



**Chairman :**

The Company has taken all feasible efforts under the current circumstances to enable members to participate through video conference and vote at the AGM. I thank all the members, colleagues on the Board and Auditors for joining this meeting over video conference. I hope all of you are safe and you are in good health. Before I go ahead with my address to the shareholders, I would like to play you a Short Video presentation, capturing the Genesis and the Growth Story of SPB, during the last 60 years.

**[Corporate Video was then played to all the participants]**

I hope that the Video was visible as well as quite audible and also hope that the video helped the Shareholders of the Company to understand and appreciate the Growth story of SPB and the continuous work done by SPB team in Rural development and overall social upliftment.

With that, I would like to move on to my address to the shareholders.

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**CHAIRMAN'S SPEECH**

Dear Shareholders,

I welcome you all to this 60th Annual General Meeting of the Company. The Annual Report and Audited Accounts for the year under review, have been with you for some time now. I trust you would have reviewed the same by now and you are happy with the results posted by the Company.

This Annual General Meeting is indeed a significant occasion since this marks the completion of 60 years of company's incorporation. The video presentation that you just watched, succinctly captures the decade by decade progress made by the Company. As with other corporate entities, SPB went through its share of highs and lows, struggles and successes, faced existential issues, savoured moments of glory - but met them all with equanimity and determination to move ahead and be socially relevant, environmentally compatible and economically self-sustaining.

This is an occasion to pay homage to Mr.SV, the founder and to his vision and entrepreneurship and salutations to all present and past shareholders, Board of Directors, employees and stakeholders, who over the last 6 decades have kept the SPB flag flying.



What are the highlights of these 6 Decades...

The unique Lift Irrigation Scheme involving the Paper Mill - Farmers' Societies and Sugar Mill that has turned non-arable lands into sugarcane fields transforming the lives of over 500 farmers and some villagers. This scheme is in successful operation for over 35 years now.

The 2<sup>nd</sup> most important thing is the Creation of TNPL: an audacious decision to establish your own competitor in the State only to take away your market share and compete with you for state forest resources. TNPL has become the most successful bagasse based unit in the World and simultaneously SPB is also able to sustain and grow into a highly profitable paper unit in the country.

3<sup>rd</sup> is the Creation of Ponni Sugars – Ponni Sugars was created just to meet the raw material needs of SPB - a very very unique concept. Over the years, Ponni Sugars has earned the admiration of all for its impressive technical and financial performance.

Establishment of SPB-PC.... In its 35 years of existence, the consultancy company, SPB-PC has come to be rated as the best in the country in their line of business - having undertaken project related services to all the major manufacturing units in the country besides overseas assignments.

SPB itself has a record of 30 years of continuous profit taking and 28 years of unbroken dividend distribution - a record by itself in the Indian Paper Industry.

THE YEAR UNDER REVIEW...

Now coming back to the year under review, we had one more successful year.

Profit after tax for the FY 2019-20 was Rs 174.6 crores. EBIDTA as a % of Revenue from Operations was over 24% for the year and PAT improved to 14.5% on revenue. The Company had prepaid all its Term Loans to Banks and the Company achieved NIL Debt Status in December 2019. The Company continues to remain a Debt Free Company.

The strong Cash Flows and the Balance Sheet of the Company has allowed the Board of Directors to recommend a Dividend of 175% on face value. In addition, a special dividend of 25% has been recommended to commemorate the diamond jubilee of the Company, totalling to 200%, for the second year in succession.



I have requested Mr. Kasi Viswanathan, Managing Director to make a short, slide presentation to you on the Company's performance and Key highlights during the Financial Year 2019-20. He will do so immediately after my address.

Now coming to the current year...

Now coming to the current scenario, Covid-19 Virus has triggered a global crisis like no other.

Numerous lives have been snatched away, livelihoods of millions of people are in peril and economies of mighty nations have been battered. World Bank's Global Economic Outlook predicts that 90% of the countries in the world will go into recession in the coming months.

Indian Economy was slowing down even before COVID-19 and is currently looking at its fourth recession since independence.

India's GDP is set to contract by about 10% in the current year, while the World Economic outlook growth projections forecast a 4.9% contraction for the World output. Barring China, all other nations - Advanced Economies as well as Emerging Markets and developing economies are set to face negative growth this year.

India is going to be no exception. The economic impact of COVID-19 has been substantial and broad-based. The near-term growth outlook for India continues to be clouded by the global and domestic slowdown and uncertainties relating to the containment of COVID-19.

Pulp and Paper Industry, world-wide has been severely impacted by COVID-19. India, again, is no exception. With the closure of educational institutions, promotion of on-line learning and work from home practices, closure of several public and private commercial organisations, printing and writing grades are under severe demand related pressure. Industrial paper usage has also taken a big hit because of weakness in the FMCG, consumer durables, apparel segments etc. Adding to the tale of woe, is the sharply muted demand in the export markets.

While CRISIL Research indicates a contraction in demand for paper & paper boards to the extent of 10 - 15% in the domestic market, the Industry is currently witnessing a much larger decline in demand. The current year, therefore, will be a year of great challenge for the domestic paper industry.



We are bracing ourselves to face the contingency of poor off-take, slashed down prices, need to undertake periodic market related shuts of paper production, build-up of inventory of finished goods etc.

With our vast background of experience and a sound balance sheet, we are confident of weathering the storm. We also will focus on repositioning our product mix to the extent feasible to include more industrial grades.

Amidst all this, Company will continue to pay special attention to our Rural development and social upliftment programs besides the sugarcane and tree farming initiatives and to the educational and health needs of the communities surrounding its production facilities.

As the shareholders are aware, during the FY 2019-20, the Company had submitted a composite scheme of compromise or arrangement with creditors and stakeholders of Servalakshmi Paper Mill Limited, under Liquidation. Matter is pending before NCLAT. Our company is now approaching NCLAT for down revision of the Scheme Settlement terms, post Covid-19.

#### **Directorate**

During the year, Tamilnadu Government withdrew the nomination of Sri Shambu Kallollikar, IAS and in his place, nominated Sri Deepak Srivatsava, IFS, the Special Secretary to Government, Environment and Forests Department, as its Nominee Director on the Board of our Company. Sri Deepak Srivatsava, IFS, was appointed as an Additional Director on July 27, 2019. He was later appointed by the Shareholders of the Company, vide Postal Ballot on September 18, 2019, as Nominee Director liable to retire by rotation. Your Directors place on record the valuable services rendered by Sri Shambu Kallollikar, IAS, during his tenure as Director of the Company.

Based on the performance evaluation and on the recommendations of the Nomination-cum-Remuneration Committee, Sri A L Somayaji and Dr Nanditha Krishna were re-appointed for a second term of five years from September 29, 2019 to September 28, 2024 as Independent Directors, not liable to retire by rotation.

The Tamil Nadu Industrial Investment Corporation Limited has nominated Mrs E Sundaravalli, IAS, Addl. Secretary, Industries Department, Government of Tamilnadu and its Managing Director as its nominee on the Board of our Company



in the place of Dr.(Tmt).M.Aarthi, IAS. She was appointed as an Additional Director by the Board on July 13, 2020.

Mrs. Sundaravalli retires at this Annual General Meeting under Section 161 of the Companies Act, 2013, read with Article 90 of the Articles of Association of the Company. She is proposed to be appointed as a Nominee Director of TIIC, not liable to retire by rotation, at this Annual General Meeting and the subject is included as item No. 3 of the Agenda of Notice of the Annual General Meeting.

Your Directors also place on record the valuable services rendered by Dr. Aarthi, IAS during her tenure as Director of the Company.

Auditors :

M/s Maharaj N R Suresh & Co., and M/s R Subramanian and Company LLP, Chartered Accountants continue to be the Statutory Auditors of the Company.

Acknowledgement :

My whole-hearted thanks are due to all the Shareholders for their sustained support to the Company.

I am extremely grateful to my colleagues on the Board for their guidance, support and wise counsel which helped us to steer the Company safely during challenging times.

Executives and employees of all ranks of the Company have put in creditable performance which enabled the Company to turn-out impressive performance. My thanks are due to them.

My special word of thanks to the supporting Lift Irrigation Scheme farmers and the participating farmers in our Tree Farming program.

I am grateful to all our Shareholders, Customers, Indentors, Stockists, Overseas Agents, Suppliers and Service Providers for their whole-hearted support and co-operation.

My thanks are equally due to various departments of Central and State Governments and Banks.

Thank you Ladies and Gentlemen for your patient hearing.