

## CHAIRMAN'S SPEECH

Dear Shareholders,

On behalf of the Aspinwall Board of Directors, I am happy to welcome you to the 98<sup>th</sup> Annual General Meeting of your Company. Thank you for your presence here today, and for your continued support and goodwill.

Aspinwall, established in the year 1867, has completed a significant milestone of 150 years in terms of its existence. The Annual Report for the Financial Year 2017-18 along-with the Annual Audited Accounts and Auditor's Report have been with you for some time now, and with your permission, I shall take them as read.

### Economic Scenario

It has been a tumultuous year marked by natural disasters, geopolitical tensions, and deep political divisions in many countries.

On the economic front, however, the year under review is ending on a high note, with GDP continuing to accelerate over much of the world in the broadest cyclical upswing since the start of the decade.

The World Bank forecasts global economic growth to edge up to 3.1 percent in 2018 after a much stronger-than-expected 2017, as the recovery in investment, manufacturing, and trade continues, and as commodity-exporting developing economies benefit from firming commodity prices.

Growth in emerging market and developing economies as a whole is projected to strengthen to 4.5 percent in 2018, as activity in commodity exporters continues to recover. 2018 is on track to be the first year since the financial crisis that the global economy will be operating at or near full capacity.

India is expected to pick up to a 7.3 percent rate in fiscal year 2018/19, from 6.7 percent in FY 2017/18.

India's exports rose 9.8% during 2017-18, the highest growth rate in six years, while imports went up nearly 20% as commodity prices pushed up the value of shipments in and out of the country along with a pick-up in global trade.

## Overall Performance

The performance of the Company has been very much better as compared to the previous year. The Earnings Before Interest, Tax, Depreciation, Amortisation and exceptional items was Rs.3111 lacs as compared to Rs.2,620 lacs in fiscal 2017. The revenue from operations for the fiscal 2018 has risen by 15% as compared to the previous period.

## Coffee Division

India's coffee exports set a new record in financial year 2017-18, both in terms of volume and rupee value terms. Robust demand from key buyers in Europe and Russia, higher domestic production and a continued increase in re-exports aided the shipment trend.

Even though the division has been consistently contributing significantly to the Company's profit for the past several years, this is the best performance of the Division after surpassing all its previous performances. This has been possible due to better prices after procurement, better exchange rates and improved realization on certain grades of Coffee after additional processing.

## Rubber Division

Natural rubber (NR) consumption in India increased by 6.4 percent in 2017-18 as compared to the previous year of which production rose by 23 percent in 2016-17 reaching 691,000 tonnes.

The export during 2017 -18 was 5,069 tonnes. Import of Natural Rubber during the FY 2017-18 was unusually higher due to a favourable price situation, increase in consumption and less than expected production. Import of Natural Rubber is projected at 450,000 tonnes in 2018-19. These imports are projected to be lower than the gap between production and consumption in 2018-19 because of the relatively high closing stock of 2017-18.

The harvest from our Plantation were considerably higher as compared to the previous year. The Division could end up with reasonable profits at the close of the year under review, due to the increased harvest, saving in operational overheads and higher sales realisation.

### Natural Fibre Division

The exports of the Indian Coir Sector products in the country has shown a gain of about 10% as compared to the previous year. The exports of the Division, during the period, was marginally higher in comparison to the previous period. The Division's factory at Pollachi, Tamil Nadu, has been facing certain issues from the local residents in connection with the discharge of waste water as alleged by neighbouring residents. As a result of that, the Factory had to be closed down for a period aggregating to less than 2 weeks during the year under review.

The Division, however, closed the year with positive results, due to significant reduction of operating expenses and tight cost controls.

### Logistics Division

The Economic Survey 2017-18 estimates that improving the Indian logistics sector would facilitate a 10% decrease in indirect logistics cost, leading to a growth of 5-8% in exports. The Survey, further, estimates that the worth of Indian logistics market would be around US\$ 215 billion in next two years compared to about US\$ 160 billion currently. A boom in the next couple of years is expected largely due to the implementation of the Goods and Service Tax (GST).

Presently, the Indian logistics sector is going through a phase of transformation. Due to the initial efforts of the Government of India (GoI), such as the Make in India programme and improvements in infrastructure along with the emergence of skilled professionals, the country's position bettered from 54 in 2014 to 35 in 2016 in the World Bank (WB)'s Logistics Performance Index (LPI), in terms of overall logistics performance. In fact, India improved its tally in all the six components of LPI.

Compared to the above performance, the Logistics Division had performed well due to the exemplary performance of Mangalore and Tuticorin. The remarkable performance from Tuticorin has been due to the considerable increase in the warehousing income. Due to the import of wheat (and its long-term stocking), the business via warehousing income had increased way high during the year, which, however, is not likely to continue during the FY 2018-19.

The Division had also initiated various cost cutting measures in improving the bottom-line at its other locations.

### Subsidiary Companies

Aspinwall Technologies Ltd., is presently engaged in the development of systems, programmes and software for various business activities of our Company.

With respect to Aspinwall Geotech Ltd., no commercial activity has taken place since the damage of plant and machinery due to a fire accident that occurred in the year 2002.

Malabar Coast Marine Services Pvt. Ltd., has garnered reasonable revenue during the fiscal 2018.

The performance of SFS Pharma Logistics Pvt. Ltd., has been very encouraging during the last year and we are confident it will make decent progress in its performance in the current financial year.

### Dividend

Your Board of Directors has recommended a First and Final Dividend of Rs.3.50/- per equity share as compared to Rs.3/- per equity share for the previous year. The same, if declared and approved, at this meeting shall account for a cash outflow of Rs.2.74 Crores by way of dividend.

### Corporate Social Responsibility

Based on the CSR Policy, your Company has spent Rs.21.61 lacs during the FY, under various Projects that included Projects under Healthcare, improving infrastructural facilities of Govt. Schools and Colleges and renovation of classrooms of schools to set-up smart classrooms under Govt. of Kerala scheme.

As per the requirements of the Companies Act, 2013, the Statutory Auditors of the Company had to be changed during this Financial Year and the Company had appointed M/s BSR & Associates LLP, as the new Statutory Auditors of the Company for a term of five years from the audit for the FY 2017-18.

Our Cost Auditors, M/s BBS and Associates, who have audited our Cost Records for the last year have been appointed to perform the audit for the financial year 2018-19 also. In order to ratify the remuneration to be paid for their services, a suitable resolution has been incorporated under Special Business of the Notice of the meeting.

During the year, Shri.Avittam Thirunal Adithya Varma, one of the Promoters of the Company, was inducted to the Board of Directors of the Company, under the Non-Executive category, effective from August 17, 2017. In the month of May, 2018, the Board had appointed Mr.M.Lakshminarayanan, as an Additional Director under the Independent category. Mr.Lakshminarayanan is a Chartered Accountant who was the Managing Partner (Tax) of Deloitte Haskins & Sells.

We had provided the facility of e-voting for the shareholders which was kept open from 29<sup>th</sup> July, 2018 till 31<sup>st</sup> July, 2018. The shareholders who have not exercised the said facility can cast their votes by Poll at the meeting.

Summing up, I believe your Company has maintained its growth momentum last year. Given the present economic indications and the plans developed for the future, I am confident that your Company will continue to better its performance in the coming years.

I would like to express our gratitude for your confidence in us. Our special thanks and appreciation go to the employees of the Company at all levels of their hard-work, dedication and continued commitment. I would also acknowledge the unfailing support of our extended family of customers, dealers, suppliers, auditors and financial institutions, which has been a major source of inspiration to your Company. I would also place on record the tremendous contribution put in by each member of the Board.