

## **CHAIRMAN'S SPEECH**

Dear Shareholders,

It is my pleasure to welcome you all to the 103<sup>rd</sup> Annual General Meeting of Aspinwall and Company Limited for the Financial Year 2022-2023, being held today through Video Conference. A special thanks to all of you for joining virtually. Business growth and the details of accomplishments and initiatives of the Company have already been provided in the Annual Report for the year. The outstanding performance of your Company was achieved despite the major economies around the world facing unprecedented inflation and monetary tightening.

The Annual Report for the Financial Year 2022-23, as well as the Notice, Annual Audited Accounts, and Auditor's Report, are already with you and with your kind permission, I take them as read.

Friends,

Global economic activity remains resilient amidst the persistence of inflation at elevated levels, debacle of banks in advanced economies, tight financial

conditions and continued geopolitical tensions. Now the supply chain disruptions are normalizing, the disorders to energy and food markets caused by geo-political conflict are also receding. The synchronous tightening of monetary policy by most central banks have started bearing fruits, with inflation moving back toward its targeted levels. In spite of the said issue, IMF through its Global Economic Outlook for the month of April 2023 has revised the global economic growth downward to 2.8% for calendar year 2023.

India's GDP grew by 6.1% in Q4FY2023 and, 7.2% in FY23 which shows that its economic narrative continues to emerge. There is an overall revival in economic activity due to the investments from the Government being extremely strong. The RBI has projected real GDP to grow at 6.5% and CPI led inflation at 5.1% for FY24.

Against this background, I would like to present a synopsis of the company's performance during the FY23.

### **Overall Performance**

- In comparison to the prior year's revenue of Rs. 25,473 lacs, the Company's operating revenue for the FY 2022-23 was Rs.28,885 lacs.
- EBITDA (before exceptional items) was higher at Rs.2,060 lacs for the FY 2022-23 as compared to the EBITDA of Rs.1,830 lacs (before exceptional items) in the FY 2021-22.
- The overall comprehensive income (after tax) for the year was also significantly higher, coming in at Rs.2,297 lacs as opposed to Rs. 1,522 lacs for the previous year.

Let me now apprise you about the performance of the individual businesses.

Our Company is a multi-line business organization and is engaged in Logistics services, Coffee processing and trading, Rubber plantations, manufacture, and trading of Natural Fibre products.

### **Coffee Division:**

According to the United States Department of Agriculture's local office in India, coffee exports from India is anticipated to increase by 2% in the marketing year 2023-24, which starts in October. This growth is expected to result in a total export of about 3.8 lakh tonnes. The USDA India Post's latest projection suggested that the demand for Indian coffees in the export market will remain strong throughout the coming season. However, the current prices are discouraging international buyers from placing large orders. The United States Department of Agriculture (USDA) Post predicts that coffee production for the marketing year 2023-24 will reach 3.48 lakh tonnes with 0.74 lakh tonnes of Arabica and 2.74 lakh tonnes of robusta. This forecast is lower than the estimate for the current year, which stands at 3.75 lakh tonnes.

The division has concluded the year with the one of the highest profits especially in view of the substantial increase in the international prices mainly during the first half of the year. The carry forward of the stocks held at lower costs which were sold during the current year resulted in higher margins. Due

to lower production of Arabica Cherry for the season and high demand for the crop including from our competitors, the domestic prices were also ruling at higher levels and hence the margins earned during the second half year was comparatively lower. Due to reduction in procurement on account of shortage of arabica cherry crop during the year, utilisation of finance was lower which has led to substantial savings in finance costs.

### **Logistics Division:**

The pandemic time has changed the game for many economic activities and, logistics is no different. Consumer demands are always on the rise. During the pandemic, there has been a hike in the demand for goods with a shortage of supply. Thus, we can say that logistics is one sector that has the potential to see a substantial increase in 2023.

India is now world's most populous country with 1486 billion people which has majorly contributed to an expanding geographical coverage leading to the expansion of logistics business. The pandemic has seen a shift with countless challenges unique to each region. The logistics industry is seeing its fair share of ups and downs but trends suggest better growth for this sector in the coming year.

The performance of the bulk division at Mangalore was very good as compared to that of the previous year. The major bulk cargoes handled during the year were fertiliser, sugar and domestic Petcoke by rake for various Cement

Companies. The fertiliser imports are improving as the fertilizer prices in the global market is coming down.

During 2023-24, the Division is expecting similar fertiliser cargo traffic at Mangalore like last FY.

The performance of Tuticorin was satisfactory which is expected to continue for the current FY also. The performance of Chennai was better during the FY under review and is expected to be better during the running FY as well.

### **Plantation Division:**

The production of Natural Rubber in the country has gone past 8 lakh tonnes in the FY 2022-23, after a gap of 10 years. India is currently the world's sixth largest producer and second largest consumer of Natural Rubber. However, the said industry in India is passing through an unprecedented crisis due to unremunerative prices along with rising production costs. The natural rubber crisis, which has taken the steam out of Kerala's once-lucrative rubber plantation industry, has more to it than is apparent.

During the last few years, almost all vacant areas and spaces not suitable for rubber cultivation have been planted with minor crops like Areca nut, Milia Dubia, Nut Mug, etc. This is apart from the intercropping done in some of the areas using Coffee (a new venture) and Banana. The income from Areca nut has literally leapfrogged over the past few years. More importantly, by implementing an innovative system for contract banana planting, the Division could bring about substantial savings in the operating expenditure.

The newly started 'Trading Latex Operations' has made remarkable strides in expanding our market base apart from making quantum leaps with regard to volumes. Aspinwall's market, which was previously confined to Agra, Mumbai, etc. has been enlarged in a significant way to spread to other areas like Delhi, Meerut, Ahmedabad, Jaipur and Kolkata. Further, it has helped in generating additional revenue and improving our brand image.

Our plantation harvested a crop of 9.47 lakh Kgs which has increased by 74,450 Kgs compared to the previous year. It is worth mentioning that our Yield per Ha. is one of the best in the State for the season 2022-23.

The prices for the first half of the year was attractive but there was serious drop in the prices for the second half which has led to considerable decrease in overall average price realized for the full year, compared to the previous year. In spite of increase in crop and control of operating expenses and overheads, the division had operating loss for the year, compared to decent operating profit earned for the previous year. However, with other non-operating income, the division closed the year with a marginal profit, which is substantially lower than the previous year.

### **Natural Fibre Division:**

The volume of coir products produced across India was about 2,07,000 metric tons in financial year 2023. A significant decline in the volume of coir products was seen from the previous financial year. The coir industry generated a cumulative employment for over 7,00,000 people in the country in 2019. Coir is a natural fiber that is extracted from the outer husk of coconuts and is widely used in floor mats, brushes and mattresses.

Over 50% of the coir fiber produced annually throughout the world is consumed mainly in India.

The growing affinity towards environmentally friendly products has helped coir and coir products in domestic as well as foreign markets.

For the division, as you can see from the segment results, the year under review was not good due to substantial decrease in export sales arising from high freight rates. However, we have revived the trading activities during later part of the second half year. The trading activities in the domestic market is expected to continue with higher volumes in the coming months. The Division expects that the export performance would also be better in the FY 2023-24 especially considering that the freight rates are back to normal at present.

### **Subsidiary Companies**

The Company has presently four wholly owned subsidiaries. There has been no material change in the nature of business of the subsidiaries.

- Malabar Coast Marine Services Private Limited: The main business of the Company is stevedoring and freight forwarding, mainly in the port of Mormugao (Goa). The performance of Malabar Coast Marine Services Private Limited has been satisfactory.
- SFS Pharma Logistics Private Limited: Company is engaged in the business of logistics assistance in India and abroad relating to clinical trial shipments, pharma products, and other temperature sensitive cargo. SFS is also handling business through its net work arrangements with partners in

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

- Aspinwall Geotech Limited: Since the destruction of equipment due to a fire mishap that happened in 2002, Aspinwall Geotech Limited has not engaged in any commercial activity.
- Aspinwall Technologies Ltd: The Business activities of Aspinwall Technologies Limited has been discontinued for the past couple of years. Considering the inactivity, the Company has gone for voluntary liquidation process and the NCLT (National Company Law Tribunal) Bench at Kochi has dissolved the Company vide order dated 29<sup>th</sup> April, 2022.
- Aspinwall Healthcare Private Limited: The Company's main activities consist of manufacturing and trading of medical products/accessories/equipment and the activities had started during the month of June, 2021. The Company has decided to reduce the prices of the products and we expect that sales and margins would pick up during the current financial year. Company is also exploring the possibility of having trading activities of similar products along with the main products and get into manufacturing facilities of those products once the same is proved successful in the market.



## **Dividend**

The Board of Directors of your Company has recommended a first and final dividend of Rs.6.00 per equity share for the FY 2022-23 as compared to the First and Final Dividend of same rate for the FY 2021-22, thereby retaining for the second consecutive year, the highest dividend recommended/declared in the history of the Company.

## **Corporate Social Responsibility**

As a responsible corporate entity, your company always stands in solidarity with society and extended all possible assistance in this regard.

Based on the CSR Policy, your Company has spent Rs.22 lacs during the FY, under various Projects that included Projects for improving infrastructural facilities of Schools/ Hospitals /Old age Home.

## **Change in Directors**

The Board at their meeting held on May 16, 2022, based on the recommendation of the Nomination and Remuneration Committee of the Company, appointed Mr.Thalasseril Raghavankutty Radhakrishnan as the Additional Director and was designated as the Executive Director & CFO with

effect from May 17, 2022 for a period of three years, and the same was approved by the shareholders at the AGM held on August 10, 2022.

Mr. Rajesh Sundarrajan resigned from his office of directorship on 16<sup>th</sup> May, 2022 and as CEO effective from close of August 31, 2022.

During the year, vide Postal Ballot resolution dated March 22, 2023 I was re-appointed as an Independent Director of the Board effective from May 01, 2023. I am thankful to the shareholders for reappointing me.

The appointment tenure of Mr.Rama Varma, Managing Director, is set to expire by July 31, 2023. Based on the recommendation of Nomination and Remuneration Committee and the Board, a special resolution has been added as an item to the AGM Notice for the consideration of the shareholders.

and

Mr.Adithya Varma, Non-executive Director, is liable to retire by rotation in this AGM and is eligible for re-appointment.

## **ACKNOWLEDGEMENTS**

I would like to convey my sincere thanks to all our shareholders, customers, suppliers, bankers, auditors, legal advisors, consultants and all other business

associates, the Government and various authorities for their continued trust and confidence in the Management of the Company.

I also thank all my colleagues on the Board for their continued support and guidance.

Last, but not the least, I would like to thank all employees of Aspinwall and Company Limited for their high level of motivation, commitment and hard work.

Thank you!