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To achieve Rs 1,000cr turnover in FY10: Bartronics

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In an interview with CNBC-TV18, Sudhir Rao, Managing Director and Chief Executive Officer of [Bartronics India](#), spoke about the latest happenings in the company.

Here is a verbatim transcript of an exclusive interview with Sudhir Rao on CNBC-TV18. Also watch the accompanying video.

Q: Interest cost seems to have dented your bottomline a fair bit, Rs 1,200 versus about Rs 5 crore odd. Is that going to be a niggling worry going forward and it may impact your bottomline. What is a constant interest cost that we may see during FY10?

A: Its not only the interest cost which is a point of worry, there is also another element. This is the deferred tax liability which to the extent of around 5 crore were absorbed during the current quarter. If you look at these two components, interest component is something that we are going to live with because we are still at the investment phase as far as the company is concerned. You must be aware that we have significant stake as far as forward projects are concerned. So interest cost is something that we as management believe that we are going to handle it and take it one step at a time.

As far as the deferred tax liability is concerned, it nearing the end of its tenure. It's been written off during the current year. The next quarter would be the last quarter where we will be having some portion of deferred tax liability to be written off. Definitely, that will have huge impact on the bottomline for the FY2011.

Q: The results as they show up under your company's name on the Bombay Stock Exchange (BSE) show a different set of numbers, which I assume are standalone numbers because they are much lower than what we get from the company. What is the difference between the standalone and the consolidated? What includes in the standalone, what includes in the consolidated and does the listed stock represent the consolidated entity?

A: As a company, we are spread not only in India but we also have operations in US and Singapore, which takes care of our interest in the south Asian market. So when we are talking about consolidated results, we are talking about Indian operation results added on to our overseas operation results. They are carrying the standalone results while what we declared in the press as well as during our quarterly earnings call, we talk about the consolidated results so that's where the difference lies.

Q: What is this new venture in terms of kiosks that you are entering into? How that would impact your revenue? You have also signed a project with five associate banks of State Bank of India. International operations are expected to see tractions. Could you break that up and give us some perspectives on what these three aspects could do to your topline?

A: As far as the future is concerned, there are three defined growth drivers. One is our traditional business that is of solutions. So in solutions we are talking about Indian operations as well as overseas operations. The overseas operations are showing a lot of traction. It's been a year since we had started investing in this operation. We are now seeing the signs of that investment bearing fruit. With the overcoming of the economic recession globally and strengthening of the economy, we would have positioned ourselves rightly to take advantage of the situation.

The second growth driver is the Smart Card business of the company. When you look at the Smart Card business, this investment that we have made in the manufacturing facility is capable of giving us fairly significant revenue in the future depending on the product mix that comes out of the plant. From this year's perspective, there is about 15% of the production which has gone into the government projects like the financial inclusion project. One of the projects is what you mentioned related to the State Bank of Bikaner and Jaipur. So there are few more financial inclusion projects which are in the pipeline.

The Unique Identity Authority (UID) programme is something that most people keep asking us about but that opportunity is still about 12 months. We are really looking at the Smart Card business of the company as another growth driver. The third growth driver for the company is the largescale government project like the Aapke Dwar, which we bagged during the last year. This project is already on stream and in January 30, 2010 the first kiosk was made operational by the secretary tourism. So as we are moving ahead with this month more and more kiosks will become operational. This means that there is a strong possibility that we may start booking the advertising revenue on these kiosks during the current financial year. If that happens then definitely we should be looking at fairly good FY11 going forward.

Q: What does this mean in terms of numbers? What will you do as FY10 sales and earnings and what will you do FY11?

A: As far as FY10 sales and earnings are concerned, we as management had given guidance at the beginning of the year that we would achieve turnover of around Rs 1,000 crore in terms of the topline and 15% in terms of the bottomline. We are slightly away from that figure as far as the nine months performance is concerned. We decided that we will stick to this guidance and try and achieve that to the maximum possibility. As far as the guidance for the next financial year is concerned, we have not come up with an official statement on this. We expect to do this at about ten days from now.