

SESHASAYEE PAPER AND BOARDS LIMITED

66th Annual General Meeting | 20 June 2026

Chairman's Address

Ladies and Gentlemen,

I once again extend a warm welcome to all our Shareholders, my colleagues on the Board, Auditors and other stakeholders of the Company to this 66th Annual General Meeting.

FY 2025-26, the year under review, has been the toughest year for the Indian Paper Industry in recent times. Whiles, I would like to reassure our shareholders that our company is entering the FY 2026-27 with its strong balance sheet intact, its mills running at full optimal capacities, its workforce committed, and its investment programme moving forward.

This is by no means, a small achievement.

Let me share the full picture with you – the challenges, the numbers, the progress, and the path ahead.

Global Scenario

The global economy in FY 2025-26 continued to navigate a challenging and dynamic VUCA (Volatile, Uncertain, Complex and Ambiguous) environment, characterised by geopolitical tensions, trade policy shifts and rapid technological transformation.

The year witnessed:

- ❑ Continuing geopolitical tensions, including the prolonged Russia-Ukraine conflict and US-Iran-Israel-Middle East war tensions, which continued to impact global energy and supply chains.

- ❑ A drastic change in the global trade tariff landscape, with the United States imposing strategic tariffs on several trading partners while selectively progressing bilateral trade negotiations.
- ❑ Supply chain challenges and reconfiguration warranted thro' the blockage of Strait of Hormuz and consequent global energy risks.

Inflationary pressures, while moderating from their peaks, continued to influence central bank monetary policies and consumer confidence, particularly in emerging economies.

Despite persistent headwinds, the global economy demonstrated resilience, with trade flows stabilising and commodity markets finding a new equilibrium.

As per the IMF's World Economic Outlook, global growth is projected at approximately 3.1% in 2026, a modest improvement from the revised 2.8% in 2025. Advanced economies are projected to grow at 1.5-1.7% in 2026, as they continue to adjust to normalised interest rate environments.

Emerging market and developing economies continue to outperform, with growth projected at approximately 4.0% in 2026, led by India and select economies in South and Southeast Asia.

India's Moment – and the Opportunity it presents

- ➡ In FY 2025-26, India achieved something that would have seemed audacious to predict even a decade ago: it became the world's **fourth-largest economy**, with a nominal GDP crossing USD 4.3 trillion, surpassing Japan. The IMF projects India's real GDP growth at approximately 6.3–6.5% for the year – the fastest rate

among major economies — at a time when global growth has moderated to around 3.1%.

- I raise this not as a point of national pride alone, but because it is directly material to our business. A wealthier, better-educated India reads more, packages more, writes more, and prints more. India's per capita paper consumption today stands at approximately 15-16 kg — against a global average of ~ 57 kg. That gap is not a problem. It is an invitation. And when India's consumption begins to move toward the global mean, the demand inflection for Indian paper mills will be profound. SPB intends to be ready for it.

Indian Paper Industry – Charting the next decade

- Ten years ago, the Indian pulp and paper industry stood at crossroads. Rapid digitisation was reshaping how the world communicated, and many predicted a sharp, irreversible decline in demand for printing and writing paper. Today, as we mark this milestone, the industry tells a far more nuanced and, in many ways, more exciting story. Demand has not diminished — it has transformed. And the next decade promises an even more profound reshaping of what paper means, what it must do, and how it must be made.
- The single most consequential market shift over the next ten years will be the explosive growth of e-commerce and organised retail, both of which are driving demand for packaging-grade papers and boards at a pace that was unimaginable a decade ago. India's

packaging paper segment is projected to grow at a CAGR well above the overall industry average.

- ➔ Simultaneously, the writing and printing segment is undergoing a quiet reinvention. The education sector, government documentation, and premium publishing continue to anchor healthy demand. The opportunity here lies in moving up the value chain — toward brighter, lighter-basis-weight, and more consistently performing grades that command better realisations and serve a discerning institutional buyer.
- ➔ The Covid-19 pandemic marked an unexpected turning point for paper — a medium many had prematurely declared obsolete. As schools shifted to remote learning and screens became the default during pandemic, parents and educators quickly observed the cognitive and developmental costs of an all-digital environment: reduced attention spans, eye strain, and weaker retention among students. This sparked a widespread reassessment, with research reinforcing what many instinctively felt — that writing by hand on paper deepens comprehension, aids memory, and supports focus in ways that Digital learning simply cannot replicate. Schools began reintroducing paper-based workbooks, notebooks, and printed materials with renewed conviction, while parents actively sought paper-first learning tools for their children at home. The result has been a tangible resurgence in demand for quality paper products in the education segment, driven by a collective acknowledgment that in a hyper-digital world, paper remains an irreplaceable partner in learning and development.

Technology as the New Competitive Frontier

- Technology will be the great separator in the Indian paper industry over the coming decade. Energy efficiency, fibre optimisation, and water stewardship are no longer peripheral concerns — they are becoming core to a mill’s licence to operate and its cost competitiveness.
- At SPB, our investments in process automation, waste heat recovery, and effluent recycling reflect our belief that sustainable manufacturing and commercial viability are not in tension; they are, in fact, the same objective viewed from different vantage points.
- The rise of speciality papers is another area where technology will play a decisive role. Food-grade, grease-resistant, and barrier-coated papers are witnessing surging demand as India’s food services and quick-commerce sectors scale rapidly. These grades require precision chemistry, tight quality control, and a deep understanding of end-use requirements — capabilities that separate a truly integrated paper company from a commodity producer. We see this as an area where the company should now set its sights on.
- The paper industry, long regarded as a traditional and capital-intensive sector, is increasingly embracing Artificial Intelligence to drive efficiency, quality, and sustainability. AI-powered systems are being deployed across the production cycle — from optimizing pulp consistency and predicting equipment failures before they

occur, to fine-tuning energy consumption in real time and reducing raw material waste, besides optimising paper production rates.

The Year in Numbers for SPB

- Our total revenue from operations for the year stood at Rs. 1,710 crores, against Rs. 1,754 crores in the previous year. Our Profit after Tax came in at Rs.68 crores, compared to Rs. 105 crores in FY 2024-25.
- FY 2025-26 was a year shaped by forces largely external to us, and understanding them is essential to understanding our performance.
- Three factors drove this compression.
 - ❑ First, the import deluge. Shipments of paper and paperboard into India, excl. newsprint surged to 1.97 Mn tonnes in FY 2025-26 from a modest 0.54 Mn tonnes, about 15 years' back, growing at a CAGR of 9.1%; When the United States announced sweeping tariffs in 2025, the surplus from China and ASEAN countries found a destination in our Country, which further augmented the already existing problem. The pressure from cheaper imports got further accentuated with confusions arising out of GST 2.0 reforms announced in Sep'25, wherein the NIL GST on Paper for Notebooks and Notebooks and increase in GST on Paper in general from 12% to 18%, resulted in imported paper having further 12-15% cost advantage vis-à-vis paper manufactured in India. The flow into our market intensified through FY 2025-26,

pushing domestic prices to levels that made offtake and profitability acutely difficult for every Indian mill, operating with very little policy / govt. support.

❑ Second, wood costs. Our primary raw material — pulpwood — remained stubbornly expensive, a structural burden felt most acutely by mills in Tamil Nadu.

❑ Third, export markets for Uncoated Wood Free grades remained under pricing pressure for the eighth to tenth consecutive quarter, offering little relief on the revenue side. The Company's exports during FY26 was significantly affected due to disruptions in Exports to US in H1 of FY26 on account of the US Tariff.

➡ And yet, against this backdrop, our operations tell a story of resilience and agility. Our Company had registered the landmarks of highest ever annual production volumes and highest ever annual sales volumes during the FY 2025-26, in spite of challenging market conditions.

➡ This is a reflection of operational discipline and the agility that we have shown in altering the product mix, to suit market needs. We managed our costs astutely, protected our customer relationships, and maintained our trade relationships in both domestic and export markets.

➡ 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.

- The Board has recommended a dividend of Rs. 2 per share for the year, which is 100% of the paid-up Equity Share Capital of the company. And importantly, the Company exits FY 2025-26 with NIL net debt — a balance sheet position that gives us the strength to meet unforeseen contingencies.

Emphasis on ESG embedded Growth

- Even as markets were difficult, we never paused our investment in SPB's future nor did we lose sight of our commitments to ESG.
- SPB holds a distinction that few industrial enterprises anywhere in the world can claim — it was the **first paper mill globally** to partner with Sugar Mills to get bagasse by substitution with alternate fuels in their power boilers. At a time when the industry relied overwhelmingly on wood pulp, SPB's visionary approach transformed what was essentially an agricultural waste product into a high-quality papermaking fibre. We did this in recognition of the fact that India was a fibre deficient country and its forests need protection from denudation. Equally significant was SPB's role in promoting new policy measures to benefit manufacture of paper with unconventional raw materials, like agro-fibres, recovered paper, etc. It is this segment that has today grown to cater to 70% or more of Indian Paper manufacture.
- SPB's present aggregate paper manufacturing capacity stands at 2,55,000 tonnes per annum. By the end of the next investment cycle, over next 36 months, we look for further opportunities to reach 4.0 lakhs tonnes per annum. That increase in capacity, through projects MDP-4, Unit-III revival and Green Energy

augmentation is planned to be built on a foundation of NIL debt, with funding from internal accruals and existing reserves.

- In aggregate, the projects under execution would mean an investment of approx. **Rs.700 crores, over the 3 year period**. This is the most significant capital deployment in SPB's 66-year history. We are emboldened by the India upcoming growth story — and in our ability to sustain our growth momentum.
- The **62 MW Solar-Wind Hybrid Power facility** — established under our long-term Power Purchase Agreement with one of Europe's leading renewable energy companies — is expected to be commissioned in this FY. This facility will deliver approximately **11.0 crore units of green power annually**.
- The company is also investing in a new low pressure boiler in its Tirunelveli unit at a cost of about Rs.30 crores, which will help in largely replacing the fossil fuels with bio fuels.
- With the commissioning of our investments in augmenting renewable energy, nearly **70% of the energy requirements of our Erode unit** and more than 90% of the energy requirement of our Tirunelveli unit will be met from renewable sources.
This is not just an aspiration — it is an engineering commitment.
- Our Lift Irrigation Scheme — perhaps the most distinctive expression of SPB's relationship with its surrounding communities — continues to channel treated wastewater from our mills to irrigate **over 1,500 acres of farmland** for sugarcane cultivation. This tri-partite model linking SPB, local farmers and our associate sugar mill has been recognised as a Role Model by

the United Nations Development Programme. The enduring success of this model is yet another example of our commitment and vision for Green India.

- SPB is, and has long been, **wood-positive**: we plant more trees than we harvest. Our farm forestry programme covers over 20,000 acres annually, providing sustainable raw material supply while generating rural employment and expanding India's green cover.

A Structural Challenge that Demands a Policy Response

- No Chairman's address from an Indian paper company would be complete without speaking to the most consequential policy challenge facing our industry.
- The Indian paper industry, valued at over Rs. 85,000 crores and employing over five lakh people directly, is among the most agro-forestry-intensive industries in the country. More than 90% of the wood we use comes from industry-promoted farm forestry programmes — connecting paper mills to millions of rural farmers. This is a supply chain rooted in the Indian soil, in Indian communities, in Indian livelihoods.
- That supply chain is now under threat. Not from competition — we welcome competition. From distortion. Paper imports into India have grown at rates that no fair-trade framework can justify: from China, a 270% increase in three years; from ASEAN nations, 180% over the same period. Duty-free access under multiple free trade agreements has enabled this surge. And the diversion of paper originally destined for the US market — following steep US tariffs — has deepened the problem through FY 2025-26.

- The solution is available and well understood. We ask the Government to move on three fronts without further delay: impose anti-dumping and safeguard duties on paper imports from countries demonstrably dumping in our market; extend Quality Control Orders with mandatory BIS certification to all grades of paper, as was successfully done for copier grades; and open degraded non-forest government land for pulpwood plantation by the industry. Each of these measures will ensure sustainability and lasting partnership with the farming community.
- We are heartened that the Government is engaged with these issues and that conversations with industry are active.

Directorate

- During the year, Sri.M.Saikumar, IAS and Sri.Kumar Jeyant, IAS had served as nominee directors on our Board, with nomination from TIIC, our largest shareholder since inception. Sri.Ritto Cyriac, IFS, Sri.Ashish Kumar Srivatsava, IFS and Sri.Anurag Mishra, IFS served as Nominee Directors on our Board, with nomination from Ministry of Environment & Forests, State of TN.
- Your Directors place on record the valuable services rendered by the nominee directors on our Board.

In Closing

- Paper is among the oldest industrial products known to humanity. It has outlasted countless technologies predicted to replace it. It survives because it serves something fundamental — the human need to record, to learn, to communicate, to preserve.

- SPB has served that need for 66 years. Through droughts and recessions, through policy shocks and competitive disruptions, through the pandemic and its aftermath. We have endured not by accident, but by design — a design anchored in operational discipline, financial prudence, community responsibility and the relentless pursuit of quality.
- The year behind us demanded resilience. The years ahead demand profitable segmentation.
- **To our shareholders** — over 23,000 of you now — thank you for your patience and your faith through a difficult year.
- 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.
- **To our employees**, who kept our mills running with skill and dedication in a demanding market — this Company's performance is yours.
- **To the farming families** who partner with us in tree farming and in our Lift Irrigation Scheme — you are part of what makes SPB distinctive.
- **To our customers, indentors and other channel partners, overseas agents, suppliers and service providers, auditors, bankers and Government authorities** — your support is the foundation on which we build.
- As our company SPB enters its next decade, we carry forward a conviction that has guided us from the outset:

that long-term value in this industry is built not on scale alone,

but on the quality of what we make,
the responsibility with which we make it &
our commitment to align our policies and actions in line with
nation's requirements.

➔ **The Indian Pulp and Paper Industry's best is yet to come and we
intend to contribute responsibly.**

Thank you ladies and gentlemen for your patient hearing.

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