

## CHAIRMAN'S SPEECH

Dear Shareholders,

On behalf of the Board of Directors of the Company, I am happy to welcome you to the 97<sup>th</sup> Annual General Meeting of the Company. Thank you for your presence here today, and for your continued support and goodwill.

Aspinwall, established in the year 1867, has reached a significant milestone of 150 years in terms of its existence. The Annual Report for the Financial Year 2016-17 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

The year gone by saw major developments in the global landscape. It is unlikely that there has ever been as much change as there's now. Geo-political issues dominated the global discourse. With regard to the global economy, there was a moderation in growth in both developed and emerging markets although Global trade showed indications of revival. Broadly, the focus has shifted from crisis management, that was seen in the years 2008, to growth.

For Indian exports, the year 2016-17 started with the hope of stability and recovery optimism, after a grim year 2015-16. Green shoots in exports growth have been noticed for quite some months.

India has retained its position as the third largest start-up base in the world according to a report by NASSCOM.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM. More importantly, India's youth occupy a significant percentage of the labour force.

With the improvement in economic scenario, there have been various investments leading to increased M&A activities.

According to the World Bank, the Indian economy is likely to grow at 7.6 per cent in 2017-18 and further acceleration is expected to be at 7.8 per cent in 2018-19 and that demonetisation is expected to have a positive impact on the Indian economy, which will help foster a clean and digitised economy in the long run. The introduction of GST has been relatively smooth.

### 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.2,448 lacs as compared to Rs.1,944 lacs in fiscal 2016, mainly due to the improvement in margins. The revenue from operations for the fiscal 2017 was marginally higher as compared to the previous period.

### Coffee Division

The exports of Coffee in India grew by almost 12% as against the previous year. The production of Coffee in India declined as compared to the last year which was mainly due to the delayed blossom and backing showers coupled with high temperatures.

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 records. 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

The increase in production and the rise in international Natural Rubber prices have impacted imports. Natural Rubber exports have been the principal gainer during the year. After touching 30,500 tonnes in the year 2012-13, exports showed a consistent decline in the subsequent years with the international prices dropping. In 2015-16, it fell to a record low of 865 tonnes.

During the year 2016-17, the Natural Rubber production in India reached 6.9 lac tonnes, exceeding the estimated 6.54 tonnes. The harvest from our Plantation were considerably lower due to labour issues connected with the government notification for the increase of tapping norms. In fact, the related unrest affected the harvest in almost all the Estates of the Malabar region. The performance of the Division for the last few years was not encouraging in view of the lower prices for the product. During the year under review, the prices were better and the Division was able to close the financial year with marginal profits.

#### Natural Fibre Division

The Indian Coir Sector's revenue from exports has registered an all-time record of more than Rs.2000 crores during the last fiscal. The performance of the division has progressed substantially in terms of increase in exports and domestic turnover. The Company has been in talks with its US clients to replicate the business strategy adopted in the Netherlands, basically of taking direct responsibility for marketing our products.

#### Logistics Division

Logistics is regarded as the backbone of the economy, providing efficient and cost effective flow of goods on which other commercial sectors depend. The Government of India had announced the revival of the Sagarmala project for port modernisation and port automation, development of multimodal logistics parks the smart cities project and dedicated freight corridors, such as the Delhi Mumbai Industrial Corridor. The successful and timely completion of these proposed projects can help ensure cost effectiveness and operational efficiencies in the transport and logistics sector. The logistics industry continues to witness growth due to the growth in retail, e-commerce and manufacturing sectors. It is estimated that the Indian logistics sector will continue to show robust rise of 10-15% annually, leading the pace of growth of the economy at large. With respect to the performance of this Division, the Company has ended on a positive note at the end of the year mainly due to our handling of wheat consignments at various ports. On the other hand, the volume of handling fertilizers in some of the major ports dropped drastically due to its lower demand during the year. Even

though the overall performance of the Division was not as good as the previous year which was an exceptionally good year, the performance was satisfactory compared to the normal years before.

### Subsidiary Companies

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

With respect to Aspinwall Geotech Ltd., no commercial activity has been attempted since the damage to 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 2017.

The performance of SFS Pharma Logistics Pvt. Ltd., has been very encouraging during the last quarter of the said year. The Company had invested in the necessary infrastructure during the year to scale up the operations to the next level. It is expected that performance of this Division is expected to be better in the coming quarters.

### Listing

During the financial year under review, the Company got itself listed at National Stock Exchange of India Limited based on the decision taken by the Board during the year 2015. As you're all aware, the Company was earlier listed on the Cochin and Madras Stock Exchanges. During fiscal 2015, SEBI had withdrawn recognition of these regional stock exchanges. The equity shares of the Company were then placed at the Dissemination Board of the NSE. Pursuant to the directions of SEBI and based on the decision taken by the Board of the Company, the Company got listed at NSE with effect from 14<sup>th</sup> June, 2016, and the same was completed well within the time-limit of 18 months prescribed by SEBI. Our Shareholders will doubtless be pleased at the increased liquidity which now vests with our shares.

### Dividend

Your Board of Directors has recommended a First and Final Dividend of Rs.3/- per equity share. The same, if declared and approved, at this meeting shall account for a cash outflow of Rs.2.34 Crores by way of dividend.

### Corporate Social Responsibility

Based on the CSR Policy, your Company has spent Rs.18.25 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 school to set-up smart classrooms under Govt. of Kerala scheme.

### Appointments

As per the requirements of the Companies Act, 2013, the Statutory Auditors of the Company had to be changed during this Financial Year. Accordingly, the Board has recommended the appointment of M/s BSR & Co., as the new Statutory Auditors of the Company for a term of

five years from the audit for the FY 2017-18. The ordinary resolution has been incorporated in the Notice of the meeting.

Our Cost Auditors, M/s BBS and Associates, who have audited our Cost Records for the last year have been appointed to perform this audit for the financial year 2017-18 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.

The re-appointment of Mr.Rama Varma, Managing Director, for another period of three years has been recommended by the Board of Directors and the same has been included as an item in the AGM Notice. Further, Mr.CRR Varma, who is liable to retire by rotation, has offered himself for re-appointment.

#### Executive Director

Mr.Venkitraman Anand, CEO, has been elevated to the Board of Directors of the Company and has been designated as the Executive Director effective from 25<sup>th</sup> May, 2017. His appointment terms including the tenure has been included as an item in the notice for the approval of the members.

This is the general meeting where we have to bid farewell to one of our Directors on the Board, Mr.P.K.Sasidharan, who is due to retire by the end of next month. I would like to place on record the Board's appreciation of the contribution made by Mr.P.K.Sasidharan, and, on behalf of all of us, to wish him well.

We had provided the facility of e-voting for the shareholders which was kept open from 30<sup>th</sup> July, 2017 till 01<sup>st</sup> August, 2017. The shareholders who have not exercised the said facility can cast their votes by Poll at this meeting. During the year, Mr.R.Sasiprabhu, one of the leading advocates in the Supreme Court at Delhi, joined the Board as an Additional Director on 04<sup>th</sup> November, 2016, his appointment and was proposed to be regularised as Director for a period of five years at this AGM. However, due to his various assignments and work-related issues, he expressed his inability to devote his time to act as Independent Director of the Board and resigned from the Board last month. The regularisation of Mr.R.Sasiprabhu's appointment which was part of the Notice dispatched to you last month has later been deleted.

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, financial institutions and other stakeholders 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.