

## **Chairman's Speech**

Good Morning Dear Shareowners,

I welcome you all with great pleasure to the 25<sup>th</sup> Annual General Meeting of your Company. Before everything else, I sincerely thank you all for your gracious presence and continued support which kept us motivated. I take this as an opportunity to discuss the performance of your Company and key highlights of the year which would shape our tomorrow.

The Directors' report, Auditors' report and Audited Accounts with notes thereon are with you for some time, I request your kind permission to take them as read.

During the concluded financial year, the Indian GDP grew at around 7.1%, and the manufacturing and services sector grew at around 5.3% and 9% respectively - as declared by concerned authorities. The figures show slower growth compared to the previous year owing the demonetization and remonetization exercise undertaken the Government. This drive had severely impacted cash intensive business environment in the country. However, it also gave much need push towards digital transactions aimed at reducing the dependency on cash for business. During this phase, your company was able to help many who had enrolled under Financial Inclusion projects make digital transactions. It gives your company a sense of satisfaction of being associated with projects which have great social impact.

"Make in India" continues to be one of Government's important drives. During the year, your company too had an opportunity to consolidate its smart cards manufacturing. Your company's manufacturing facility was the differentiating factor with which it was successful in winning and retaining key Financial Inclusion projects from various banks; popularly known as 'Jan-Dhan Yojana'. However, continued head-winds globally restricted company's growth only to domestic markets which gets clearly reflected in company's financial performance.

Telecom industry, largest B-to-B consumer of Smart Cards, is witnessing a period of consolidation. Entry of new large players, migration of existing players in CDMA technology to GSM technology etc. have resulted in spike in the demand for Smart Cards.

For current year, Management believes that your company may continue to do well in domestic markets thanks to substantial exposure to government initiatives giving the company certain degree of revenue visibility; however, for the company to retain its growth trajectory, it hopes to address certain risks to growth along with improvement in business environment, globally.

## **Key Developments**

### **Indian Operations:**

In order to protect the interest of all the stakeholders of the company, a decision was taken to consolidate the business around quality clients and focus on such projects which help the company with revenue visibility and operational stability.

This resolve and efforts of last few years has resulted into reduced dependency of the company on generating revenues from providing End-to-End solutions using AIDC technologies. This section of the company was highest revenue generating division few years back. Today, Financial Inclusion Projects and Manufacturing of Smart Cards are amongst highest revenue generating streams for the company while the company wants to focus providing End-to-End solutions using AIDC technologies only around quality clients.

During the year, the company was able to consolidate its Financial Inclusion Business despite facing stiff competition. Company's value proposition which includes captive manufacturing facility and the ability of providing complete solutions has greatly differentiated your company from others. Steps that your company had taken previously has indeed created an organization which is having strong base of quality customers and a scalable model on which your company will ride into growth phase.

**Outstanding FCCBs:**

Bartronics India Ltd. had issued Foreign Currency Convertible Bonds (FCCB) for an aggregate sum of USD 50mn in January 2008. These bonds were due for redemption in February 2013. The company has appointed M/s Avista Advisory Group to assess all the options available with the company and finalize best suited approach in order to address the maturity. The options available with the company include restructuring the bonds i.e. rolling over the bonds for next five years or replacing the bonds with fresh bonds, or redeeming all the bonds at a mutually agreeable price. With these available options; the Company, along with M/s Avista Advisory Group has got in touch with the bondholders and has initiated discussions which are at advanced stages now. The company had filed a request for an extension of the maturity of the bonds to May 4, 2014 with Reserve Bank of India which was granted vide letter dated February 21, 2014. The company has applied for further extension with Reserve Bank of India, to enable your Company to conclude these discussions, and is waiting to hear from RBI to move forward. The company is confident of addressing the maturity of Bonds shortly.

**Bank Dues:**

Owing to the attractive business that the company is into, your Company is able to identify an investor who would clear all the debts on the books of the company. During past many quarters, the Company, along with the investor, has had series of discussions and accordingly the Investor has submitted his proposal of addressing the debt to Banks. As a process, Banks need consent from their respective Boards before such proposals are executed. Currently, not all banks have accorded their consent and the proposal is still under consideration. The Company believes this to be the most appropriate approach in addressing its debt position considering its current size of business and cash flow situation. However, given the competitive business landscape, it will be challenging for the company to retain this Investor's interest for too long and any delay in Banks' response poses material risk to the growth of your Company.

**International Operations:**

The company had started international operations in order to have access to vast opportunities which are being provided. These operations had faced extremely challenging times in recent past; and the situation has not changed much this year. Combining the lack of further penetration into newer markets with the already strained cash flows; a conscious effort is being taken to withdraw from some of the markets and restrict operations in those markets where the Company has existing clientele

**Future Growth: Management has identified the following growth drivers**

A) Financial Inclusion Business: Your Company has emerged as a leader in providing services in financial inclusion domain and has been able to secure these contracts which have tenures ranging from 3 years to 5 years which clearly provides reasonable revenue visibility.

B) Smart Card Manufacturing: Your Company has one of largest and one of the best Smart Card Manufacturing facilities. During the year, this facility has aptly supported financial inclusion projects. In order to improve capacity utilization; the company has been looking for long term contracts and was able to win one such long term, large scale contract this year. Your company continues to have

such focus on long term contracts which can directly contribute to financial performance of the company.

### **Human Capital**

Your company believes that the value of any enterprise is only as good as its Human Capital. It is very important to have your human capital updated with the latest technologies. During the year, as the company faced challenging business atmosphere and fewer growth opportunities, the period, the management thought was apt to have its human capital undergo technology advancement training, process improvement training and general management training. Management is aware that these initiatives do not yield results immediately however these activities will surely help the company stay ahead of the curve.

### **Directors**

The affairs of your Company are being looked after by a professional Board of Directors. The Board of Directors of your Company consists of intellects from diversified industries and expertise with high experience who significantly contribute toward taking appropriate decisions.

### **Corporate Governance**

Your Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency and accountability in all facets of its operations and in its interaction with all including Clients, Employees, Promoters, Stakeholders and Government.

Your Company has been practicing the principles of good corporate governance over the years with the aim of enhancing long-term shareholder value and protecting the interests of other stakeholders in line with international best practices. In fact our compliance practices transcend the principles laid down by Statute and the Regulatory Authorities.

### **Acknowledgement**

Your Company is privileged to have a Board of Directors comprising men of eminence with vast experience and wisdom. I would like to place on record my sincere thanks to all the members of the Board for their wise counsel and assistance.

My thanks are also due to the shareholders of the Company, our valuable customers, well wishers, executives, officers and employees in the Company for their continued support and valuable patronage extended to the Company.

I am also grateful to the Governmental and other institutional agencies including RBI, SEBI, Stock Exchanges, Company's Bankers, Auditors etc for their valuable support. The last but not the least I profusely thank for the co-operation extended by our Registrars and Share Transfer Agents for their support and services.