instance, allocation to all QIBs shall be determined as follows:
 1. In the event that the oversubscription in the QIB portion, all QIB Bidders who have submitted Bids above the issue price be allotted Equity Shares on a proportionate basis for upto 95% of the QIB portion.
 2. Mutual Funds, who have received allocation as per (a) above for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis alongwith other



QIB Bidders.

3. Under subscription below 5% of the QIB portion, if any, from Mutual Funds would be included for allocation to the remaining QIB Bidders on a proportionate basis.
 - For Employee Reservation portion
Only Eligible Employees are eligible to apply under the Employee Reservation Portion.
 - Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
 - If the aggregate demand in this category is less than or equal to 6,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
 - If the aggregate demand in this category is greater than 6,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares. For the method of proportionate basis of allocation, refer below.
 - The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added to the categories of Non Institutional Bidders and Retail Bidders, in a proportion to be determined by the Company in consultation with the BRLMs.

Procedure and Time Schedule for Allotment of Equity Shares

The Company has a right to reject bids based on technical grounds only. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allotment for QIBs, Retail, Employees and Non-Institutional Categories

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by the company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to the 90 Equity Shares.

- a. The subscription in each category will be computed separately.
- b. Bids which are eligible for proportionate allotment as provided in the SEBI (DIP) Guidelines, 2000, shall be those which have applied for minimum shares arrived at by multiplying the minimum shares to be allotted by the number of times, the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of times the category is subscribed.
- c. If the proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- d. The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.
- e. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders in case of Public Issues

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days after the closure of the public issue. The Company further agrees that it shall pay interest at rate of 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 15 days from the date of closure of the Issue.

**Despatch of Refund Orders**

The Company shall ensure despatch of refund orders of value over Rs. 1,500 by registered post or speed post only and refund orders of value upto Rs. 1,500 by Certificate of Posting and adequate funds for the purpose shall be made available to the Registrar to the Issue by the Company.

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Undertaking by the Company

The Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue;
- that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within the specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares issued through this Red Herring Prospectus are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.

Utilization of Issue proceeds

The Board of Directors of the Company Certify that:

- all monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.

Pending utilisation of net proceeds of the Fresh Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI. Under present regulations, the maximum permissible FII investment in our Company is restricted to 24% of our total issued capital. This can be raised to 100% by adoption of a Board resolution and special resolution by our shareholders; however, as of the date hereof, no such resolution has been recommended to Board or our shareholders for adoption.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

The transfer of Equity Shares of NRIs, FIIs, and Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the Government of India or RBI while granting such approvals.

SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**Description of Equity Shares**

Described below is the material information concerning our share capital and a brief summary of the material provisions of the Companies Act, or Companies Act, and our charter documents. Certain provisions will be applicable upon our Equity Shares being listed on the Stock Exchanges. The following description is not complete and should be read in conjunction with our Memorandum of Association and our Articles of Association, and the relevant provisions of the Companies Act.

General

Our authorized share capital is Rs. 17,00,00,000 divided into 1,70,00,000 equity shares, each with par value of Rs. 10. The equity shares are the only class of share capital of the Company. However, our Articles and the Companies Act permit us to issue classes of securities other than equity shares. For the purposes of this Red Herring Prospectus, "shareholder" means a shareholder who is registered as a member in the register of members of our Company.

Dividends

Under the Companies Act, unless the Company's board of directors, or the Board, recommends the payment of a dividend, we may not declare a dividend. Furthermore, the shareholders of the Company at a general shareholders meeting may declare a dividend lower than, but not higher than the dividend recommended by our Board. Furthermore, such dividend shall be declared or paid by us only out of our profits for that year arrived at after providing for depreciation in accordance with the relevant provisions of the Companies Act, or out of profits of the Company for any previous financial year(s), after providing for depreciation, and which remain undistributed, or out of both. Similarly, under our Articles, although the shareholders may, at the annual general meeting, approve a dividend in an amount less than that recommended by the Board, they cannot increase the amount of the dividend. In India, dividends generally are declared as a percentage of the par value of a company's equity shares subject to the limitations described above. The dividend recommended by the Board and approved by our shareholders is distributed and paid to shareholders in proportion to the paid up value of their shares within thirty (30) days of such approval by the shareholders at the annual general meeting. Apart from paying interim dividends, which the board may do at their discretion, where the company's profit warrant such payment before the holding of the annual general meeting, a final dividend for any financial year can be declared and paid only when the balance sheet and profit and loss account are presented to the shareholders at the annual general meeting, and the shareholders after consideration of the amount recommended by the board approve the same, or such lesser amount as may appear to them to be reasonable. Pursuant to our Articles, The Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company. Under the Companies Act, dividends can only be paid in cash to the registered shareholder at a record date fixed on or prior to the annual general meeting or to their order or their banker's order. The Companies Act provides that any dividends that remain unpaid or unclaimed after the 30-day period following the annual general meeting at which such dividend is declared are to be transferred to a special bank account and any dividends that remain unclaimed and unpaid for seven years from the date of such transfer is transferred to a fund created by the Indian government. No claims for the payment of unpaid or unclaimed dividends have been made against us. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years. Before declaring a dividend greater than 10% of the par value of its equity shares, a company is required under the Companies Act and Companies (Transfer of Profits to Reserves) Rules, 1975 to transfer to its reserves a minimum percentage of its profits for that year, ranging from 2.5% to 10% depending upon the dividend percentage to be declared in such year. The Companies Act read with the Companies (Declaration of Dividend out of Reserves) Rules, 1975 further provides that, in the event of an inadequacy or absence of profits in any year, a dividend may be declared for such year out of the company's accumulated profits, subject to the following conditions:

- (i) the rate of dividend to be declared may not exceed ten percent (10%) of the company's paid up capital, or the average of the rate at which dividends were declared by the company in the prior five years, whichever is less;
- (ii) the total amount to be drawn from the accumulated profits earned in the previous years and transferred to the reserves may not exceed an amount equivalent to ten percent (10%) of the company's paid up capital and free reserves, provided the amount so drawn is used first to set off the losses incurred in the fiscal year before any dividends in respect of preference or equity shares are declared; and

- (iii) the balance of reserves after withdrawals shall not fall below fifteen percent (15%) of the company's paid up capital.

Annual General Meetings of Shareholders

We must convene an annual general meeting of shareholders within fifteen months after the date of the previous annual general meeting or 6 months from the end of each financial year, whichever is earlier, and may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding at least ten percent (10%) of our paid up capital carrying voting rights. Our secretary pursuant to a resolution of the Board generally convenes the annual general meeting of the shareholders. Written notice setting out the agenda of the meeting must be given at least twenty-one (21) days, excluding the days of mailing and date of the meeting, prior to the date of the general meeting to the shareholders of record. Shareholders who are registered as shareholders on the date of the general meeting are entitled to attend or vote at such meeting. The annual general meeting of shareholders must be held at our registered office, or at such other place, within the city in which the registered office is located as the Board may decide to be the venue of the meeting. Meetings other than the annual general meeting may be held at any other place if so determined by our Board. Our registered office is located at 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad - 500004.

The Company's Articles provide that five (5), members present in person shall be a quorum.

Voting Rights

At any general meeting, voting is by show of hands unless a poll is demanded by a shareholder or shareholders present in person or by proxy holding at least ten percent (10%) of the total shares entitled to vote on the resolution, or by those holding shares with an aggregate paid up capital of at least fifty thousand Indian rupees (Rs. 50,000). A poll may also be ordered by the chairman of the meeting of his own motion. Upon a show of hands, every shareholder entitled to vote and present in person has one vote and, on a poll, every shareholder entitled to vote and present in person or by proxy has voting rights in proportion to the paid up capital held by such shareholders. In the case of partly paid up shares, the company may make calls on its shareholders at various times for payment of the remaining unpaid amounts and such calls have to be paid by the shareholders in cash. There may be restrictions on exercise of voting right in case of shareholders who have not paid their calls on partly paid-up shares. Any shareholder may appoint another person (whether a shareholder or not) as his proxy. The instrument appointing a proxy must be delivered to the company at least forty-eight (48) hours prior to the meeting. A proxy may not vote except on a poll. A corporate shareholder may appoint an authorized representative who can vote on behalf of the shareholder, both upon a show of hands and upon a poll. Ordinary resolutions may be passed by simple majority of those present and voting at any general meeting for which the required period of notice has been given. However, special resolutions are required

for major matters such as amendments to Company's Articles or the Memorandum, commencement of a new line of business, the waiver of preemptive rights for the issuance of any new shares and a reduction of share capital, require that votes cast in favor of the resolution, whether by show of hands or poll, are not less than three times the number of votes, if any, cast against the resolution. The Companies Act allows a company to issue shares with different rights to dividend, voting or otherwise, subject to certain conditions prescribed under the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001. These rules require that for a public company to issue shares with different voting rights the company must have had distributable profits as provided in the Companies Act for a period of three financial years, the company should not have defaulted in filing annual accounts and annual returns for the immediately preceding three years and that the Articles of Association of the company allow for the issuance of such shares with different voting rights.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of the Company.

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and or their consolidation/splitting are detailed below.

The regulations contained in Table 'A' of Schedule I to the Companies Act, 1956 shall apply to this Company.

SHARE CAPITAL AND VARIATION OF RIGHTS

1. (A) The Authorized Share Capital of the Company shall be as specified in the Memorandum of Association.

Increase in Capital

- (B) (I) The Company may from time to time, by ordinary resolution increase the Share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

Further Issue of Shares

- (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.
- (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 to 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.
- (C) Subject to any special rights or privileges for the time being attached to any share in the capital of the company then issued, the new shares may be issued of different classes upon such terms and conditions and with such rights, privileges and conditions attached thereto as the general meeting resolving upon the creation of there of shall direct, and if no direction be given, as the Board shall determine and in particular such shares may be issued with a preferential or qualified right to dividend and in the distribution of assets of the company.
- (D) Subject to the provisions of the Act, the shares shall be under the control of the Board of Directors who may invite subscription from, allot or otherwise dispose off any class of shares to such persons and such shares shall not be allotted to persons other than the members of the Company except with the sanction of the company in General Meeting.
- (E) Subject to the provisions of the Act, the company shall have power to issue shares at a premium or discount.

Consolidation, Sub Division and Cancellation of Shares

- (F) The Company may by ordinary resolution:
 - (i) Consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
 - (ii) Sub-divide its existing shares, or the Memorandum fixes any of them into shares of smaller amount than, subject to nevertheless, to the provisions of Clause (d) of Sub-section (1) of section 94.
 - (iii) Cancel any shares, which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Reduction of Share Capital

- (G) The Company may by Special Resolution, reduce in any manner and with, and subject to any incident authorized and consent required by law:
 - (i) Its Share Capital
 - (ii) Capital Redemption Reserve Accounts and
 - (iii) Share Premium Accounts

Bonus Shares

- (H) The Company may place, reserve or distribute as bonus shares, shares among the members or otherwise to pay any monies received by way of premium on shares or debentures issued by the company, capital reserves by whatever name called or nay monies received on respect of forfeited shares and their subsequent sale.
- (I) If owing to any inequality in the number of new shares to be issued and the number of shares, held by members entitled to have the offer of such new shares any difficulty arises in the appointment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the company in general meeting, be determined by the Board.
- (J) Subject to the provisions of the act, the Directors may issue and allot shares for consideration in cash or otherwise in payment or in part payment for any property, movable or immovable, tangible or intangible, or assets of every kind and description, supplied or transferred or for services rendered to the company at any time for pursuing the objects of the company.
- (K) Subject to the provisions of Section 80, any preference shares may, with the sanction of an ordinary

resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and conditions as the Company before the issue of shares may, by special resolution determine.

- (L) Notwithstanding anything to the contrary contained in the foregoing articles, the Directors of the Company, may without requiring any resolution of the Company in General Meeting or without making any offer to the existing share holders of the Company, increase the share capital, caused by the reservation and/or allotment of any shares by exercise of an option by the debenture holders to whom debentures have been issued or to financial institutions specified by the central Government from whom loans have been raised by the Company.
- (M) Notwithstanding anything to the contrary contained in these Articles with regard to issue of share capital, the Company may issue warrants, whether are or attached to any share, debentures or other securities, to such persons as the Board may decide and entitling the warrants to subscribe to the share capital of the Company at such price on such terms and conditions as may be approved by the Company in a General Meeting.

Buy Back of Shares

- (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.
2. A) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the share of that class) may, subject to the provisions of the Act and whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.
 - B) Subject to the provisions of the Act, to every such separate General Meeting, the provisions of these regulations relating to general meeting shall mutatis-mutandis apply, but so that the necessary quorum shall be two persons atleast holding or representing by proxy one- third of the issued shares of the class in question.
 - C) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of shares of that class, be deemed to be varied by the creations or issue further shares ranking pari-passu therewith.
 3. Except as required by Law, no person shall be recognized by the Company, as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as by these regulators or by law otherwise provided) any other rights in respect of any shares except an absolute right to the entirety thereof in the registered holder.
 4. The Company may pay commission, underwriting commission and brokerage in any issue of shares, debentures and other securities in accordance with the provisions of the Act and/or any prevailing guidelines in force.

SHARE CERTIFICATE

5. The Certificate of title to shares shall be issued under the Seal of the Company and shall be issued, sealed and signed in conformity with the provisions of the Companies (issue of Shares Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Any two or more joint allottees or owners of a share shall, for share may be delivered to any one of such joint allottees or owners of a share shall, for the purpose of this Article, be treated as a single member and the Certificate of any shares may be delivered to any one of such joint allottees or owners on behalf of all of them.
6. The Company shall, within three months after the allotment of any of its shares, debentures or debenture stock, and within two months after the application for registration of the transfer of any such shares, debentures or debenture stock complete and dispatch the Certificates of all shares and debentures and

Certificates all debenture stock allotted or transferred, unless the conditions of issue of the shares, debentures or debenture stock otherwise provide.

7. The Board of Directors may renew a Share Certificate or issue a duplicate of a Share Certificate, if such share certificate
 - (i) Is proved to have been lost or destroyed, or
 - (ii) Having been defaced or mutilated or torn is surrendered to the Company: or
 - (iii) Is old, decrepit or worn out or where the cages on the reverse for recording transfers are fully utilized.
8. A)
The Board may, from time to time make call upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.
B)
Each member shall, subject receiving at least thirty days notice specifying the time or times and place of payment, pay to the Company at time or times and place so specified the amount called on his shares.
C)
A call may be revoked or postponed at the discretion of the Board.
9. A Call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed, and may be required to be paid by installments.
10. The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
11. A)
If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate as the Board may determine.
B)
The board shall be at liberty to waive payment of any such interest wholly or in part.
12. A)
Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium shall for the purpose of these Regulations be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
B)
In case of non-payment of such sum all the relevant provisions of these Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Provided that any amount be paid in advance of call on any shares, such amount may carry interest but shall not in respect thereof confer a right to dividend or to participate in profit.

13. The Provisions of the above clauses shall, to the extent applicable cover calls on debentures.

LEIN

14. A)
The Company shall have a first and paramount lien upon all the Shares (other than fully paid up shares) registered in the name of each member whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that Article 5 there of will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares.
B)
Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares.
C)
The Directors may at any time declare any shares wholly or in part to be exempted from the provisions of this clause.
15. The Company may sell, in such manner as the Board thinks fit any shares on which the Company has a lien.

Provided that no sale shall be made: -

- (i) Unless the sum in respect of which the lien exists is presently payable, or.
 - (ii) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
16. A) To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof.
- B) The purchaser shall be registered as the shareholder of the shares comprised in any such transfer.
- C) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- D) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- E) The residue, if any shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
17. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him, have not been paid or in regard to which the Company has, and has exercised any right of lien.

FORFEITURE OF SHARES

18. A) If a member fails to pay any call or installment, on the day appointed for payment thereof, the Board may at any time thereafter during such times as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installments as is unpaid, together with any interest which may have occurred.
- B) The notice aforesaid shall.
- (i) Name a further day (not earlier than the expiry of fourteen days from the date of service of notice) on or before which the payment required by the notice is to be made; and
 - (ii) State that in event of non-payment on or before the day so named the shares in respect of which the call made will be liable to be forfeited.
- C) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect.
19. A) A forfeited share may be sold or otherwise disposed of in such manner as the Board thinks fit
- B) At any time before a sale or disposal as aforesaid the Board, may cancel the forfeiture on such terms as it thinks fit.
20. A) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies, which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
- B) The liability of such person shall cease, if and when the company shall have received the payment in full of all such monies in respect of the shares.



21. A) A duly verified declaration in writing that, the declarant is a Director, the Manager or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of facts therein stated as against all persons claiming to be entitled to the share.
- B) The company may receive the consideration if any given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- C) The transferee shall thereupon be registered as the holder of share.
- D) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, or disposal of the share.
22. A) The provisions of these Regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share, become payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
- B) The forfeiture of share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
23. The provisions of the above clauses shall, to the extent applicable, cover forfeiture of Debentures.

TRANSFER AND TRANSMISSION OF SHARES

Registration of Transfer

24. A) The instrument of transfer on any share in the Company shall be executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of members in respect thereof.
- B) Shares in Company shall be transferred in the form prescribed by the Companies (Central Government's) General Rules of Forms 1956. The Company shall not charge any fees for registration of transfer. The provisions of the Act for the time being in force shall be complied with in respect of all transfer of shares and registration thereof.

Directors may refuse to register the transfer

25. Subject to the provisions of the Act, and section 22A of the Securities Contracts (Regulation) Act, 1956 the Directors may in their absolute and unqualified discretion decline to register any transfer of shares, without assigning any reason thereof. The Directors may also decline to recognize any instrument of transfer unless it is accompanied by the certificate(s) of the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. If the Directors refuse to register a transfer of any shares, they shall, within two months after the date on which the transfer was lodged with the Company send to the transferee and the transferor notice of the refusal, provided that the registration of a transfer shall not be refused on the ground of the transferor, being either alone or jointly with any other person indebted to the company on any account whatsoever except a lien on the share.
26. The Board may also refuse to register a transfer when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Board from transferring the shares out of the name of the transferor or when a transferor objects to the transfer, provided he serves, on the company within a reasonable time a prohibitory order of a court of competent jurisdiction.
27. Every instrument of transfer shall be left at the premises designated by the Board for this purpose of registration, accompanied by the certificate of the share to be transferred or if no such certificate is in existence, by the letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share.
28. The registration of transfers may be suspended at such times and for such periods as the Board may from



time to time determine.

Provided that such registration shall not be suspended for more than forty-five days in any year and provisions of the Act shall be complied with.

Transmission

29. A) On the death of a member, the survivors or survivor where the member was a joint holder, and his legal representatives where he was a sole holder shall be the only person recognized by the Company as having any title to his interest in the shares.
- B) Nothing in Clause (A) shall release the estate of the deceased joint holder from any liability in respect of any share, which had been jointly held by him or other persons.
30. A) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as here-in-after provided, elect, either,
 - (i) To be registered himself as holder of the share, or
 - (ii) To make such transfer of the share as the deceased or insolvent member could have made
- B) The Board shall, in either case, have the same right to decline or suspend registration, as it would have had, if the deceased or insolvent member has transferred the shares before his death or insolvency.
31. A) If the person so becoming entitled shall elect to be registered as holder of the shares by himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- B) If the person aforesaid shall elect to transfer the share he shall testify his election by executing a transfer of the share.
- C) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had occurred and the notice or transfer signed by that member.
32. A) A person becoming entitled to a share by reason of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not, before being registered as member in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to register himself or to transfer the share, and if the notice is not complied with within ninety days the Board may thereafter withhold payment of all dividends, bonuses or other moneys, payable in respect of the share until the requirements of the notice have been complied with.

- B) In case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a depository, the provisions of the Depositories Act, 1996 shall apply.

Dematerialisation of Shares

- C) Dematerialisation of shares:

Definitions 34C(1):

For the purpose of this article:

“Beneficial Owner” means the beneficial owner as defined in Clause (a) of Sub-Section (1) of Section 2 of the Depositories Act, 1996:

“Depositories Act” means the Depositories Act, 1996 and shall include any statutory modification or

re-enactment thereof for the time being in force.

“Depository” means the Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996.

‘Security’ means such security as may be specified by Securities and Exchange Board of India from time to time.

Dematerialization of Shares (2):

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing shares, debentures and other securities, re-materialize its shares, debentures and other Securities held in the depositories and/or to issue its fresh shares, Debentures and other securities in a dematerialized form pursuant to the Depositories Act, 1996 and rules framed thereunder if any.

Securities in depositories to be in fungible form (3):

All Securities held by a depository shall be dematerialized and be in fungible form.

All Securities held by a depository shall be dematerialized and be in fungible form. The provisions relating to progressive numbering shall not apply to the shares of the Company, which have been dematerialized.

Rights of Depository and beneficial owners (4):

Notwithstanding anything to the contrary contained in the Act or these Articles, Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and be subject to all the liabilities in respect of his securities which are held by a depository.

Transfer of Securities (5):

Nothing contained in the Act or these Articles shall apply to transfer of securities affected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

In the case of transfer of securities where the company has not issued any certificate and where such securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

Register and Index of beneficial owners (6):

The Register and index of beneficial owners maintained by a depository under Depositories Act, 1996, shall be deemed to be the register and index of Members and Security holders for the purpose of these Articles”.

BORROWING POWERS

- 35 A) Subject to the express provisions of the Act, the Company shall have power to borrow from any person or persons and secure the payment of any sum or sums of money for the purpose of the Company and the Directors may, from time to time at their discretion exercise this power and may themselves lend to the company on security or otherwise.

Provided further that no debt incurred or security given in the excess of limit imposed by the Act shall be invalid or ineffectual except in the case of express notice to lender or the recipient of the security at the time when the debt was incurred or security given that the limit imposed had been or was hereby exceeded.



- B) The Directors may raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as they may think fit and in particular by creation of any mortgage or charge on undertaking on the whole or any part of the property, present or future, or uncalled capital of the Company or by the issue of bonds, perpetual, convertible or redeemable debentures or debenture-stock of the Company charged upon all or any part of the property of the Company for the time being.
- C) Subject to the provisions of the Act and the Rules made thereunder the Directors may receive deposits for such term and bearing interest at such rates as the directors may decide from time to time. The deposits may be received from any person or persons including the Directors and the shareholders of the Company.

Debentures

36. The Company shall have power to issue debentures.

Debentures, debentures stock, bonds or other securities conferring the right to allotment or conversion into share or the option right to call for allotment of shares shall not be issued except with the sanction of the Company in General Meeting.

GENERAL MEETINGS**Annual and Extra-ordinary General Meetings**

37. A) All General Meetings other than the Annual General Meeting of the Company shall be called Extraordinary General Meetings.
- B) The Board may whenever it thinks fit, or on requisition of such number of members as prescribed in Section 169 of the Act, convene an Extraordinary General Meeting.
- C) The Company shall in each year hold, in addition to any other meetings, a meeting called the Annual General Meeting at such time and place as may be determined by the Board, and not more than 15 months shall elapse between one annual general meeting and that of the next. If for any reason, the meeting cannot be so held, the same may be further extended by a further period of three months, subject to the provisions of the Act.

Notice of a General Meeting

38. A) A General Meeting of the Company may be called by giving not less than twenty one days notice in writing or after giving, such shorter notice as provided for in the Act.
- B) Notice of every meeting of the Company shall be given:
- (i) to every member of the Company ;
 - (ii) to the persons entitled to a share in consequence of the death or insolvency of a member.
 - (iii) to the Auditor or Auditors for the time being, of the Company, in the manner provided for in the Act.
- C) Accidental commission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.
39. The Company shall give to its members, notice of resolutions requiring special notice at the same time and in the same manner as it gives notice thereof either by advertisement in a newspaper having circulation, in the State in which the registered office is situated not less than 7 days before the meeting.
40. Subject to the provisions of the Act, the receipt of representation, if any, made by a retiring auditor or by a Director sought to be removed from office, as a Director must be stated in the notice of meeting, and a copy of the representations shall be sent to the members of the Company, if the representations are received in time.

PROCEEDINGS AT THE GENERAL MEETINGS

Quorum

41. A) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- B) Save as herein provided, 5 members present in person shall be a quorum. As long as the core promoter shareholders hold shares in the company, quorum shall be complete only when 3 of them attend the meeting.
- C) If within fifteen minutes from the time appointed for the meeting, a quorum is not present, the meeting if convened upon requisition, shall stand dissolved. But in any other case, it shall stand adjourned in accordance with the provisions of Section 174(4) of the Act, with the further provision that a quorum in accordance with Clause (B) above be present.

Chairman

42. The Chairman, if any, of the Board or in his absence the Managing Director of the Company shall preside as Chairman at every general meeting.
43. A) The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting adjourn the meeting from time to time and from place to place.
- B) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- C) It shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting, except where the meeting is adjourned for thirty days or more.
- 44) No act or resolution, which under the provisions of the act is permitted or required to be done or passed by the company in general meeting shall be sufficiently be done or passed unless it is effected by a resolution which is adopted by an affirmative vote of atleast three fourth majority of members present and voting.
- 45) Every resolution or question submitted to a general meeting for decision shall be decided in the first instance by show of hands, and before or on the declaration of the results of the voting on a resolution by show of hands, a poll may be ordered to be taken by the chairman of the meeting on his own motion, or shall be ordered to be taken by him on a demand made in that behalf by the person(s) specified below viz:
 - i) by atleast five members having the right to vote on the resolution and present in person; or
 - ii) by any memner or members present in person and having not less than one tenth of the total voting power in respect of the resolution; or
 - iii) by any member or members in person and holding shares in the company conferring a right to vote on the resolution being shares on which as aggregate sum has been paid up which is not less than one tenth of the total sum paid-up of all the shares conferring that right.
46. In case of an equality of votes, whether by show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
47. The demand for a poll may be withdrawn at any time by any of the persons who made the demand.
48. A poll demanded on question of adjournment shall be taken up forthwith, and on any other question shall be taken up at such time not being later than 48 hours from the time when the demand was made as the Chairman may direct.
49. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

VOTES OF MEMBERS

Voting by members

50. Subject to any rights or restrictions for the time being attached to any class or classes of shares

- (i) On a show of hands every member present in person shall have one vote; and
- (ii) On a poll, the voting rights of members shall be as laid down in Section 87.

Voting by Joint Holders

51. In the case of joint holder, the vote of the senior who tenders a vote, shall be accepted to the exclusion of the votes of the other joint-holders.

For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

52. A) A body corporate (whether a Company within the meaning of this Act or not) may, if it is a member of the Company, by resolution of the Board of Directors or other Government body authorize such person as it thinks fit to act as its representative at any meeting of members of the Company.
- B) The person authorized by the resolution as aforesaid shall be entitled to exercise the same right to vote by proxy on behalf of the body corporate, which he represents, as that person could exercise if he were a member.

Voting by Proxy

53. A) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person whether a member or not, as his proxy to attend and vote instead of himself and the proxy so appointed shall have no right to speak at the meeting.
- B) The instrument appointing proxy and the power of attorney or authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not less than 48 hours before the time of holding the meeting or adjourned meeting or in the case of a poll not less than 24 hours before the appointed time for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
54. An instrument appointing a proxy shall not be questioned, if it is in any of the forms set out in Schedule IX of the Act.
55. A Vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given.
56. Every member entitled to vote at meeting of the a Company on any resolution to be moved thereat shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the Company provided not less than three days notice in writing of the Intention to so inspect is given to the Company.
57. Seeveral executors or administrators of a deceased member in whose name any share is registered shall for the purpose of these articles be deemed to be members registered jointly in respect thereof.
58. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast in the same way all the votes he used.
59. Any objection as to the admission or rejection of a vote, either on a show of hands or on a poll made in due time shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.

BOARD OF DIRECTORS

60. The number of Directors shall be not less than three and not more than twelve including additional, alternate, nominee or special directors, subject, however to the power of the company to increase or decrease the said number in a General Meeting
61. The Directors are not required to hold nay shares in the company as qualification shares.

62. The first Directors of the Company are the following.

1. Mr Surendra K.Mehta
- 2 Mr. Amit Mehta
3. Mrs Prabha Mehta

Further it is provided that at least three of the four core promoter shareholders shall be the directors of the company provided the later hold jointly or severally at least 2% of the subscribed capital of the company between them

63. The Board shall have power at any time, and from time to time, to appoint a person as additional director or fill a casual vacancy.

64. The Board shall have the power to appoint an Alternate Director in place of a director during the latter's absence for a period of not less than months.

65. At each Annual General Meeting of the Company one third of such Directors for the time being are liable to retire by rotation or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

66. Any Director or other person referred to in Section 314 of the Act may be appointed to hold the office or place of profit in the company or any of its subsidiaries subject to the provisions of the Act

67. A Director of this company may be or become a director or member of any other company promoted by this company or in which it may be interested as a vendor, shareholder, buyer or otherwise and no such director shall be accountable for any benefits Received as a director or as a member of such company.

68. 1) Subject to the provisions of section 297 of the Act, neither a director shall be disqualified from contracting with the company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into or by or on behalf of the company with a relative of such director, or a firm in which such director or relative is a partner, or with any other partner in such firm, or with a private company of which such director is a member or director be avoided nor shall any director so contracting or being such member or so interested be liable to account to the company for any profit realized by any such contract or arrangement by reason of such director holding office or of the fiduciary relation thereby established

69. Every director shall comply with the provisions of section 299 of the Act with regard to disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the company.

70. Save as permitted by Section 300 of the Act or nay other applicable provisions of the Act, no Director shall, as a director, take any part in the discussion of, or vote on any contract or arrangement in which he is, in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote.

71. No Director shall as a Director take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any, way, whether directly or indirectly concerned or interested in such contract or arrangement nor shall his presence count for purpose of forming a quorum at the time or any such discussion or vote, and if he does vote, his vote shall be void; provided, however, that nothing herein contained shall apply to;

- a) Any contract of indemnity against any loss, which the Directors, or any one or more of them, suffer by reason of becoming or being surety for the Company.
- b) Any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interests of the Director consists solely

In his being:

- (a) a Director of such Company, and

- (b) the holder of not more than shares of such number or value therein as is required to qualify him for appointment as Director thereof, he having been nominated as such Director by the Company, or
 - (c) in his being a member holding not more than two percent of its paid up share capital.
72. Acts done by a person as a director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions in the Act or in the Articles, provided that nothing in the Act shall be deemed to give validity to acts done by a director after his appointment has been, shown to the Company to be invalid or to have terminated.
73. Unless otherwise determined by the company, in general meeting, each director shall be entitled to receive out of the funds of the company a fee not exceeding Rs. 1000/- per meeting of the board of the director, and in addition to reimbursement of out of pocket expenses incurred as a consequence of their attending the meeting,
74. The Board of the directors shall appoint one amongst themselves as a Managing Director of the company, who shall be a nominee of the core promoter shareholders.
75. The Managing Director shall be responsible for the day-to-day management, supervision and control of the operations of the company subject to the supervision of the board.
76. The managing director and other whole time directors shall receive such remuneration, perquisites and commission as recommended by the board within overall ceilings as stipulated by the act and various amendments thereto, from time to time, subject to approval of the company in a general meeting.
77. The tenure, remuneration, retirement and other terms of appointment of managing director and other whole time directors shall be governed by the provisions of any contract or arrangement or other arrangements between him and the company, however that, he shall cease to hold the office of director for any cause.
78. Subject to the provisions of the act and in particular, to the prohibitions and the restrictions contained in section 292 thereof, the board may, from time to time entrust to and confer upon a managing director for the time being, such of the powers exercisable by the board, as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks fit and the board may confer such power either collaterally with or to the exclusion of, and in substitution for all or any of the power of the board in that behalf and may, from time to time revoke, withdraw, alter and vary all or any of such powers.
78. (a) Notwithstanding any thing to the contrary contained in these Articles, so long as any monies remain owing by the Company to the industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), and Life Insurance Corporation of India (LIC) or to any other Finance Corporation of Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other Finance Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Financing Company or Body is hereinafter in this Article referred to as "The Corporation") continue to hold debentures in the Company by the direct subscription or private placement, or so long as the Corporation hold shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company remains outstanding the corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors which director or directors is/are hereinafter referred to as "Nominee Director/s" on the Board of the Company and to removed from such office any person or persons so appointed and appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in Company, Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other



Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the corporation holds shares on the company as a result of underwriting or direct subscription or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately after the monies owing by the Company to the Corporation are paid off or on the Corporation ceasing to hold Debentures/shares in the Company or on the satisfaction of the liability of the Company arising not of the Guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which the Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The company shall pay to the Nominee Director sitting fees and expenses which the other Directors of the Company are entitled, but if any other fees, commission monies or remuneration in any form is payable to the Directors of the Company. The fees, commission monies and remuneration, in relation to such Nominee Directors shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship/s shall also be paid or reimbursed by the Company to the Corporation or as the case maybe to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation, and the same shall accordingly be paid by the Company directly to the Corporation.

In the event of Nominee Director/s being appointed as Whole time Director/s such Nominee Director/s shall exercise such powers and have such rights as are usually exercised or available to whole-time Director in the Management of the affairs of the Company. Such Nominee Directors shall be entitled to receive such remuneration, fee, commission and monies as may be approved by the Corporation."

DIVIDENDS AND RESERVE

97. The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

Interim Dividend

98. The Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.
99. A) the Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the board be applicable for any purpose to which the profits of the company may be properly, applied including provision for meeting contingencies or for equalizing dividends and pending such application, may at the like discretion, either be employed in the business of the company or be invested in such investments as the board may from time to time, think fit.
- B) The Board may also carry forward any profits, which it may think prudent not to divide without setting them aside as a reserve.

Dividend be paid in proportion to the amount paid up on shares and no dividend on advance calls

100. A) Subject to the rights of the persons, if any, entitled to a share with special rights as to dividends, all dividends shall be declared and paid according to amounts paid or credited as paid on the shares in respect where of the dividend is paid, but if and so long as the holding is paid up on any of the shares in the Company, dividends may be declared and according to the amounts of the shares.
- B) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the shares.

- C) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portions of the period in respect of which the dividend is paid, but is any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
101. The Board may deduct from any dividend payable to any member all sums of money if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the Company.
102. A) Any General Meeting declaring a dividend or bonus may direct payment of such Dividend or bonus wholly or partly by the distribution of specific assets and the Board shall give effect to the resolution of the meeting.
- B) Where any difficulty arises in regard to such distribution, the Board may settle the same as it think expedient, and in particular may issue fractional certificates, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board.

Mode of Payment

103. A) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheques or warrants through the post directed to the registered address of the holder or in case of Joint holders to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct.
- B) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
104. Any one of the two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.
105. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
106. No dividend shall bear interest against the Company.
107. Any Annual General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend if so arranged between the Company and the member be set off against the call. The making of a call under this clause shall be deemed ordinary business of an Ordinary General Meeting, which declares a dividend.
108. All dividends on any share not having a legal registered owner entitled to require payment of and competent to give a valid receipt shall remain in suspense until some competent person be registered as the holder of the share.
109. If shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plants, which cannot be made profitable for a long period, the board may, on behalf of the company
- i) Pay interest on so much of that share capital as is for the time being paid up, for the period and subject to the conditions and restrictions mentioned in the Act, and
- ii) Charge the sum so paid by way of interest on capital as part of the construction of the work or building or the provision of the plant.

Payment of Dividend

110. No dividend shall be payable except in cash, provided that nothing in the foregoing prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.
- 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.

ACCOUNTS

111. The Board shall from time to time determine the places where at the books of the Company shall be kept an assign any person for the maintenance of the said books and prescribe the methodology and policies to be followed in this behalf.
112. A) The Board shall from time to time determine whether and to what extent and at what times and places and under which conditions or regulations, the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors.
- B) No member (not being a Director) shall have any right of inspecting any accounts or books or document of the company except as conferred by the regulations or authorized by the Board or by the Company in General Meeting.
113. Every account of the Company, who audited and adopted by the company in an Annual General Meeting, shall be conclusive.

SECRECY

114. Every Director, Secretary, Auditor, trustee for the Company, its members or Debenture holders, members of a committee, officer, servant, agent, employee, attorney or other person employed in or about the business of the Company shall if so required by the Board before entering upon his duties sign a declaration pledging himself to observe strict secrecy regarding all transactions of the Company with its consumers and in such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except, when required to do so by the Board or by any General Meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions of these Articles. Any such person is found to have breached the pledge, the Board is entitled to dismiss the said person without notice and without compensation.
115. No shareholder or other person (not being a Director) shall be entitled to enter upon the property of the company or to inspect or examine the premises or properties of the Company without the permission of the Board or to require discovery of or any information regarding any details of the trading of the Company or any matter which is or may be in the nature of a trade secret, or secret process or of any matter what so ever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to allow inspection of contracts entered into by the Company with third parties for obtaining rights under their secret know how process and other secret information.
116. Any director or officer or any other person who has given the pledge of secrecy shall be entitled, if he thinks fit, to decline to answer any questions concerning the business of the Company on the ground that the answer to such question could disclose directly or indirectly, the trade secrets of the Company.
117. If the Company shall be wound up and the assets, available for distribution among the members as such, shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members, in proportion to the capital paid up or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if in a winding up, the assets available for distribution among the members, shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital paid-up which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.



118. A) If the Company shall be wound up, the liquidators may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
- B) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- C) The Liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the Contributories as the liquidator with the like sanction, shall think fit, but no member shall be compelled to accept any shares or other securities, whereon there is any liability.

INDEMNITY

119. A) Every Director of the Company, Secretary and other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors to pay out of the funds of the Company costs, losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Officer or Servant of the Company in any way in the discharge of his duties.
- B) Every Director, Secretary or other Officer of the Company shall be Indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under the provisions of this Act in which relief is given to him by the court.
120. No Director, Auditor or other Officer of the Company shall be liable for the acts, receipts or defaults of any other Director or Officer, for joining in any receipts or other act for conformity, or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any monies of the Company shall be invested, or for any loss or damage arising from the bankruptcy, Insolvency, or tortuous act of any person with whom any moneys, securities, or effects shall be deposited, or for any loss, damage or misfortune occasioned by any error or judgements, commission, default or oversight on his part whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

SECTION X — LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered into or are to be entered into by the Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus have been delivered to the Registrar of Companies, Andhra Pradesh, Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of Bartronics India Limited at 5-9-22/B/404, My Home Sarovar, Secretariat Road, Hyderabad - 500 004 between 11:00 am. and 5:00 p.m on working days from the date of this Red Herring Prospectus until the date of closure of the Issue.

A. MATERIAL CONTRACTS

1. Memorandum of Understanding dated 29th August, 2005 entered into with Karvy Investor Services Limited and Centrum Capital Limited to act as the Book Running Lead managers.
2. Memorandum of Understanding dated 20th June, 2005 entered into with Bigshare Services Private Limited, to act as the Registrar to the Issue.
3. Letters dated 4th July, 2005 and 25th August, 2005 from the Company appointing Karvy Investor Services Limited and Centrum Capital Limited as the Book Running Lead managers, and the acceptance thereto.
4. Letter dated 15th June, 2005 appointing Bigshare Services Private Limited as the Registrars to the Issue.
5. Escrow Agreement dated 1st December, 2005 among Escrow Collecting Banks, BRLMs, Syndicate Member, Registrar and the Issuer Company.
6. Syndicate Agreement dated 1st December, 2005 among BRLMs, Syndicate Member, and the Issuer Company.
7. Underwriting agreement dated [•] among BRLMs, the Issuer Company and Syndicate Member.

B. DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company as amended from time to time
2. Certificate of incorporation of the Company dated 10th September, 1990 and Certificate of change of name dated 27th July, 1995 (subsequent to conversion to a Public Limited Company)
3. Fresh Certificate of Incorporation consequent to change of name dated 1st January, 1996
4. Resolution of the Members of the Company passed at the Extra Ordinary General Meeting held on 20th September, 2004, reappointing Mr.Sudhir Rao as the Managing Director for a period of 5 years with effect from 21st August, 2004 for a period of five years and approving the remuneration payable to him.
5. Copy of the resolution passed at the meeting of the Board of Directors held on 25th April, 2005 and a Special Resolution passed at the Annual General Meeting of the Company held on 2nd May, 2005 approving this Public issue.
6. Consents of the Directors, Company Secretary, Auditors, Book Running Lead Managers to the Issue, Legal Advisor, Bankers to the Company, Bankers to the Issue, Compliance Officer and Registrars to the Issue, to include their names in the Red Herring Prospectus, to act in their respective capacities.
7. Consent dated 26th November, 2005 from Yaji Associates, Chartered Accountant for inclusion of their reports on accounts and tax benefits in the form and context in which they appear in the Red Herring Prospectus.
8. The report of the statutory auditors, Yaji Associates, Chartered Accountant dated 26th November, 2005.
9. Letter dated 19th September, 2005 from the Auditors of the Company, Yaji Associates, Chartered Accountants confirming Tax benefits as mentioned in this Red Herring Prospectus.



10. Resolution of the Members of the Company passed at the Annual General Meeting held on 2nd May, 2005 reappointing M/s. Yaji Associates, Chartered Accountants, Hyderabad, as statutory auditors.
11. Resolution of the Meeting of the Board of Directors held on 25th April, 2005 for the formation of the Company's Audit Committee, Investors Grievances Committee and Remuneration Committee.
12. Due Diligence Certificate dated 20th September, 2005 from Book Running Lead Manager, Karvy Investor Services Limited.
13. Tripartite agreement dated 06th December, 2005 between Bartronics India Limited, Bigshare Services Private Limited (Registrar) and NSDL, for offering depository services.
14. Tripartite agreement dated 29th November 2005, between the Company, Bigshare Services Private Limited and CDSL, for offering depository services.
15. SEBI Observation letters No. CFD/DIL/PB/AC/54286/2005, dated 22nd November, 2005
16. In principle listing approvals from BSE dated October 28, 2005 and NSE dated November 10, 2005.
17. General Power of Attorney executed by all the Directors in favour of Mr. H. Arun Shourie, Company Secretary for signing and making necessary changes to the Red Herring Prospectus.
18. Copy of the Service Agreement entered into with the Managing Director, dated 20th September, 2004.
19. Market Data Used in the Red Herring Prospectus.
20. Distribution Agreements entered into/Approvals taken by the Company.
21. Legal Advisor's Certificate regarding litigation dated 30th November, 2005.
22. Legal Due Dilligence report dated 25th June, 2005 and 15th September, 2005
23. Shareholder Agreement entered into with IDBI
24. Initial Listing Application dated 2nd December, 2005 filed with BSE and NSE
25. Copies of the Board Resolutions approving the draft Red Herring Prospectus and Red Herring Prospectus.
26. Copies of Lease Deeds for the Premises dated 04th July, 2005.
27. Annual Reports for the last 5 (five) years.
28. No Objection Certificate for the IPO from Industrial Development Bank of India Limited.
29. Statutory Auditors certificate regarding sources and deployment of funds as on October 31, 2005, dated 26th November 2005.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time, if so required, in the interest of the Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the GOI or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. The Company further certifies that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF BARTRONICS INDIA LIMITED

Mr. Sudhir Rao , Managing Director

Mr. R. Satish Reddy, Director

Mr. A B S Reddy, Director

Mr. K N Dupare, Nominee Director

Mr. B Narayanswamy, Director

Mr. T Venkateshwara Rao, Director

SIGNED BY

Mr. T.V. RamaKrishna, DGM Finance

Place : Hyderabad

Date : December 05, 2005



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