

***Seshasayee Paper and
Boards Limited***

*Speech delivered by
Sri N Gopalaratnam,
Chairman*



65th Annual General Meeting

June 14, 2025



CHAIRMAN SPEECH

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 65th Annual General Meeting.

Over the last 5 years, we are used to the AGM proceedings thro' Video Conference and this has now become the norm. However, I still look forward to the opportunity to meet you all in person, in the upcoming AGMs.

Let me start my speech with a small update on the Global Scenario.

GLOBAL SCENARIO

- ❑ The global economy remains remarkably resilient in a VUCA (Volatile, Uncertain, Complex and Ambiguous) environment.
- ❑ Over the last 5 years, the journey has been eventful, starting with
 - Supply-chain disruptions in the aftermath of the pandemic,
 - Russia-Ukraine war that triggered a global energy and food crisis and
 - Political strife and violent conflicts across the world
- ❑ The year 2025 has begun with the United States announcing multiple waves of tariffs on major trading partners and critical sectors, culminating with a set of nearly universal tariffs. While many of the scheduled tariff increases are on hold for now, the combination of measures and countermeasures has hiked US and global tariff rates to centennial highs. However, the context for such increases is very different. Unlike in the previous century, the global economy is now characterized by a high degree of economic and financial integration, with supply chains and financial flows crisscrossing the world, whose potential unwinding could constitute a major source of economic upheaval.



- ❑ The global economy showed surprising resilience during the severe shocks of the past four years and still bears significant scars. It is now being severely tested once again, especially in emerging market and developing economies with more limited buffers. More immediately, there is a risk that trade retaliation may further escalate trade tensions, with negative consequences for global growth.
- ❑ Cost-of-living pressures continue to bite, amidst persistently elevated inflation and interest rates and continued economic uncertainty in much of the world.
- ❑ Yet, despite many gloomy predictions, the world avoided a recession, the banking system proved largely resilient, and major emerging market economies did not suffer sudden stops.

GLOBAL OUTLOOK:

- ❑ As per the latest World Economic Outlook from IMF, released in April 2025, global growth is projected to drop to 2.8 % in 2025 and 3.0% in 2026, down from an earlier projection of 3.3% for both years, made before announcement of tariffs by US.
- ❑ Growth in advanced economies is projected to be 1.4 % in 2025. Growth in the United States is expected to slow to 1.8 %, a pace that is 0.9 percentage point lower relative to the earlier projection, on account of greater policy uncertainty, trade tensions, and softer demand momentum. In emerging market and developing economies, growth is expected to slow down to 3.7 % in 2025 and 3.9 % in 2026, with significant downgrades for countries affected most by recent trade measures, such as China.
- ❑ However, the pace of expansion is low by historical standards, owing to US Tariffs and consequences, Ongoing Wars, Weak growth in productivity and Increasing geoeconomic fragmentation.



- ❑ As per the survey published by World Economic Forum, the following are identified as major risks in Global landscape:
 - Global Tariff Wars and Escalating Trade tensions
 - Extreme Weather,
 - AI-generated mis-information and disinformation,
 - Societal and political polarisation,
 - Cost-of-living crisis,
 - Cyberattacks,
 - Economic downturn,
 - Disrupted supply chain for critical goods and services and
 - Escalation or outbreak of interstate armed conflicts.

INDIA OUTLOOK

- ❑ As the monsoon arrived in the country by last week of May 2025, it also came with good news. India is poised to become the world's fourth-largest economy by fiscal year 2026, surpassing Japan with a nominal GDP of approximately \$4.187 trillion—just edging past Japan's projected \$4.186 trillion, according to the International Monetary Fund's April World Economic Outlook. This ascent marks a pivotal moment in India's economic journey, stressing its growing clout amid a turbulent global situation.
- ❑ Until 2024, India was the fifth-largest economy globally. The IMF also forecasts India to be the fastest-growing major economy over the next two years, with real GDP growth rates of 6.2% in 2025 and 6.3% in 2026. These rates exceed global growth estimates of 2.8% in 2025 and 3.0% in 2026, reflecting India's accelerating economic momentum relative to its peers. Over the past decade, India's economy has more than doubled in



size—from \$2.1 trillion in 2015 to today's valuation—a striking 105% expansion that eclipses many global counterparts. Meanwhile, Japan's economy remains largely stagnant, with a mere 0.6% real growth projected in 2025.

- ❑ This growth is underpinned by several factors: a burgeoning working-age population, strong domestic consumption, and strategic government reforms. The country's economic dynamism is further bolstered by recent international trade developments. In May 2025, India signed free trade agreement with the United Kingdom that is projected to increase bilateral trade by £25.5 billion, including a £15.7 billion rise in UK exports to India. The agreement spans goods, services, investments, and intellectual property. Negotiations with the United States and other countries are ongoing, offering India further leverage to expand its corporate footprint globally and pursue the next milestone—becoming the world's third-largest economy.
- ❑ Looking ahead, the IMF's projections suggest India could surpass Germany and become the world's third-largest economy by 2028, provided it maintains its current growth trajectory. Realising this will demand not only continued structural reforms and investment in human capital but also a shift towards sectors that generate mass employment and ensure inclusive growth.
- ❑ Crisil in its recent report has observed that India's real gross domestic product (GDP) growth would be steady at 6.5% in fiscal 2026 despite uncertainties stemming from geopolitical turns and trade-related issues led by US tariff actions.
- ❑ Over fiscals 2026-2030, the PLI scheme and emerging sectors are set to account for a quarter of the country's capex from 12% in fiscals 2021-2025, underscoring their importance in India's industrial landscape



- ❑ A robust manufacturing sector is not only an economic driver but also a strategic lever to boost exports and foreign exchange earnings and fortify India's position in the global value chain.
- ❑ India is building a strong domestic manufacturing ecosystem by focusing on four interconnected pillars: infrastructure for a solid foundation, technology for modernisation, skill development for a capable workforce, and market access to drive demand and growth. These underpinnings synergistically create a fertile environment for success in manufacturing

INDIAN PAPER INDUSTRY

- ❑ The Indian paper industry plays a vital role in the nation's economic development and is intricately linked to sectors such as education, packaging, FMCG, and publishing. Currently, the industry is valued at over ₹80,000 crores, with a production capacity of approximately 25 million tonnes per annum. It supports over half a million people directly and many more indirectly. India is both a producer and consumer of paper, ranking among the top 5 paper-producing countries in the world.
- ❑ Despite global hurdles, the Indian paper industry is poised for steady growth:
 - **Rising Literacy and Education Reforms:** Government initiatives such as the National Education Policy (NEP) will drive demand for educational materials.
 - **Boom in E-commerce and Food Delivery:** Demand for eco-friendly packaging solutions, including kraft paper and carton boards, is increasing rapidly.
 - **Sustainability and Bioeconomy Push:** There is a growing shift toward using paper as a substitute for plastic in packaging and single-use products.



- **Technological Modernization:** Adoption of automation, digitization, Artificial Intelligence and Machine Learning applications and energy-efficient processes is making Indian mills globally competitive.
- **Exports Potential:** With rising global awareness about sustainable paper packaging, India is well-positioned to become a preferred export hub, especially to the Middle East and Africa.
- The Indian paper industry is undergoing a transformation from a traditional manufacturing sector to a dynamic, tech-enabled, and sustainability-driven industry. With strategic investments in raw material security, circular economy practices, and advanced manufacturing, it is expected to grow at a CAGR of 5-6% over the next decade. Its ability to align with global trends like eco-friendly packaging and digital integration will determine its long-term success and resilience.
- However, in the short to medium term, the situation, particularly on margins and returns for the Paper Industry is not positive.
- The adverse market conditions seen in FY24 for most varieties / grades of Writing & Printing (W&P) continued in FY25 and further worsened more particularly in 2nd half of FY25, amidst global uncertainties, weak demand and sustained higher inflow of Cheaper imported paper into India.
- The Domestic Paper market continues to remain weak amidst
 - (i) Disrupted supply chains globally due to the tariffs announced by US
 - (ii) Increased availability of Imported Paper from China, Indonesia and other Asian countries, at Cheaper Prices in the Indian market.
 - (iii) The overall unfavourable global demand situation resulting in increased supply situation to the Indian Market, thereby resulting in Demand -Supply mismatch.



- ❑ The above factors contributed to significant reduction in the prices of Paper during the year. Though the company / most paper mills could announce price increase in Jan'25 and Feb'25, the said could not be implemented in the market due to aggressive dilution of accumulated paper inventory by few paper mills at disruptive prices.
- ❑ The International market for Paper, which remained extremely buoyant until FY23, had seen severe pricing pressures over last 8-10 quarters. The International market has not shown any signs of recovery and the drop in price mainly from Indonesia and China continue. Demand remains flat although some short-term bumps are seen. The company's supplies in to US Market remained strong during FY25; however, this has been affected in Q-1 of FY26 with steep tariff announcements by US.
- ❑ On the cost front, the Indian Paper Mills with integrated pulping operations, suffered significantly due to exorbitant increase in the cost of wood. The price of Wood continues to remain at these elevated levels, due to availability issues, with impact being more profoundly felt by the Paper Mills in the State of Tamilnadu.

DEMAND OUTLOOK

- ❑ Domestic market conditions are expected to remain challenging at-least until the first 2 quarters of the FY26 for W&P grades, as per the present market trends.
- ❑ The demand for paper and more particularly, the market operating prices will depend on the Global macro-economic trends and swift closure of trade agreements between India and US in resolving the tariff situation.
- ❑ As sweeping tariffs have been imposed on India's competitors including China, Thailand, Vietnam and Malaysia, their goods become expensive in the US market and this would lead to diversion of goods into countries



like India after some months. The clear signals for these rises in imports are likely to manifest from June to July.

- ❑ With fear of possible recession / lower than expected growth levels in some of the key economies and distressing global political situations, prices of Paper is expected to see continued pressures in the short-medium term. Considering the uncertainties that continue to prevail in global macroeconomic situation and subsequent slowdown in developing countries, the market is expected to be very cautious and seek for replenishment of inventory only when necessary without room for any speculation.
- ❑ The Export market for Uncoated Wood Free grades has been under pressure both in terms of demand and prices over the last 8-10 quarters and this trend is expected to continue.

YEAR UNDER REVIEW

- ❑ The Company had registered the following landmarks during the FY 2024-25, in-spite of challenging market conditions.
 - Highest ever annual production at 2,46,431 tonnes.
 - Highest ever annual Production in Unit : Erode – 1,70,426 tonnes (Erode unit operating at 103% of the installed capacity)
 - 2nd highest annual sales at 2,39,073 tonnes (Highest annual sales - 2,40,649 tonnes in FY 2022-23).
- ❑ The Company's Profit after tax stood at Rs 105 crores in the FY 2024-25 as against Rs 259 crores in the previous year. The lower profits are mainly due to Lower average realisations per t of paper in the Domestic Market and Significant increase in the cost of wood, key input material for 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.
- ❑ The Board of Directors have recommended a Dividend of 125% on face value for FY 2024-25.
- ❑ The Company continues to report NIL Net Debt position.
- ❑ I would be covering the details of FY 2024-25 performance with a detailed presentation, post this address.

GROWTH PLANS:

- ❑ The Company presently has an annual paper capacity of about 2.55 lakhs tonnes, with Erode unit accounting for 1.65 lakhs tonnes and Tirunelveli unit accounting for 0.9 lakh tonnes.
- ❑ Under project MDP-IV in Unit: Erode, the Company is currently taking steps to augment the pulp, chemical recovery and paper production in Unit : Erode by 40% in 2 phases. The Company is awaiting Environment Clearances for the 1st phase of 20% increase.
- ❑ The Company had also acquired the assets of Servalakshmi Paper Limited as a going concern, situate close to our existing Tirunelveli unit, in an e-auction sale approved by Hon'ble NCLT. The Company has taken over possession of the assets and is currently contesting the appeals in Hon'ble NCLAT challenging the Honourable NCLT's order. This 3rd unit of the company can manufacture about 75000 tonnes per annum of Fine Papers.
- ❑ Over next 2 years, on commissioning of Unit-III and completion of both phases of MDP-IV, the company's paper capacity is expected to grow from current levels of 2.55 lakhs tonnes to 4.0 lakhs tonnes. Also during this time, the company's in-house wood and bagasse pulp capacities are expected to grow from 1.8 lakh tonnes to over 2.5 lakh tonnes.



- ❑ The Company plans to invest nearly Rs.750-800 crores in these growth projects over next 2 years.

ESG AND INVESTMENTS IN RENEWABLE ENERGY:

- ❑ The Company's ESG framework and the updates on the initiatives taken by the company on this front have been explained in detail in the Business Sustainability Report that has been given voluntarily as part of the Board's Report. Staying committed to the principles of Environmental and Social Governance, SPB always strives in the manufacture of paper in a CLEAN, GREEN ENVIRONMENT.
- ❑ Our primary fibrous raw materials are obtained through sustainable models helping the local community.
- ❑ Our processes are ENERGY EFFICIENT and CLEAN. Major portion of our Energy requirements are addressed with GREEN sources. SPB is committed to be a truly sustainable and socially responsible business.
- ❑ The Company's ESG roadmap, Green initiatives and targets have been integrated with the Growth Strategy of the business.
- ❑ The Company has also recently collaborated with a Spanish company for setting up and commissioning of about 62 MW of Hybrid-Solar and Wind Power facilities, for exclusive use by SPB. This facility, to be housed as a separate SPV, will have Equity Participation from our Company under Group Captive Model and this facility will have 9 MW of Wind Power Facilities and 52.8 MW of Solar PV facilities.
- ❑ This strategic tie-up to foster Energy from Renewable sources, along with the company's proposed investment in Erode in project MDP-IV and in bio-fuel based boilers in Tirunelveli unit, can ensure that more than 65% of energy needs of all the 3 units of the company be addressed by Green Sources.



INDIAN PAPER INDUSTRY - 2025 AND BEYOND:

- ❑ As mentioned by me in my speech at the time of last AGM, Paper consumption in India is likely to grow steadily, largely driven by emphasis on education and literacy coupled with growth in organised retail trade.
- ❑ However, Indian Paper Industry has been plagued for many years with challenges on 2 major accounts :
 1. Raw Material (Wood) availability.
 2. Increased import of Paper at NIL duties in to India.
- ❑ India's Pulp & Paper Industry has agro forestry roots and strong backward linkages with the farming community, from whom wood, which is a key raw material, is sourced. Of the total demand for wood, over 90% is sourced from industry driven agro / farm forestry, rest from government and other sources. India's Paper Industry is wood-positive, that is, it plants more trees than it harvests.
- ❑ Industry promoted tree farming programmes have generated significant employment opportunities for the local community, especially in the rural areas, apart from increasing the green cover in the country. However, lack of adequate land has been a major constraint in enhancing wood production by the Industry.
- ❑ The Government should consider the long pending appeal by the Industry and making available some part of the country's degraded forest land, FDC (Forest Development Corporation) land and non-forest Government land available to the Paper Industry in the close proximity of the Mills for pulpwood (+fuel wood/fodder) plantation under collaborative arrangement.



- ❑ Our Company has, on its part, expanded its wood sourcing programmes with sourcing from nearby states, sourcing of newer varieties of wood, renewed focus on Tree Farming and Contract Farming initiatives.
- ❑ The next major challenge continues to be increases availability of Imported Paper at cheaper prices.
- ❑ Imports of paper and paperboard in India, in volume terms have jumped from 11.45 lakh MT in 2021-22 to 14.36 lakh MT in 2022-23 to 20.55 lakh MT in 2024-25, according to the latest data issued by the Directorate General of Commercial Intelligence & Statistics (DGCI&S). This translates to an increase of nearly 80% in 3 years by volume terms.
- ❑ Imports from China have increased a stupendous 277 % during the past 3 years, and from ASEAN countries by 180 % during the last 3 years.
- ❑ The duty-free import of Paper into India renders domestic paper non-competitive, thereby endangering the sustainability of the Indian Paper Industry.
- ❑ Suitable safeguard, anti-dumping and countervailing duties on imports of various grades of paper should be expeditiously imposed.
- ❑ Issue of quality control orders (QCOs) by the Government on all grades of paper and making BIS certification mandatory, like done for Copier grades earlier, will not only assure supply of quality products to the Indian consumers but also check the import of sub-standard products into the country.
- ❑ Government is aware of the challenge from duty free Imports and have been vigorously holding discussions with Industry representatives to find suitable measure to mitigate the negative impact from imports.
- ❑ Amidst these challenges, company has entered FY 2025-26 with a note of caution but is well prepared to pursue growth opportunities with focus on augmenting both in-house pulp and paper capacities.



DIRECTORATE

- ❑ During the year, the second term of Independent Directorship of Sri A L Somayaji and Dr. Nandhitha Krishna ended on 28th September, 2024. Your Directors place on record the valuable services rendered by Sri A L Somayaji and Dr. Nandhitha Krishna during their tenure as Independent Directors of the Company and their contribution to the governance and growth of the company.
- ❑ I also take pleasure in welcoming Mr. T.C.A Ranganathan and Dr. C. Chandramouli as Independent Directors of the Company. Their appointments as Independent Directors were approved by the shareholders of the company, thro' Postal Ballot during the year.
- ❑ Sri T.C.A Ranganathan, a career banker for 4 decades, has worked in various leadership positions in SBI and was later appointed as CMD of EXIM Bank in 2010. He had also served as Non-Executive Chairman of IOB. Dr C Chandramouli, IAS (Retd.) has over 3 and half decades of governance experience of local, state and national levels with exposure to working in multilateral agencies at the international level.
- ❑ During the year, TIIC withdrew its nomination of Sri Hans Raj Verma, IAS as the Nominee Director in our Board, on 20th July, 2024 and he accordingly vacated the office of Nominee Director. Your Director place on record the valuable services rendered by Sri Hans Raj Verma, IAS during his tenure as a Director of the Company.
- ❑ In his place, Dr. M. Sai Kumar, IAS, was nominated by TIIC and he served as a Nominee Director in the Board of our Company from July 2024. In May 2025, consequent to his transfer, his nomination has been withdrawn by TIIC and in his place, Sri. Kumar Jeyanth, IAS has been nominated to our Board. Your Director place on record the valuable



services rendered by Dr.Saikumar, IAS during his tenure as a Director of the Company and welcome Sri.Kumar Jeyanth to our Board.

- ❑ In May 2025, Ministry of Environment & Forests, TN has withdrawn its nomination of Sri.Ritto Cyriac, IFS to our Board in his place, Sri. Ashish Kumar Srivatsava, IFS, Special Secretary, Environment and Forests Department has been nominated to our Board. Your Director place on record the valuable services rendered by Sri.Ritto Cyriac, IFS during his tenure as a Director of the Company and welcome Sri. Ashish Kumar Srivatsava to our Board.
- ❑ The Company will be seeking the approval of the shareholders of the company for the appointment of Sri. Kumar Jeyanth and Sri. Ashish Kumar Srivatsava as nominee directors, thro' Postal Ballot.

ACKNOWLEDGEMENT :

My whole-hearted thanks are due to all our Shareholders for their sustained support to the Company. Shareholders strength has now swelled to over 23,000. Our total shareholder strength has grown from about 12500 in 2019 to over 23000 now and we are pleased with the support that we now receive from a large base of shareholders.

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. 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 Stakeholders, Auditors, Customers, Indentors, Stockists, Overseas Agents, Suppliers and Service Providers for their whole-hearted unfailing 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.

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