Kuantum Papers Ltd

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BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 **Scrip Code: 532937** **Scrip ID: KUANTUM**	**National Stock Exchange of India Limited** Exchange Plaza Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai 400 051 **Trading Symbol: KUANTUM**

Sub: Transcript of Q2 FY27 Earnings Conference Call

Ref: Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 30 & 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached herewith, transcript of the Earnings Conference Call conducted on 30th October, 2026 to discuss Q2FY27 earnings and performance.

The above information is also available on the website of the Company i.e. www.kuantumpapers.com and at weblink: https://www.kuantumpapers.com/wp-content/uploads/2026/11/Transcript-of-Q2-FY27-Earnings-Conference-Call-30.10.2026.pdf

This is for your information and record please.

Thanking you,
Yours faithfully,
For Kuantum Papers Limited

Gurinder Singh Makkar

Digitally signed by Gurinder Singh Makkar
Date: 2026.11.03 16:16:52 +05'30'

(Gurinder Singh Makkar)
Company Secretary & Compliance Officer
M. No.: F5124

"Kuantum Papers Limited

Q2 FY27 Earnings Conference Call"

October 30, 2026

MANAGEMENT: **MR. PAVAN KHAITAN – VICE CHAIRMAN AND MANAGING DIRECTOR – KUANTUM PAPERS LIMITED**
MR. JAGDEEP HIRA – WHOLE TIME DIRECTOR AND CHIEF EXECUTIVE OFFICER – OPERATIONS – KUANTUM PAPERS LIMITED
MR. VIKRAM KUMAR KHAITAN – CHIEF FINANCIAL OFFICER -- KUANTUM PAPERS LIMITED
MS. PRACHI SHARMA – CHIEF STRATEGY OFFICER – KUANTUM PAPERS LIMITED

MODERATOR: **MR. NAVIN AGRAWAL – HEAD INSTITUTIONAL EQUITIES – SKP SECURITIES**

Moderator: Good afternoon, ladies and gentlemen. Welcome to Kuantum Papers Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the management opening remarks. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Navin Agrawal, Head Institutional Equities from SKP Securities Limited. Thank you and over to you, sir.

Navin Agrawal: Good afternoon, ladies and gentlemen. It's my pleasure to welcome you on behalf of Kuantum Papers and SKP Securities, to this financial results conference call. We have with us Mr. Pavan Khaitan, Vice Chairman and Managing Director; Mr. Jagdeep Hira, Whole Time Director and CEO, Operations, Mr. Vikram Kumar Khaitan, Chief Financial Officer and Ms. Prachi Sharma, Chief Strategy Officer.

We'll have the opening remarks from the management, followed by a Q&A session. Thank you, and over to you, Pavan Ji.

Pavan Khaitan: Thank you, Navin. Good afternoon, everyone. It's a pleasure to welcome you all to our earnings conference call for the second quarter and first half of the financial year 2027. I would like to thank all participants for joining us today. This quarter is traditionally the lean season for the paper industry, which was further impacted by a surge in cost of inputs.

While domestic wood prices have softened due to improved availability, higher costs of agricultural materials and fuel costs, along with the impact of the West Asia war on chemical costs continue to exert pressure on margins, reinforcing the importance of operational efficiency and cost optimization by the industry.

Moving to Kuantum's operational highlights, we achieved a key milestone in our ongoing modernization program with the successful commissioning of PM 3 on 28th August 2026, completing the rebuild in a record 59 days, against the planned shutdown period of 65 days. The upgraded machine incorporates advanced technologies including a film press, I-table, table vision, web break monitoring, a state-of-the-art calendaring system and an automatic starch cooking module. These enhancements are aimed at improving production efficiency, strengthening process control and delivering superior paper quality, further reinforcing our manufacturing capabilities and product competitiveness. We are proud to share that with this commissioning, all 4 paper machines have now been successfully upgraded and modernized in line with our mill upgradation plan.

The plant also made meaningful progress in the fine tuning and optimization of the Double Displacement Digester System for wood pulping. The system has improved wood pulp yield by 1%, while we have seen a reduction in steam consumption from 1.8 metric tons to 0.8 metric tons per tonne of pulp.

These improvements have enhanced raw material utilization and reduced energy consumption, strengthening our cost efficiency and overall manufacturing performance. At the plant level, we achieved our highest ever monthly copier paper production of 4,482 metric tons in August of 2026, reflecting our ability to cater to market demand for high-quality A4 paper.

During the quarter, we also undertook a major overhaul of our 20-megawatt turbine generator and one 30-ton per hour boiler with the objective of enhancing equipment efficiency, reducing energy consumption and ensuring reliable sustainable plant operations. Additionally, under our Total Cost Management initiative, we implemented a single vendor chemical solution across both Agro Pulp Mill and Hardwood Pulp Mill delivering cost savings and further strengthening our focus on operational efficiency and cost optimization. On the product development front, our research and development team completed the development protocol for PFAS-free 40 GSM Oil & Grease Resistant paper for food wrapping purposes and this paper has been commercially launched in the market in Q3. This strengthens our specialty paper product portfolio and supports our focus on developing value-added products for the evolving customer requirements. Sustainability continues to be integral part of our long-term strategy.

During the quarter, we achieved our highest ever clonal saplings production of 17.93 lakh saplings. We also added about 2,300 acres under our social farm forestry program during this quarter, taking our total plantation coverage to over 22,000 acres. These initiatives reinforce our commitment to developing sustainable sources of raw materials and responsible resource management.

Going forward, our focus remains on maximizing the benefits of our upgraded manufacturing infrastructure, driving cost efficiencies and expanding our value-added specialty paper portfolio to support sustainable, profitable growth. With that, I would now like our CFO, Vikram Khaitan, to take you through the financial performance for the period under review. Over to you.

Vikram Khaitan: Thank you, sir, and good afternoon, everyone. Let me now take you through the financial performance for the second quarter of financial year 2027. For the second quarter of financial year 2027, operational income stood at INR279 crores, declining 8% quarter-on-quarter. This was primarily due to planned shutdown of one of our paper machine lines for upgradation and modernization, which impacted both production and sales volume.

EBITDA stood at INR35 crores with EBITDA margins moderating by 84 basis points to 12.4%. This was primarily due to lower net selling realization during the seasonally lean demand period, coupled with higher raw material and fuel costs amid the ongoing West Asia conflict. Profit after tax for the quarter stood at INR2 crores with PAT margins at 0.8%.

Now coming to the performance for the first half of financial year 2027. Operational income grew by 16% year-on-year to INR533 crores. EBITDA stood at INR75 crores, broadly in line with the previous year. However, higher depreciation and finance costs impacted profitability with profit after tax for the period stood at INR9 crores with PAT margins at 1.5%. Going

forward, our focus remains on improving operational efficiencies, optimizing costs and strengthening profitability through operational improvements.

With this, we can now begin the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Saania Jain from Care PMS.

Saania Jain: Just one question on the side of cost. Could you quantify the amount by which the cost has increased specifically because of the West Asia war?

Pavan Khaitan: Well, they have impacted cost of chemicals, particularly sulfuric acid, which -- for which the resources come from West Asia. And I think the impact is close to about 2-odd percent on sales, if you take the entire chemical composition for the operation.

Saania Jain: That is on a quarterly basis or a monthly basis?

Pavan Khaitan: Quarterly.

Saania Jain: Okay. And because of that, the fuel costs would have also increased. So that would have increased our costs of manufacturing of bringing in the raw materials. So does this 2% incorporate that as well?

Jagdeep Hira: Yes. So the fuel cost primarily has been on the increasing trend and the impact is going to be around 3%, 3.5%.

Saania Jain: Okay. And what would have been the release that we would have got from the wood cost decreases?

Jagdeep Hira: So overall, if we see on the contribution level and on the financial terms. Overall, both agro and wood, we have been able to reduce overall cost and consumption by around 15% to 17%.

Saania Jain: 15% to 17%?

Jagdeep Hira: Yes. All the raw material consumed vis-a-vis Q1.

Saania Jain: Okay. Could you quantify that number?

Jagdeep Hira: Absolute number?

Saania Jain: Yes.

Pavan Khaitan: I'm sorry, absolute numbers, we won't be able to exhibit right now. This is more of a trend line that we are suggesting for the moment.

Saania Jain: Okay. Got it. And how is the demand scenario looking like? Because as you mentioned, quarter 2 was a lean quarter. So given the quarter 3 would be a better quarter. Do we think we will be able to pass on any further price increases?

Pavan Khaitan: Yes, Q3 certainly is looking upbeat. There are tailwinds suggesting that there would be a price improvement. However, looking to the Q2 performance even despite passing through a lean period, we were still able to sell whatever we produce. We were still operating to 100% capacity utilization, because of the way we have been able to make our market presence felt and we are able to collect orders in advance for our production lines.

Saania Jain: So did we take any price hike in quarter 2?

Pavan Khaitan: Quarter 2, no, only towards the end, which didn't really have any impact on the Q2 financials. Q3 will certainly be better in terms of price realizations for us.

Saania Jain: Okay. Do we have any numbers or percentage by how much we plan to increase or pass on the price hike?

Pavan Khaitan: We are expecting prices to increase in the range of 7% to 11%.

Moderator: Next question is from the line of Purva Jhaveri from Ionic Wealth.

Purva Jhaveri: Just wanted to better sense on the industry side. How the industry is looking either imports are shaping for the paper as well as for the imported pulp as well. What is the price of the imported pulp right now, which we are also importing. And can you also give a broad sense on how do you see for the next 1 to at least, let's say about next 2 years down the line, how do you see the wood prices trending moving forward, sir? So that would be from my side?

Jagdeep Hira: Yes. So over 2 years, we are looking at incremental increase on globally, I'm talking about globally the pricing going up, which are at present in the range of 3% to 5%. And we could see the trend is moving up as a global scenario is coming down. And similarly, as Pavan Ji said, we are looking at increased realizations as well in the domestic market. If we talk of imports, we are -- as we are looking at some support from the government bodies also putting the antidumping duties across all grades, which will be benefited by the industry.

Pavan Khaitan: Also, I think imports are pretty much stable at the moment. We haven't seen an increase in imports happening, which they normally occurred in the last 2 years, they have subsided to quite an extent because, again, because of the Gulf War situation and cost of freights and sort of cost of freight remaining at a high level. So that clearly has impacted and dented the volume of imports coming in and which I feel is stable and not impacting the industry unfavorably.

Purva Jhaveri: And sir, regarding the wood prices, which is priced, I think it's around INR12,000 a tonne. Sir, how do you think -- how do you see that going forward, sir, for the next few years? Where do you see?.

Pavan Khaitan: We clearly see an increase in availability of wood materials, which should help in positively assessing and impacting the pricing of that product for us. Wood as a raw material should be more available in future and the pricing at least being stable or lowering, but certainly not increasing. And I think supporting that would be our own sort of clonal sapling increment that we have been able to achieve, and we are going to sort of target achieving about 1 crore saplings annually in the next 2, 3 years.

Moderator: Next question is from the line of Utkarsh Nopany from Anand Rathi.

Utkarsh Nopany: Sir, my question is that like we are seeing that the paper imports in India has gone down to a multi-month low level, because of the increase in the ocean freight rate. And you have mentioned that we have taken certain price hike of 3% to 5%, and we expect more price hike to happen, in near future. So whether those price hikes are temporary in nature, do you think so that we can see a rollback of such price hike when the ocean freight rate normalizes? Or do you think so these price hikes are going to sustain at least for the next 2, 3 quarter period?

Pavan Khaitan: So no, I feel that these price hikes are going to be sustained at least for the next 2 quarters, primarily because the second half of the financial year normally is considered better for the industry, where all the fresh demand from all kinds of sectors for paper consumption sectors come in.

So the price hike is going to be more sustained over the next 2 quarters. And as you said that the imports have come down, but so have exports. Exports have also seen a downturn from India to various parts of the world. Again, the impact is because of ocean freights going high. So whatever was getting exported earlier is finding its way into the domestic market from the Indian players. There is a kind of a stability on the demand and supply situation, as far as paper industry is concerned.

Utkarsh Nopany: And sir, do you believe that the recent price increase, which we have taken is sufficient to cover the cost inflation pressure, which we are seeing in starch or in coal cost like in the H2 FY '27 versus what we have seen in the H1 FY '27?

Pavan Khaitan: Well, this is a constant, I would say, competitive nature of the industry. We can't really foresee whether what is enough, how much further cost impacts can come in, because both move very, very differently. It's certainly not a cost push industry where pricing can be increased if your costs increase. So those are happening at their own level and pricing increase is happening at another at the market operational forces level. The bright side is that prices have increased. And as I'm saying that they are likely to remain on upward trend for the next 2 quarters at least.

Utkarsh Nopany: If you can guide, what would be the share of the starch cost as a proportion of our revenue? And what would be our margin guidance for H2 FY '27?

Pavan Khaitan: Well, starch cost would be no more than about 2%, 2.5% of the entire paper cost. So there are many other factors. Starch is only one component, which is -- the cost which is rising. There is

a lot of other chemicals like sulfuric acid, I mentioned in my opening statement, raw material costs like wheat straw, they are increasing.

Fuel cost is increasing because coal supply is in a shortage kind of status, most of the coal in India is getting supplied to power plants. So leaving the industry to be getting their supplies only from the open market, which has increased fuel cost for us. So there is a lot of differential factors at play. Costs have risen on differential terms. We are making everything -- making sense out of everything by getting the best output, doing our cost optimization and preparing our products accordingly and getting the best realization possible from the market for our products.

Utkarsh Nopany: What would your margin guidance for H2 FY '27, sir, if you can guide?

Pavan Khaitan: I think it should be in the range of about 14 odd %.

Moderator: Next question is from the line of Madhav Jhawar from SKP Securities.

Madhav Jhawar: So my first question is on the capex side. Post capex, what will the official capacity in Q3 and Q4 and what will be production run rate going forward in this year and FY '28?

Pavan Khaitan: So we should be able to produce marketable quantities, finished quantities of close to 600 tons per day. And I mean going forward, the optimization, though we have the capacity to produce 675 tons as well, then that's what the project implementation was for. But that's on an anchor GSM of 64.

Market doesn't -- the market trending suggests it's moving lower and lower, and a lot of our orders are coming in at 52, 54 and 58 GSM. So even though we are being able to charge a higher price for these lower GSMs, the product mix that we have defined for ourselves, restricts our production, which is optimized at the level of about 600 tons per day.

Madhav Jhawar: Got it sir. And so there was this CWIP. I'm getting the INR75 crores -- INR750 crores -- INR700 crores capex, which we had earlier announced now we are done with. Now I'm seeing another CWIP of around INR139 crores. So what is that about?

Pavan Khaitan: So these are only efficiency initiatives, which were defined along the way. I mean in such a large project implementation, we found that there were certain other auxiliary items that needed to be installed to get the rightful efficiencies, and that is what accounted for this amount that you are saying. And currently, there are two environment requirement projects that are in the state of getting implemented, which is the lime kiln and the CNCG operation for handling all the gases that emanate from our operation. So those are what is under implementation.

Madhav Jhawar: Okay. Got it, sir. So what will be the full year capex in FY '27 and what kind of depreciation are we going to look at by the end of this FY '27 and '28?

Pavan Khaitan: So capex has completely been covered. There are no further amounts that we are going to foresee for capex in the future, in the near future. I mean we've completely exercise our options. And

I'm saying proud to say that we have successfully completed the implementation. As far as depreciation is concerned, Vikram, do you have?

Vikram Khaitan: Yes, around it will be -- somewhere around INR80 crores per year.

Madhav Jhawar: And can you please throw some light on the wheat straw prices. So earlier, there was some reports that the Punjab wheat production has been the highest. So what is your take?

Jagdeep Hira: Yes. Wheat pricing remained dicey as of now, primarily because of unpredicted rains in the area and that too happened during the harvesting time of padding. So there is a bit of a dicey till the festive is over and we see it coming normalized post festive days.

Madhav Jhawar: Okay. Yes. So you can comment?

Pavan Khaitan: So I think currently, there's a bit of an aberration. But post Diwali, we see the wheat straw pricing coming down. Right now, the entire labor force is involved in getting the rice crop harvested. So there is loading and unloading -- sort of availability of labor force for loading and unloading of vehicles is not there. So temporarily, there is a kind of scarcity situation, which is driving up pricing. So this higher pricing cannot really be accounted for as a normal situation, which is why because it's temporary. And post Diwali, we'll see wheat straw pricing normalizing.

Madhav Jhawar: And sir, last, I had one question. So as you earlier mentioned that coal availability is a bit of a challenge. So are we getting our coal efficiently in the open market? Or is there prices over there as well? And what percentage of our power requirement, power mix is coming from coal?

Jagdeep Hira: Normally, we are at 85%, 15% coal and agro. Availability is not a concern. But yes, the allocated coal coming from the sanctioned, there is a concern because that has been diverted to power sector primarily. Availability in the open market is there. Only price competitiveness is a bit higher.

Moderator: Next question is from the line of Niteen S. Dharmawat from Aurum Edge.

Niteen S. Dharmawat: Am I audible?

Pavan Khaitan: Thank you. Yes.

Niteen S. Dharmawat: Yes. So first of all, congratulations for completing the expansion in record time. I just wanted to understand, you mentioned that last time that our revenue guidance remains INR1,300 crores for the financial year '27, and now with this -- some production stoppages due to expansion. Where are we now? And are we on target for this and also wanted to understand the specialty mix now versus 25%, 30% target that we had given earlier?

Pavan Khaitan: So yes, we are heading towards achieving our annual targeted sales value of INR1,300 crores plus, we are going to be achieving that. As far as specialty paper portfolio is concerned, we are currently at a level of about 17%, 18%. And going forward, we will be sort of touching our target of 25% to 30% in the next years' time, 12 to 15 months' time. Because a lot of R&D is required

to establish rightful production and product quality specs on our machines. So we don't want to do it in a hurried manner. We will be taking our time to come out with the rightful product, rightful cost and create the rightful market for it.

Niteen S. Dharmawat: Okay. And what are the September, October volumes and PM 3 utilization? And has the environmental clearance EC come through?

Pavan Khaitan: So EC, we have applied. It's in the advanced stages. We are likely to get the relevant approvals soon enough, sooner than later. As far as PM 3 in operation in October, it's pretty stable. I mean, we come to establish it at an optimized level very, very soon, which is complement to the entire team. And we are on our way to executing and implementing that completely.

Niteen S. Dharmawat: Wonderful. Okay. And so what is the annualized savings from this TCM contract? We said that for the chemical, we have one big contract now, rather than a smaller one. And how long is the vendor lock in? And will it not expose us to a single vendor supply risk and can cost pricing leverage later?

Jagdeep Hira: Not so in that case, because both the lines have different vendors. But we already have all the vendors portfolio and the chemical supplies coming in. Earlier, we have tested them, but the best one wins. And assumed cost saving would be around 1.5% to 2% on the overall chemical consumption.

Niteen S. Dharmawat: Okay. And can you also quantify the quarter 2 impact of the PM 3 shutdown, that is from 29th June to 21st August on production volume, revenue and EBITDA and how much of the margin gap to the 16% to 18% guidance shutdown related and how much is cost?

Jagdeep Hira: So around the production loss was around 6,300 tons approximately, that's primarily coming from PM 3. And at the EBITDA level per tonne, approximately INR40 crores would be cost on the top line.

Niteen S. Dharmawat: Got it. And what is the remaining INR139 crores of capital work in progress, CWIP and why did payables jump?

Pavan Khaitan: So 139 is primarily the balance part of the projects that have been outlined earlier, primarily towards environmental projects like lime kiln and CNCG. So they are getting implemented in Q3 and that's what the outlays for. And I mean they are happening as per schedule, and they will be spent out of the CWIP amounts.

Niteen S. Dharmawat: Got it. Got it. Also wanted to understand you mentioned that now the demand scenario looks quite robust. So how confident are we for the current quarter and the next year. Current quarter will be too early, because we've already gone through 2 months of the quarter, so it won't be justified. But I wanted to understand for the subsequent year, the next year, that is financial year '28, do you see this is going to spill over next year as well? Considering the global challenges that we have?

Pavan Khaitan: My personal opinion is that we should see a far better performance in the next year financial year '27, '28. I think the uncertainties cannot be there for so long. They are going to get balanced out. Even if the war situation remains or any uncertain disturbance comes in. By now, the economies and the markets have, by and large, absorbed the impacts of such uncertainties. And going forward, the way we are positioned, we are quite confident that with our enhanced capacities and efficiencies of higher productions, we should be able to contain those impacts even further and come out with a more robust performance going forward.

Moderator: Next question is from the line of Samarth Singh from TPF Capital.

Samarth Singh: Just you mentioned ADD and the antisubsidy applications covering the 4140GSM writing and printing paper. So where do they stand procedurally? And what is the realistic time line for preliminary finding?

Pavan Khaitan: So the good part is the relevant government departments have taken our representation on board. They have listed out for determination and sent it to various other departments for the comments, basis which they will be able to define the way going forward on how and when to implement the antisubsidy duty or the antidumping duty structure. And normally, once this happens, it takes between 3 to 6 months for successful completion.

Samarth Singh: Got it. Okay. And the second part, you mentioned on reduced imports due to higher freight rates. So is my understanding correct that the higher freight rates due to the war have been a net positive for the industry and for our business?

Pavan Khaitan: Well, overall, yes. That would be the right assessment, but also the fact is that at the same time exports from India to foreign markets have also decreased. So in a way, the supply and demand situation has, by and large, stabilized once they start regenerating, one will the industry will have to redefine the market strategy and rediscover the markets abroad in order to keep this demand and supply situation on balance.

Samarth Singh: Got it. And the last one, what are the price hikes that we have taken, both in quarter 1 and quarter 2?

Pavan Khaitan: Quarter 1, no, there was no price hike whatsoever. Quarter 2 also largely the entire period remained without a price hike. We were able to initiate one only towards the last week of September that would be in the range of about 4-odd percent. But now going forward in Q3 and Q4, we are going to sort of initiate and hopeful of initiating price hike of between 7% to 11% overall.

Samarth Singh: And just to clarify, in quarter 1, I believe in the industry tried to take a price hike, but that was rolled back. Is that correct? And have you been able to maintain the price hike that you've taken in quarter 2, end of Quarter 2?

Pavan Khaitan: Yes. We have been -- the price hike is getting maintained what the industry has initiated in Q2. And I think going forward, the second half of the operational year largely is far better than H1, and we are observing and budgeting for price hikes to go higher in H2.

Samarth Singh: Got it. And sorry, one last one. Until ADD comes into place, are we looking at some sort of other help from in terms of either QCO or MIP that similar to what we've got in the paperboard segment?

Pavan Khaitan: So the representation that has happened to the government includes MIP as well. So there is a 3-pronged strategy that has happened on behalf of the industry, which is MIP, anti-subsidy and antidumping. So the good part is that MIP is already in place for the kraft paper varieties, paperboard varieties that's already in place. So our segment, which is the writing-printing paper segment has been taken up next. And hopefully, we will see a similar favorable dispensation from the government for our section as well.

Moderator: Next question is from the line of Arjun Vinay Tambe from Aurrevia Crest.

Arjun Vinay Tambe: My only question is, what is the situation on the rising interest cost and depreciation cost? Like when is the deleveraging benefits going to kick in?

Pavan Khaitan: So today, we are at our peak debt level of about INR700 crores. It's only going to improve from here. I think the next 2 years, it's the impact of interest and depreciation is relatively higher. We should be able to see it through with a better business prospect coming in for at least financial year '27, '28, which is closer for budgeting purposes. We are looking at doing a good operational revenue and profitability to be able to take care of both these options. And I think post that, the reversal in leveraging will start -- deleveraging will start and we will come on to a good operational level.

Arjun Vinay Tambe: Okay. That's great. And what was the total volumes sold? And what are the realizations we got in Q1 and Q2? Because in Q1 FY '27, you have said that realization would be around 72,000 to 75,000 per tonne in the next 3 to 6 months. So are we going towards that or below that level, like what's the trend? Is it still falling? Has it bottomed out? Or is it rising?

Pavan Khaitan: So where production is concerned, in Q1, we were at about 46,000 tons level. This quarter because there was a shutdown of PM 3, we lost about 6000 tons volume. And we have -- on the remaining machines, we operated at 100% capacity and we're able to get an output of 40,600 tons.

Where realizations are concerned, we are on track. We've been able to implement a price hike in last week of September, as I mentioned earlier, which we are sustaining. And we are looking at further price hikes in Q3 and Q4. Taking the overall price hike to between 7% to 11% by the end of the year.

Arjun Vinay Tambe: Okay. That's great. And not from deleveraging point of view, but with respect to favorable environment in paper industry, how much margin expansion are we expecting? Like is the worst really behind us? Or is it still uncertain?

Pavan Khaitan: I would like to reckon that the worse is behind us, it's only going to grow better. We have bottomed out as far as industry margins are concerned, we've reached levels of about 10% to 12%. On upward trend is what is getting suggested through association meetings where we talk to other industry experts. And we should be able to reach back to levels of 18%, 20% EBITDA levels by the next financial year.

Arjun Vinay Tambe: But the next financial year, sir?

Pavan Khaitan: Yes.

Arjun Vinay Tambe: So from a bird eye point of view, what is your vision for next 1 year? And like what's the vision 2030?

Pavan Khaitan: Well, right now, clearly, the effort is towards stabilizing and getting the cost benefits and efficiency improvements that we've outlined as part of this project implementation. The good part is that we have achieved the productions that were enlisted for all the 4 machines. And as now that the project implementation is over, the team is focused on getting the rightful cost initiatives and implementing various techniques to reduce and optimize costs and increase efficiencies. Also, along the way, we would be diversifying our product portfolio and entering the specialty paper segment. And that effort is going to help also bringing a positive impact on our top line and bottom lines.

Arjun Vinay Tambe: Okay. Pavan. And what was the volume growth and value growth in this quarter?

Pavan Khaitan: This quarter, we've come down, as I said, that 6,000 tons was reduced because of PM 3 shutdown. But next quarter, we're going to regain that, and Q3 should be better, far better than Q2.

Arjun Vinay Tambe: All right, all right. And regarding the MIP. But like as much as I know, in August of 2025, the MIP got cancelled, right? So after that, what is the situation on that?

Pavan Khaitan: So as I said, that MIP for the paperboard craft segment has already been accepted and notified and that segment is sort of getting the benefits of MIP that has been suggested by the government. Our MIP for the writing printing paper segment is already in under investigation by the government. And hopefully, we should see some kind of favorable outcome by the next 3 to 6 months.

Arjun Vinay Tambe: Okay. And the debt repayment for this year would be around INR175 crores to INR200 crores, am I right?

Pavan Khaitan: No. For this year, yes, the total was INR180 crores, which is on track, and there is a similar amount for next year as well.

Arjun Vinay Tambe: This FY '27, right?

Pavan Khaitan: That's right.

Moderator: Thank you. Next question is from the line of Ranveer Kataria from BRK.

Ranveer Kataria: Yes. Congratulations for the good set of numbers in this tough time. So I have a few questions. So firstly, I want to ask, are you doing something on the tissue line this year, what percentage of the total revenue it is?

Pavan Khaitan: No. We have not entered ventured into the tissue line. Right now, our current 4 machines, which are primarily for generating, writing and printing paper products. Those are the ones we've optimized and improved and upgraded. And they're going to give us better varieties of writing and printing paper.

As I said on our PM 3, which we just commissioned, we've additionally put in our film press, which will help us get size, surface size papers as against non-surface size papers that we were doing earlier. So a better segment of printing paper is what we're going to start catering to and get better economies of scale there.

Ranveer Kataria: Okay, okay. And you have raised INR100 crores of NCDs, I was just checking from the stock exchange you have uploaded. So what is this all about? Like what is the end use of that?

Vikram Khaitan: We have utilized the same for prepayment of existing term loan, and it has been fully utilized.

Ranveer Kataria: Okay. And I was just checking your cost of goods sold has reduced by almost 1.5%, while prices of wheat straw have increased over the last 3 months. So what is -- like how are you managed to reduce the cost of goods sold? Can you please highlight on this?

Pavan Khaitan: So these are because of the efficiencies in our operations that we've been able to achieve the cost of economy is -- as our CEO, Jagdeep also mentioned that with the implementation of our DBS, we are getting better yields on our wood pulp. We've been able to reduce steam cost there. So all has been done with a purpose, which was behind the implementation of this project. They are -- so the entire project was not only for upgradation of machines, but also to reduce cost of operation in various segments. That's what we've been able to achieve.

Ranveer Kataria: Okay. And are you doing any institutional business, government business or it is all private.

Pavan Khaitan: Well, mostly, it is private because we are a market-oriented operation, most of our product goes to serve the needs of the customers, but not to say that we don't do government tenders at all. We do take them up on a case-to-case basis, if we find it on favorable terms.

Ranveer Kataria: Okay. Thank you. That's it from my side.

Moderator: Thank you. We will take the next question from the line of Aaryan from AV Investments.

Aaryan: Thanks for the opportunity. It's very heartening to hear that positive on the industry bottoming out and coming up in the next year. Just two questions from my end. So one is that usually when the industry goes through a tough time like it has in the last 1, 2 years. We see consolidation happening in terms of mills getting acquired by larger players, like ourselves. So what trend has that been in the last 1, 2 years in the industry? Have you seen consolidation? That would be my first question?

Prachi Sharma: So we have seen consolidation in the industry to some extent. Recently, ITC did take up Century. And we've also seen JK taking up some smaller ventures in the packaging segment and related field. So consolidation is something that will happen, but mainly it will be other than Century, I think it will be the smaller players, which will be taken up by the larger one.

Aaryan: Of course, but so industry has kind of bottomed out, that is fine. Second would be that we were seeing that China paper manufacturing company's profit has actually doubled. So we would just like to get what information and opinion you have as to the Chinese and Indonesian paper manufacturers. What is the outlook there? Because once the freight normalizes, then will it be in a situation where they will again start dumping their production, which was kind of stopped due to the war. So what is the scenario kind of on ground, if you can just inform?

Jagdeep Hira: China probably, I think, is not a " is going through a bad economy phase as of now". Paper industry as such are getting close there, because of poor economy. Indonesia always has been a leading exporter, because domestic demand is very less. And we don't see any decline on Indonesian paper coming in. Yes, from China, if you see the graph, it has gone down in Q2 and we don't see China coming up very soon as well.

Aaryan: So what proportion of our?

Pavan Khaitan: I don't really agree with that statement that China paper mills have doubled their profitability, I think that's not a statement that needs to be relied on. I don't know where that came from.

Aaryan: No, you were just looking at the big manufacturer there. So if you can see their profit for the last year, it has doubled, that is the number which I saw China.

Jagdeep Hira: Just to name, Chenming has closed down their operation. Nine Dragons have closed down their 3 paper plants. So these 2 names are the biggest in China.

Moderator: Next question is from the line of Rishi Mody from Mody Advisory.

Rishi Mody: Two questions from my end. First one you mentioned something about the GSM issue, like we built our machines specifically for GSM, but the demand is now not there for 64, it's for 55, 56 GSM and hence we won't be able to produce the quantities that we had envisioned. Now I'm just trying to understand, is this a structural thing? And is our capex not going to yield the returns that we expected or it's more like right now, which is an easier offtake. And hence, we get up the utilization and then we move towards the higher value-added products. Just trying to understand what do you mean exactly?

Jagdeep Hira: Technically, it's mix of everything. Now we have a capability to produce 675 tons. And we are trying to change the product mix as well, specialty and industrial grades are majority on the lower GSM. But having said that, we do have a capability to go up to 675. Where at an anchor GSM, that's is the best -- there's the maximum throughput we can achieve. But having said that, vis-a-vis specialty, where you increase the top line, but the production levels are lower, because of the lower grammages. So it nullifies both ways. So we should be looking at targeting at a top line rather than the productivity.

Pavan Khaitan: To answer your question differently, for instance, the days we are making copier paper where GSM are 70, 75 and 80 we actually end up achieving 675 tons. But that is not something which is prevalent day in, day out for 365 days. So capability we have created. Now depending on market trending and market requirement, we do need to adapt and amend and that is what we are doing exactly. If the market demand comes in for a lower GSM at a relevant better price, we do that.

Rishi Mody: Okay. Got it. So understood. But this -- okay, fine. And second, I just wanted to understand the clear-cut price hike, so we've seen a lot of -- everyone almost in the industry started taking price hike already in Q3 in the last 45 or 30 days, people have started taking significant price hike, like 7% to 11% that we have been talking about to take in Q3, has that one taken or we're waiting for Diwali or I'm just trying to understand like are we going to capture the entire 3 months until new price and the new production levels or we're going to see it at the later stage?

Pavan Khaitan: So about 4-odd percent hike has already happened now and which is getting sustained and accepted by the market. Yes, you are right in your assessment that the next hike possibly will happen post Diwali, when the entire market opens up, all the workers and operations start for paper converting. And that's when the demand will kick in and position will come in for a relevant price hike to happen then. So a 7% to 11% price hike that I suggested was right through Q3 and Q4 as well. And that's a very, very good price hike to my mind, considering the current prevalent market conditions.

Rishi Mody: Got it. And against this, are the costs also increasing like say, if I take Q2 as the base per tonne costage for us? Is that also increasing at a per ton level or like? I'm trying to understand on the cost front, 2 things. First is, is there price inflation that is continuing into Q3? Second, the Q2 base that we have on the cost per tonne or say the absolute cost. Does it include the new capacity cost? Or is there a ramp like there will be a production-linked cost increase also that will happen in Q3 for the new capacity?

Pavan Khaitan: So I think the production-linked cost is actually going to get favorable for us with increase in production, the cost per tonne, cost producing should get lower with better steam and power efficiencies. However, there are temporary enhancements and increments in the pricing of our raw material and fuel. That is temporary in nature. We do have visibility of tailwinds happening and those pricing getting normalized and balanced in the coming 1 to 1.5 months. So it's an aberration right now. It should get normalized by November end or December.

Rishi Mody: But Q3, you should not see an absolute....

Moderator: I'm so sorry to interrupt, Rishi, we have other participants waiting for their turn in the queue, please?

Rishi Mody: Yes. I mean, like just add one last question, if I can squeeze that in given a lot of time to participant ahead of me, so I just wanted one question to be put in.

Pavan Khaitan: Sure.

Rishi Mody: Yes. So finally, just on the capital allocation policy. I know deleveraging is the priority. But that priority might be at a certain EBITDA envision that you've done 14-15 for this year or H2 18-20 for next year. So we overshoot that, would you be using the excess cash for prepayment of loans or would you be looking at buybacks as a way to return capital to investors and also instead of dividend, would you be more incrementally looking at buybacks to raise the promoter stake to 75%?

Pavan Khaitan: No, I think it's very clear that our concentration is on generating the rightful cash flow to repay and take care of our debt repayment liabilities. There is nothing else that is there on the table for now and are not looking at any changes in our equity capital structures.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, we can only take two more questions. Next question is from the line of Pushkar Jain from Mili Capital.

Pushkar Jain: On the power mix, you said 85% of our power is like coal and 15% is other sources, right?

Prachi Sharma: Correct.

Pushkar Jain: And the cost, like the price increase that you are stating that 4% is already done and maybe 7%, 8% will follow. If they opposes antidumping duty application, could we see a further price hike? And what is the cost increase in terms of percentage. So we can get some understanding on how it is going to affect the EBITDA margin in the second half?

Jagdeep Hira: Right now, it's pretty difficult to predict what is going to be cost on the coal, because there are some government policies coming in, where coal is being diverted to power sector. But as we said earlier, so 4% around price hike has been taken from the industry, which we are going to sustain and looking at around 7% to 11%. But looking at the present situation or the Q2 figures what we have right now, so around 2.5% to 3% input coal pricing have gone up.

Pushkar Jain: No, total cost as a percent if the realization increased by 10% what is the cost increase that you are foreseeing? So we get some normalized EBITDA per tonne or per kg. That is your target for FY '27?

Prachi Sharma: So you should look at about a 2% differential EBITDA given the increased NSR and increased costing.

Pushkar Jain: And if the ADD comes in, we see a further price again from the 9%, 10% that we are talking?

Prachi Sharma: That is too far in the future to perceive. Once those things happen, let's see, because there are global market factors also at play. So that is something that needs to be seen in the future.

Pavan Khaitan: I think what should be relevant here is that there is a level to which the market will accept the price hike. It's not unlimited, yes, so those kind of...

Pushkar Jain: Our margin target will be like 14% for this year and hopefully 17, 18 for the second half?

Pavan Khaitan: Sure, sure.

Moderator: Thank you. Ladies and gentlemen, we will take that as a last question. I would now like to hand the conference over to Mr. Pavan Khaitan for his closing comments. Over to you, sir.

Pavan Khaitan: So thank you all for participating in this earnings conference call. I hope we were able to answer your questions satisfactorily and at the same time, offer insights into our business. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations Manager at Valorem Advisors. Thank you.

Moderator: Thank you. On behalf of SKP Securities Limited, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.