

## INDO NATIONAL LIMITED

### CHAIRMAN'S SPEECH AT THE 45<sup>th</sup> ANNUAL GENERAL MEETING HELD ON 24.09.2018

Dear Shareholders,

Indeed it gives me immense pleasure in welcoming you all to the 45<sup>th</sup> Annual General Meeting of your Company.

The Notice convening the Meeting, the Director's Report and the Audited Accounts for the Financial Year ended March 31, 2018 have been with you for some time now, and with your kind permission, I shall take them as read.

#### ECONOMY

The Indian Economy grew at 6.7% in the financial year 2017-18, while the rate of growth rose to 7.7% during the quarter ended 31<sup>st</sup> March 2018. The Indian Economy had posted GDP growth of 7.1% for the previous financial year. The overall price level measured by Wholesale Price Index (WPI) for the Financial Year 2017-18 started with 113.2 points in April 2017 and at the end of March 2018 the WPI stood at 116.3 and current WPI stands at 119.7

India's Foreign Exchange Reserves had increased by US\$ 54406 million during the financial year 2017-18. The Foreign Exchange Reserve currently stands at US\$ 4,00,101 Million when compared to 1<sup>st</sup> April 2018 when it was US\$ 4,24,361 Million and this shows an increase of US\$24,259 Million.

The Rupee had appreciated 2.13% during the year under review. In terms of value wise it's about Rs.64.91 per US\$ at the beginning of the year and Rs.65.04 per US\$ at the end of the year and as on the date it is around Rs.72.00.

During the year under review bullish and bearish sentiment in the Domestic Capital Market had resulted in the Bombay Stock Exchange (BSE) touching a high of 36,443 points in the month of January 2018 and low of 29,241 points in the month of April 2017 and currently it is trading in between 38800 to 39000 points.

#### REVIEW OF OPERATIONS

The Dry cell battery industry as a whole is evidencing shift in usage of batteries from "D" size to "AA" / "AAA" batteries. Your Company has a market share of around 31% among the organized players in dry battery industry. Your company's production qty had decreased from 618 million to 521 million pieces and sales quantity also decreased from 625 million to 542 million pieces.

In terms of value, your company had registered a Turnover of Rs.275.80 Crs as against Rs.318.64 Crs in the previous year (net of Excise duty). The Company's Profit after tax stood at Rs.21.03 Crs during the fiscal under review as against Rs.20.91 Crs in the previous year.

During the year your company had introduced Mosquito bats in the market and the response has been good.

#### DIVIDEND

The Board recommends a Dividend of 200% for the year 2017-18. You will be happy to note that the Company, as a gesture of goodwill to the shareholders, will be paying the dividend if approved, on 03rd October 2018.

## CORPORATE GOVERNANCE

The basic philosophy of corporate governance of the Company is to achieve business excellence and enhance shareholder value, keeping in view the needs and interests of its shareholders. Your company is following a system of corporate governance which ensures transparency, fairness, independence, accountability, integrity and social responsibility and has adopted all mandatory provisions as mentioned in the Listing Agreement signed with the Stock Exchanges.

## INVESTMENT

Your company through its wholly owned subsidiary (M/s. Helios Strategic Systems Ltd) has made further investment of Rs.8Cr by subscribing to the cumulative optionally convertible preference shares issued by M/s. Kineco Ltd. During the year your company continued to have a controlling stake of 51% in Kineco Ltd.

Your company also continues to explore the possibilities of diversification into new areas of business including defense, aerospace and other FMCG products.

## FUTURE OUT LOOK

The Union Budget for the year 2018-2019 had increased effective Corporate Income Tax from 34.608% to 34.95% and education and higher education cess of 3% is replaced with Social welfare surcharge @ 10% on customs duty on imported goods which resulted in increased cash outflows for your company.

The domestic Dry Battery Industry is witnessing intense competition among the players whilst the overall situation in the Industry is stagnant. The Bureau of Industrial Standard (BIS) issued mandatory requirement of adherence of quality standards for dry cell batteries being marketed in to India with effective from October 2018 and with this new initiative dumping of cheap imports of Chinese batteries in to India may be curtailed to the extent possible which will ultimately increase the volume of sale of the organized retail players.

Your company has undertaken various measures like increase in productivity, cost reduction activities, intensifying promotional activities and improving sales in the Rural Markets and introduction of new models of LED lighting products etc., with these measures your Company is hopeful to sustain the performance and thereby increase the market share in the coming years.

## ACKNOWLEDGEMENT

On behalf of the Board of Directors and on my behalf, I convey my sincere thanks to the Authorised Wholesalers, Stockists, Retailers, the Bankers, Shareholders and the Employees of the Company. I also thank you, all for being with us today and for your continued support and encouragement.

Thanking you.

  
Chairman