



SHREE RAMA NEWSPRINT LIMITED

TRANSCRIPT FOR 29TH ANNUAL GENERAL MEETING ("AGM")

DATE : 25/09/2020
TIME : 11.00 A.M.
MODE : Video Conferencing and other Audio Visual means

PANELISTS:

Mr. Siddharth Chowdhary
Executive Director & Chairman of the meeting

Mr. Kanhaiyalal Chandak
Independent Director

Mr. Keerthinarayan Hemmige
Independent Director

Mrs. Meenu Singhvi
Independent Director

Mr. P. K. Mundra
President (Finance) CFO & Company Secretary

Mr. Parag Hangekar
Representative of Statutory Auditor

Mr. Ravi Kapoor
Practising Company Secretary & Scrutiniser

Welcome speech -Mr. P.K. Mundra - Company Secretary

I welcome all the shareholders and panellists at 29th Annual General Meeting of Shree Rama Newsprint Limited which is being conducted through Video Conference through the CDSL platform. I also thank all the participants for sparing their valuable time to attend this meeting in current covid scenario.

Mr. Ganpatraj Chowdhary, Chairman of Board and Mr. Utkarsh Shah, Independent Director expressed their inability to attend the meeting. I request Directors being present to appoint Chairman of the meeting.

Mr. Siddharth Chowdhary, Executive Director was elected as Chairman of the meeting.

I introduce Mr. Siddharth Chowdhary, Executive Director of the Company as Chairman of the meeting, Mr. Keerthinarayanan Hemmige, Chairman of Audit, Nomination and Remuneration and Stakeholders Relationship Committee, Mr. K. L. Chandak, Independent Director and Mrs. Meenu Singhvi, Independent Director.

Mr. Parag Hangekar, Statutory Auditor and Mr. Ravi Kapoor, Practicing Company Secretary and scrutiniser have also joined the pannel.

Now I request Mr. Siddharth Chowdhary to carry out proceedings of the meeting.

Mr. Siddharth Chowdhary:

I am elated to welcome you all to this 29th Annual General Meeting of the Company. The annual report for the financial year 2019-20 has already been circulated to you in electronically mode. I am confident that all of you must have perused the said annual report.

In view of the provisions of the Section 103 of the Companies Act, 2013 the requisite quorum in order to constitute a valid meeting is 30 members and more than that are present hence we can proceed with business of E-AGM.

The register of Directors and Key Managerial Personnel and their shareholding, register of contract maintained under the Companies Act 2013 are available for inspection for the members during the meeting and can inspect from website of the Company also.

Now with your kind permission the Notice convening the 29th Annual General Meeting and Directors' report shall be taken as read.

Since there is no qualification in the Auditor's Report therefore it is not required to read the same.

I take this opportunity to read Chairman Speech.

SPEECH OF CHAIRMAN:

Annual report for the Financial Year 2019-20 has been circulated to the members and hope you have gone through the same.

The Company has achieved production of 76,008 MT (58% capacity utilization) during the F.Y. 2019-20 as against 1,24,814 MT (95% capacity utilization) achieved in F.Y. 2018-19 i.e. lower by 48,806 MT (37%) for want of orders and shutdown of PM I from 16.01.2020 for rebuild. The Company has achieved sales of 85,190 MT during F.Y. 2019-20 as against 1,10,497 tons during F.Y. 2018-19.

During the year under review, the Company has also produced Writing & Printing Paper of 28,922 MT as against only 465 MT in the previous year. The company has sold 24,832 MT of Writing & Printing Paper in F.Y. 2019-20 as against only 374 MT in F.Y. 2018-19.

The Company commissioned packaged water bottling plant of 32,000 bottles per hour on 1.07.2019. The Company produced 10,00,417 cases (41517168 bottles) of water bottle whereas sale was of 8,55,407 cases (35969952 bottles) of water bottle during the year under review.

The Company has revamped Paper Machine No. I and trial production on it started from 02.07.2020. Though the machine was erected in March 2020 but its commissioning was delayed due to COVID-19 related restrictions. The Company has achieved turnover of Rs.336.53 Crores in F.Y. 2019-20 as against Rs.503.83 Crores in F.Y. 2018-19. The cash loss before depreciation and tax was Rs. 19.68 Crores in F.Y. 2019-20 as against cash profit before depreciation and tax of Rs. 61.50 Crores in F.Y. 2018-19. The Net loss was of Rs.44.93 Crores in F.Y. 2019-20 as against Net profit of Rs.38.05 Crores in F.Y. 2018-19.

The World is currently facing an unprecedented health and economic crisis due to COVID-19 pandemic. The paper industry is passing through demand slump post COVID-19 related restrictions from 25.03.2020 and the same are still continuing for the sectors which are served by the company/ paper industry, which has its impact on the working of the company in both paper and packaged water divisions. Future operations of the Company would be subject to developments on COVID-19 front together with full opening of the economy, but the matter is uncertain as on date since demand of writing & printing paper and newsprint is impacted as education sector has not been opened, courts and offices working is not normal, union government and its various wings have stopped purchase of paper products, Circulation & pages of newspapers have reduced etc.

Newsprint in particular and writing & printing paper sectors were already facing dumping by foreign suppliers. The industry had requested the union government to levy anti-dumping duty but no action is taken to protect it in spite of government emphasis / focus on Atmanirbhar Bharat, Be vocal for Local etc.

Even packaged water division was affected due to COVID-19 related restrictions and operations are started from last month but on subdued level as hotels, restaurants, travel industry, airlines are also badly affected.

Export in Foreign exchange of Newsprint was 2440 MT worth Rs.9.72 Crores (FOB) in F.Y. 2019-20 as against 2511 MT worth Rs.12.34 Crores (FOB) in F.Y. 2018-19 , whereas direct and indirect export was of 3274 MT worth Rs.13.33 Crores in F.Y. 2019-20 as against 2858 MT worth Rs.14.59 Crores in F.Y. 2018-19.

FINANCES:

The Inter Corporate Deposit from holding company (i.e. Riddhi Siddhi Gluco Biols Ltd) has increased from Rs.153.15 crores as on 31.03.19 to Rs.210.14 crores as on 31.03.2020 (inclusive of accrued interest of Rs.16.66 crores for F.Y. 2019-20 and Rs 10.28 crores for 2018-19). The company has repaid loan of Rs 9.56 cr to ICICI Bank Limited after availing moratorium of Rs 3.00 cr as permitted by RBI as per circular dated 27.3.20

WORKING IN Q1 OF F.Y. 2020-21

The Company has achieved production of 14834 MT (45%) during the quarter ended 30.6.2020 as against 17288 MT (52%) achieved in the corresponding quarter of the previous year 2019-20 i.e. lower by 2454 MT.

The Company has achieved sale of 10,866 MT during the quarter ended 30.6.2020 as against 20,731 MT achieved in the corresponding quarter of the previous year 2019-20 i.e. lower by 9,865 MT for want of demand in market.

The company was issued closure order dated 25.06.2020 by Gujarat Pollution Control Board ("GPCB") for its paper division due to flash fire on 06.06.2020 at bunker of stand by boiler alleging damage to environment. The company has requested vide its various letters for revocation of the order stating that no damage to environment was caused by such flash fire of 30 seconds. The company has closed its all operations in the paper division from 08.08.2020. The company had also declared, "lay off" of its employees w.e.f. 14.08.2020 under section 25(m) of industrial Disputes Act 1947. Subsequently on 23.09.2020 Company received letter from GPCB regarding revocation of its closure order. Therefore, the Company is in process of starting operations of its paper division.

I further thanks all Shareholders, Union and State Government, Bankers, Employees and other stakeholders for their continued support to the Company. I also thank my fellow Directors and Pannelists for joining this webcast.

Now I authorise Mr. P.K. Mundra, Company Secretary to carry further proceedings of the meeting.

Mr. P.K. Mundra, Company Secretary:

Thank You Chairman Sir for your speech.

Now I may draw your kind attention to the fact that there are 9 (Nine) items in the agenda for this Annual General Meeting. It is informed to the members that Company has provided Remote E-Voting facility to all the members entitled to cast their vote (i.e. persons who were members as on 18th September, 2020, being cut-off date) on all the resolutions set out in the Notice of Annual General Meeting. It is further informed to the members that Mr. Ravi Kapoor, practicing Company Secretary (Membership No. F2587) and proprietor of M/s. Ravi Kapoor & Associates was appointed as Scrutiniser for the purpose of carrying out the remote e-voting process in a fair and transparent manner.

Now there is no requirement to propose or second each and every item of the agenda, so there will be no voting through show of hands. The e-voting has already been completed yesterday.

However, the e-voting is open during this meeting till 15 minutes after the conclusion of the meeting for the shareholders who have not voted through e-voting.

Members are requested to vote as voting line is open.

The result on e-voting will be declared within 48 hours and also will be communicated to BSE and NSE and will also be placed on website of the company.

Now I request the shareholders present to raise their queries on Audited Accounts for Financial Year 2019-20, if any, who has already informed to the Company in advance.

- **Mr. Vaibhav Badjatya**

Question 1: Company seems to have large land bank. Please let us know what is the total land bank owned by the company and its value along with plan to monetise the same.

Question 2: Can you please provide outlook for paper prices in near term along with details around industry capacity addition and resultant demand supply situation?

Question 3: Why the paper industries constantly face threat of imports at cheaper prices? Why other countries are more cost efficient and thus able to offer lower prices

Question 4: Why the industry have long lead time for green field plant commissioning? Is it that Raw material availability is also cyclical with years of oversupply and vice versa? What is your assessment of where we are currently in the cycle? Lead time is due to machinery being tailor made as per requirement of the company.

Question 5: Is imported wood pulp costlier or cheaper than domestically available pulp? Why it is so?

Question 6: Is Company mainly into using recycled waste paper for production or company also use wood for production.

Reply by Mr. Siddharth Chowdhary, Executive Director:

1. We have at present no surplus land and hence issue of monetization does not arise. Total land with the company is 230 acres. Last valuation was done in 2015 and value was Rs 250 cr which is reflected in books.
2. We as a corporate policy do not provide outlook on future scenario.
3. Paper industry is facing threat of imports at cheaper prices which is due to dumping and not necessarily related with cost structure. Cost structure of each country will also depend on government support and availability of raw material etc. We have no country wise details of cost structure with us.
4. Ours is waste paper based mill and have not faced cyclical issue in availability.
5. We do not deal in the same.
6. Ours is waste paper based only.

- **Mr. Tejas Shah**

Question 1: The financial performance of the Company for the Current Financial Year has declined. When the status of the Company will be profitable?

Question 2: Please justify the new logo adopted by the Company with tag line "Living Green."

Question 3: Why revenue of the Company has been decreased by 30-35% and why the Company has incurred net loss of 44.93 crores for the Financial Year ended 31.03.2020 as against the net profit of 38.22 crores in the Financial Year ended 31.03.2019.

Question 4: The paper industry is passing through demand slump. It is era of digitalization. How Company can survive in tough time?

Question 5: What kind of steps we have taken for growing our business? What are future plans for next 3-5 years?

Question 6: When we will be under Dividend paying Company?

Question 7: Require details of Related Party Transaction between sale and purchase from Bluecraft Agro Private Limited and Energy Beverages Private Limited and details of materials sold/purchased from such related parties.

Reply by Mr. Siddharth Chowdhary, Executive Director:

1. Due to unprecedented situation of Covid-19, schools, colleges are not yet open, offices are not fully functional. As you might know, Majority of consumption of paper is happening in textbook, note books, drawing books and in all these kind of acting instruments. Also, there was a rumor going around that corona can be spread through use of Newspapers, because of the vendors and that has resulted in decline in circulation of Newspaper in India, I would say across world. The entire Newspaper Industry including Times of India have been campaigning that corona is not spreading through the use of Newspapers, although their hard efforts have not resulted in ground reality, many of the housing colonies, societies have not allowed the circulation of Newspapers.
2. Living Green justification is that, we are using all the recycled based material to produce our paper so in a way we can say that we are contributing to our entire nature and reducing carbon footprint in the world.
3. There has been unprecedented amount of dumping in India, last year the price of paper in the International market was 650 dollars as an average of the newsprint and this year the dumping is happening at 370 dollars at the lowest. Hence, we have already applied to the Ministry of Finance and Commerce through our Association - Indian Newsprint Manufacture Association and also through social media to apply or implement the anti- dumping duty, which is being done by all the foreign players in India and also because of this situation we have seen that now in future if Government implements this anti-dumping duty, the situation should improve.
4. Demand slump has happened in the Covid period as of now in the writing and printing segment and also in newsprint. The steps, I do not think we have any major step to control the covid situation as a Company. The demand will only and only improve once the schools and colleges start. We have been impacted due to Covid-19, as of now as a Company we do not have any steps in mind to start the schools, colleges, we have no say in the government, the government will take appropriate decision keeping in mind safety of the entire nation.
5. The plan for next 3 to 5 years would be to evaluate any segment of paper which can be produced in this machine in future and we are already in a process of taking 1-2 trials to produce different types of papers used in the packaging industry.

6. The situation of the Company will improve in the future and then we can decide about the Dividend pay.
7. Related Party Transactions are of the nature which has been mentioned in the Annual Report. It is the sale of our water bottling plant to Energy Beverages Private Limited (EBPL) which owns the brand 'CLEAR'. We are manufacturers of bottles and the brand is owned by EBPL, so they are the brand owners since last 20 years and we have just entered this Industry as a Co-manufacturer and packaging.

For Bluecraft Agro Private Limited (BAPL), we have sold paper to them for exports for getting the required incentives and we also bought starch from BAPL being one of the leading company in India in starch manufacturer, starch is used only as a miniscule percentage of entire production of paper.

Mr. P.K. Mundra, Company Secretary:

As the business of the meeting is over, I declare the meeting as concluded and once again thanks all the participants for attending the AGM.

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