THE SOUTH INDIA PAPER MILLS LIMITED

67th Annual General Meeting, 17th September 2026

Chairman's Address to the General Meeting

Ladies and Gentlemen,
A very warm good morning to all our shareholders, fellow board members, and esteemed guests joining us today for the 67th Annual General Meeting of The South India Paper Mills Limited.

They say that the true strength of an enterprise is not measured when the wind is at its back, but by how it navigates a storm.

Notwithstanding an improvement of year-on-year operating profits, a year ago, we stood before you facing tough liquidity conditions, a tepid market, and a painful net loss.

But, we also stood before you with a firm promise: that our state-of-the-art machinery, our engineering talent, and our strategic pivot toward premium, high-performance paper grades would yield true value.

When we gathered here last year, I shared with you our roadmap for an arduous but necessary transition. We were focused on scaling up volumes, mastering our technically advanced new pulp line, and shifting our product basket heavily toward high-margin, value-added paper grades.

Today, it gives me immense pride to report that our strategy has delivered. I am delighted to announce a historic financial and operational turnaround for your company in the financial year ended March 31, 2026.

This is not just a turnaround in numbers; it is a complete proof-of-concept for our business model. Our production teams have climbed the learning curve to operate our technically sophisticated pulp and paper lines. The result is engineered, lighter, stronger and high-contribution paper grades.

We have successfully replaced expensive imported grades in the building materials, cold storage and transport chain and consumer durables sectors. We have given our clients win-win solutions that protect their products, elevate their aesthetics, and lower their costs.

Driven by strong volume growth and market penetration for new grades, our Revenue from Operations surged by 17.4% to reach ₹433.81 Crores, up from ₹369.31 Crores in the previous fiscal year.

Your company successfully reversed the previous year's net loss of ₹9.64 Crores to deliver a robust Net Profit of ₹10.74 Crores for FY25-26. This performance has

translated into a positive Earnings Per Share (EPS) of ₹5.73, validating the massive capital investments we have made into our state-of-the-art production facilities.

However, it is more important to note that our Operating Profit improved from Rs 22.53 crores in 2024-25 to Rs 51.27 crores in 2025-26, enabling us to completely meet our interest obligations of Rs 20.27 crores and repayment obligation of Rs 24.96 crores during the year, leaving a balance of Rs 6.04 crores for routine capital expenditure and net working capital.

Operational growth requires strict working capital discipline. Our improved product mix is aiding a faster turnaround of receivables and contributing to a steady order book which in turn allows us to optimize inventory levels.

I am also pleased to bring to your attention that we have made steady progress in optimizing our debt profile, paring down our non-current borrowings from ₹106.63 Crores to ₹92.63 Crores, significantly easing our long-term leverage.

While we celebrate this return to healthy profitability, your management remains deeply grounded regarding our fiscal responsibilities. In the current year thus far, I am happy to say that our operations are progressing as per the previous year's trends.

However, external challenges keep us concerned and vigilant. The ongoing geo-political instability, particularly the USA, Israel and Iran war has posed new challenges, by the depreciation of the Rupee and higher cost of imported coal, driving up our energy costs.

The international trade environment continues to grapple with the unpredictable waves of global tariff changes and currency fluctuations, particularly impacting the cost of imported wastepaper and virgin pulp which constitute 80% of our fibre furnish. Of some consolation, however, is the fact that we replace many grades of paper which are currently imported and so, to some extent, there is some hedging against this dependency.

Domestically, the packaging sector continues to deal with the inverted duty structure created by the recent GST realignment—where paper inputs attract 18% GST while finished corrugated boxes stand at 5%. This structural anomaly binds valuable working capital across the supply chain.

To counter these pressures and cement our competitive edge, our focus is now shifting toward optimizing our manufacturing footprint. We are executing an investment roadmap for necessary Capital Expenditure which covers nonconsumable capital spares to maximize plant uptime, investment in energy saving equipment and process enhancements for improved quality and introduction of new value-added grades.

Simultaneously, to further manage our energy costs—which represent one of our primary manufacturing outlays—we are continuously scaling our usage of cleaner, cheaper power via group captive renewable energy initiatives, ensuring we seamlessly meet growing statutory carbon-footprint mandates.

Looking ahead, we are positioning SIPM for a sustainable, green, and high-yielding future. As part of our commitment to the United Nations sustainability goals and national mandates, we are planning a progressive shifting away from conventional fossil fuels toward green energy alternatives.

I extend my deepest gratitude to our banking partners for their steadfast faith, to our long-standing vendors and customers who form the bedrock of our ecosystem, and to the entire SIPM workforce whose tireless dedication made this turnaround possible.

Most of all, thank you, our shareholders, for your patient and unwavering support. We look forward to building on this profitable momentum in the years ahead.

Thank you.

Manish M. Patel

Chairman & Managing Director,

The South India Paper MIlls Ltd.