



Freshtrop Fruits Limited

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CHAIRMAN'S SPEECH AT 29TH ANNUAL GENERAL MEETING

Dear Shareholders,

Good Morning Ladies and Gentlemen.

On behalf of the Board of Directors of **FRESHTROP FRUITS LIMITED**, I welcome you all to this 29th Annual General Meeting of our Company. This is our second video conference meeting and I would like to thank you for joining the meeting today. The Company's accounts for the year ended March 31, 2021, along with the Directors' and Auditors' report and Management's Discussion and Analysis, have already been circulated to you. With your permission, I would like to take them as read.

COMPANY'S PERFORMANCE DURING 2020-21

This year the Revenue of your Company dropped further from Rs 16,698.03 lacks to Rs.15,043.33 lacks, a decrease of 9.91%. We started the year on a very difficult note. The first quarter, for our business is a very important period. April 2020 to June 2020 was the peak of excessive restrictions and unpredictable and unprecedented circumstances. It was very difficult to operate manufacturing activities during this period. The revenue of your Company during this quarter dropped by 11.67%. However, with strict control on costs, despite the drop in revenues, the profit after tax has increased from Rs. 461.92 lacks to Rs. 948.56 lacks an increase of 105.35%. Many Businesses, world over have suffered heavily due to the Pandemic. The impact has been different for different businesses, but this has been a useful learning experience for us. After the initial severe impact, we hope to strengthen our business moving forward.

We have two segments of business:

FRESH FRUIT EXPORTS

Our fresh fruit business consists of export of fresh Indian grapes mainly to Europe. This market has stagnated. Consumers, world over, are looking for something new, something different. A lot of new grape varieties are being developed by breeders in different parts of the world. Unfortunately, major breeders are not coming to India as India is not a member of, The International Union for the Protection of New Varieties of Plants (UPOV). This is going to be a major constrain for growth of our business.

In addition to the above constrains, the shipping costs for exports have skyrocketed in the post Covid period. The sea freight from Mumbai to Rotterdam went up from US\$ 2,000 for a 40 ft refer container during the 2020 season to US\$4,000 in 2021 season and it is expected to be much higher for the 2022 season. The domestic fuel prices have gone up increasing the inland transportation costs. The packaging costs are showing a similar trend and the costs of running the pack house are rising due to the need of maintaining Covid related restrictions.

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Unit-II

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Unit-IV

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The Government of India is also not being very supportive to this business. The export Incentive which used to be 7% of FOB value until December 2019, dropped to 5% until December 2021. It has been further reduced to 3% from January 2021 and this too has not been paid by the government for exports done in the last 18 months.

Considering the current prices of fresh grapes in the European market we do not feel that it would be possible to get adequately compensated for all the cost increases. This could then result into lower farm gate price for the growers which could have a long-term negative impact on this business. The silver lining to all these limitations and cost escalations is that the competition from new Indian exporters, who have been coming in every year and spoiling the market may reduce and at the end it may not be as bad as it looks at this stage.

We are on our part trying to develop other markets, most of them are not as consistent and profitable as the European market. China is a good potential market, but here the political conditions are not conducive for aggressive growth. US is another good possibility, but it is still not allowing imports of fresh Indian grapes.

FOOD PROCESSING SEGMENT

The Indian food processing sector has a good scope for growth in the domestic market in the coming years due to changing lifestyle, higher disposable income and changing consumer consumption pattern. However, there remain plenty of challenges, assured raw material availability is the main challenge. Fruits and Vegetables in India are not grown specifically for processing. There is therefore inconsistency and unpredictability in terms of available quantities, quality and price. In addition to this there is lack of proper infrastructure, modern food processing technology, and insufficient availability of cold storage facilities amongst others.

Your Company has tried to manage these constrains but unfortunately has not been successful so far. Even after additional investments the revenue continues to be low. The HPP cold pressed fruits and vegetable juices, with brand of "Second Nature" has suffered significantly due to the Covid 19 Pandemic. Cold logistics is a critical requirement of this business, this came to a complete halt due to curfew like lock down in Mumbai, Pune and Delhi. We had to put all plans of developing this business on hold. We are now reworking the plans under current changed circumstances and hope to start again soon. In the interim period we have tried to conserve cash to help us tide over this very difficult period without financial stress.

DIVIDEND

Considering the current circumstances, your Directors do not recommended payment of any Dividend for the Financial Year ended 31st March 2021.

BUYBACK

During the year under review, your Company bought back 2,65,443 shares through Open market purchase and continued to buy another 1,91,561 shares during the current financial year. The issue closed on 5th July 2021 with a total buy back of 4,57,004 shares with a maximum price of Rs 90 per share.



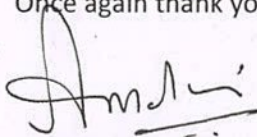
ACKNOWLEDGMENTS

As we all endeavor to take our Company forward in these very unusual, uncertain and unprecedented circumstances, I wish to conclude my speech by expressing my sincere thanks to all my colleagues on the Board for their cooperation and guidance and also to the Company's employees for their productive and dedicated services. Dedication and hard work of our team specially during these very hard and testing time including the second deadly Corona Virus wave during the months of April to June 2021, has made the Company one of the most preferred supplier of both the fresh Indian grapes and mango pulp in the International market. I look forward to their continued support as we try to manage this business in the new normal.

I also convey my sincere thanks to our buyers, suppliers, bankers, auditors, legal advisors, consultants, all other business associates, and various government authorities for their continued support.

Finally, I would like to place my gratitude to each one of you for your confidence and trust in us. With your support and blessings, I am confident that we would be able to steer the Company through these difficult times and would come out stronger for the future.

Once again thank you all very much for hearing me patiently.



ASHOK MOTIANI
CHAIRMAN & MANAGING DIRECTOR

