

Aplab

Chairman's Speech



**43rd Annual General Meeting
of
Aplab Limited, Thane
(2007 – 2008)**

Ladies and Gentlemen,

I extend to you all a warm welcome to the Forty-third Annual General Meeting of your Company from all of the members of the Board present here.

The Directors Report on the operations of your company and the Audited Accounts for the year ended on 31st March, 2008 have been with you for some time now. I am sure you have had the opportunity to peruse the same.

I am pleased to report that your company has done well during the year that concluded on 31st March 2008 with increase in the top line by about 15% and the pre-tax bottom line by 31%. The production was actually more but for some call offs for fuel dispensers that did not come in time delaying the deliveries. While our results are satisfactory, they are not as impressive as they could have been. There were several unfavourable developments in the country that are hurting manufacturing companies in particular. Prices for oil and metals have sky rocketed with little chance for reversal of the trend. Your company continues to face severe shortage of experienced managers with proven skills. These managers are in high demand, and consequently there is higher than normal attrition. Companies like yours that are in the high technology business suffer the most. So, with raised and revised remunerations HR costs are also rising. Luckily that has ensured that your company has had no serious loss of skilled personnel. You will also notice that to combat these high cost of inputs your management has worked imaginatively to cut down avoidable costs. This year finance cost too has gone up due to rise in bank interest rates but your company has managed to keep profitability to an acceptable level. The company looks healthier because of this. I thank my colleagues in management for helping us achieve this difficult task. This is also reflected in the fact that we have begun this year too with a healthy and comfortable order book.

You will recall that I had predicted sharp increase in operating expenses in 2006-07 due to increasing commodity prices of copper, steel, lead and aluminium in addition to increase in the interest rates. I had warned about increase in cost of conveyance, freight and transport etc. In 07-08 also the trend continued. Increased international competition from China does not make it any easier. Managing manufacturing industry in Electronics in India continues to be a nightmare with government's continued insensitivity towards manufacturing industry. In this scenario, APLAB, I think, is taking the right steps to ensure steady growth. I believe that during the current year, 08-09, the quantum business will grow very significantly, thanks to our investment in a software subsidiary and our focus on export. Embedded innovative software is driving our Self-Service Products business showing impressive growth. Sales of various types of self-service kiosks this year could be over 120 million this year from very little in 07-08. That is the reason why your Directors have once again recommended the same high dividend of 25%.

As I mentioned to you last year, our focussed entry into IT is proving to be rewarding. Almost every new product that your company markets today is "intelligent" and has a lot of software embedded in its operation. All this intelligence is developed by your company's software team. Our domain knowledge in Software is of high order and companies like Texas Instruments and HP want us to offer software solutions to their clients. We are now official solutions partners for both HP and Texas Instruments. I am pleased to state investing in our new subsidiary, Sprylogic Technologies Limited has started helping APLAB to grow faster. Sprylogic is now 60% owned subsidiary of APLAB. Sprylogic Technologies Limited has plans to achieve rapid and profitable growth in this new market segment.



In addition, APLAB have invested with plans to build 160,000 sq.ft. for a new Technology Park on a three acre land in Bhosari Industrial Estate, Pune. The construction work is half way through and the Logica Technology Park owned by APLAB is nearing completion of its first phase of 45,000 sq. ft facility that meets specified IT standards. With this investment APLAB will continue to gain bigger grounds in every passing year.

Acknowledgements

Before we close this meeting I must take time to acknowledge the efforts by several well-wishers of Aplab. The workers of Aplab deserve the first mention for the peaceful working conditions under which the company has functioned for all of the past 45 years. Several managers of Aplab have given their entire working careers to this company. Their long careers have built in stability into the company, which has been so important for the sustenance of this company, particularly during difficult times, and will be valuable for years to come.

The shareholders of Aplab need a special mention since most of you hold on to your share. That speaks of your trust in stability and strengths of your company. I thank all of you for the unstinting support and confidence.

APLAB is fortunate to have many loyal customers and they are the real pillars on which this company is built. We are expanding the list year after year for an enduring success of your company. The company is doing everything possible in today's dynamic scenario to be of better and greater service to the customer and ensure their confidence in Aplab for many more years.

In conclusion

On the whole, I am very optimistic about the future of your company and I feel confident that we are better positioned than ever before and years ahead will be very rewarding both financially and technologically.

Finally, Ladies and Gentlemen, I thank you all for your presence today and your continued faith in our management.