

**01.06.2026**

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

**Sub: Transcript of Q4-FY26/FY26 Earnings Conference Call of Kuantum Papers Limited****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 29<sup>th</sup> May, 2026 to discuss Q4-FY26/FY26 earnings.

The above information is also available on the website of the Company i.e. [www.kuantumpapers.com](http://www.kuantumpapers.com).

This is for your information and record please.

Thanking you,  
Yours faithfully,

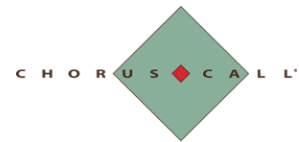
**For Kuantum Papers Limited**

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



“Kvantum Papers Limited  
Q4 FY26 and FY26 Earnings Conference Call”

May 29, 2026



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

**MODERATOR:**    **MR. NAVIN AGARWAL – HEAD, INSTITUTIONAL EQUITIES  
SKP SECURITIES LTD**  
**+91 98200 27446 | [NAVIN.AGRawal@SKPSECURITIES.COM](mailto:NAVIN.AGRawal@SKPSECURITIES.COM)**

**Moderator:** Good afternoon, ladies and gentlemen, and welcome to Kuantum Papers' Q4 FY26 and FY26 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's opening remarks. Should you need assistance during this 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 Agarwal, Head, Institutional Equities at SKP Securities Limited. Thank you, and over to you, sir.

**Navin Agarwal:** 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, VP, Corporate Strategy.

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. Good afternoon, everyone. It's a pleasure to welcome you all to our earnings conference call for the fourth quarter and full financial year '25-'26. I would like to thank all participants for joining us today.

The operating environment remained challenging during this quarter, with steady demand being offset by continued pressure on input costs, particularly raw materials and fuel. Energy costs stayed elevated through much of the quarter, driven by the ongoing geopolitical conflict in West Asia, which not only pushed up fuel and power pricing, but also disrupted established trade corridors.

Low-priced import pressures persisted throughout the year, resulted in lowering of pricing in the domestic market. Encouragingly, pricing began to firm up in the fourth quarter, supported by higher demand, though was dampened a bit by the cost-led adjustments due to the ongoing West Asia conflict.

Further, the West Asia crisis has also created the risk of trade diversion with export-oriented paper producers from China and Indonesia potentially redirecting surplus inventories to India at predatory pricing, aggravating the existing dumping in the domestic market. As an industry, we continue to have meaningful dialogues and engage with the policymakers to seek safeguard measures against such inflows.

On the mill expansion and upgradation front, I am pleased to share that Paper Machine 2 rebuild was completed in March 2026, enhancing its installed capacity to 75 tons per day through major upgrades, including dilution control headbox, upgraded press section, wire part extension, DCS and QCS modules, additional dryers, Kusters calendars for control, tail shooters and dry end improvement.

The 2-stage recausticizing plant was commissioned at the chemical recovery section, resulting in reduced silica load to the lime kiln and improved process recovery efficiency. A synchro sheeter with a capacity of 80 tons per day was also installed, which will ensure cutting of sheets with higher precision and efficiency and thus will allow elimination of manual handling of sheets for online packing.

The Displacement Digester System, the DDS project for wood pulping has achieved significant progress and is currently under extensive testing, with commissioning targeted by mid-June. This advanced technology is expected to enable lower temperature pulp cooking, resulting in higher yield, improved product quality and lower utility costs.

On the plant operations front, post the rebuild of PM1 in December 2025, the average daily production for the quarter 4 has increased by almost 20 tons per day on this machine. Under Project Nirmaan, our Industry 4.0 led innovation and AI-based transformation project, we implemented the MACS Blend Control System on PM4 to optimize furnished mix across agro, wood, softwood and broke fiber.

This initiative is expected to improve machine runnability, enhance operational efficiency and support higher output levels. In terms of new product development, we successfully developed and manufactured a dye-free grade of paper called Kappa Premium 3 which with improved optical properties, along with high fastness OBA for enhanced color stability. This product was specifically developed in collaboration with customers in the high-end diary-making segment and has found good traction with the market.

On the environment and sustainability front, we added 854 acres of social farm forestry during the quarter, taking the total area under plantation to more than 18,300 acres and benefiting over 19,100 farmers in the community.

With that, I would now like to invite our CFO, Vikram Khaitan, to share the financial highlights for the period under review.

**Vikram Kumar Khaitan:** Thank you, sir, and good afternoon, everyone. Despite the market challenges during the quarter, operational income stood at INR301 crores, registering a sequential growth of 4%, primarily driven by an improved NSR of INR3,700 per metric ton.

During the quarter, input costs increased by nearly INR2,000 per metric ton due to higher raw material, chemical and fuel prices amid the ongoing West Asia conflict. However, despite these cost pressures, EBITDA for the quarter stood at INR48 crores, reflecting a strong growth of 22% quarter-on-quarter, while EBITDA margins improved significantly to 15.90%, representing an expansion of 234 basis points on quarter-on-quarter basis.

Profit after tax for the quarter stood at INR14 crores, registering a healthy growth of 46% quarter-on-quarter with PAT margins improving to 4.75%, an expansion of 137 basis points sequentially.

For the financial year 2025-'26, operational income stood at INR1,093 crores, reflecting a marginal decline of 1% year-on-year despite phased and strategic shutdowns of 3 Paper

Machines undertaken for capacity upgradation and operational improvements. During the year, the company maintained a healthy production volume of 1,62,885 metric tons.

EBITDA for the year stood at INR162 crores, with EBITDA margins at 14.80%, which is healthy in the present market scenario, although on a lower side year-on-year basis. The margin pressure was primarily driven by a reduction in NSR of approximately INR2,000 per metric ton, coupled with an increase in cost of nearly INR3,200 per metric ton.

The decline in NSR was largely due to increased inflow of cheaper imports in the domestic paper industry, while the nil GST structure on the notebook segment also continued to impact market sentiment. Profit after tax for the year stood at INR42 crores, translating into PAT margins of 3.84%. With this, we can now begin the question-and-answer session. Thank you.

**Moderator:** We will now begin the question-and-answer session. First question is from the line of Saania Jain from Care PMS. Please go ahead.

**Saania Jain:** Hi, thank you for the opportunity. Just in the opening remarks, you mentioned that there is a possibility that Indonesia and China could potentially divert their production to India. Are we already seeing any import pressures in the market today? And will that lead to any pricing pressures in the future for our domestic paper producers?

**Pavan Khaitan:** So, while we saw volumes coming in during the year, but with this West Asia crisis happening and having an impact on the freight costs, the volumes incoming in Q4 did not happen, and that kind of helped us out in the industry a bit. But I think this impact will stay on positively for us, while the Asia crisis, West Asia crisis continues.

And only thereon, will we be able to see what impact it may create because by that time, as an industry, we would have created alternate opportunities for ourselves also. Gulf area is a big market for us as an industry, and we may be able to secure export of volumes for ourselves as well, and thereby, the impact can be lessened in the future.

**Saania Jain:** So, you're saying that there was no pressure from the imports for both paper and paperboard?

**Pavan Khaitan:** Well, I will reserve my comments for the only white paper because we are in this industry. Paperboards is an entirely different segment. So, I'll reserve my comment for that.

**Saania Jain:** Okay. Secondly, on the global pulp prices, what would be the current global pulp prices versus the last year? And what would be your thoughts or outlook on the pulp prices in the near term?

**Pavan Khaitan:** So currently, pulp pricing is in the range of \$600 to \$700 per ton depending on whether it's hardwood pulp or softwood pulp. I think going forward, globally, they will remain in this range only because there is a fair amount of pulp manufacturing capacity that is getting added globally and that will help keep the pricing at these levels only. We are not likely to see them increasing in future.

**Saania Jain:** Okay. And just one question. In the November call last year, you mentioned discussions around the possibility for MIP for writing and printing paper. Any updates you can share on this part?

- Pavan Khaitan:** Well, at the moment, it's under process. Our application is lying with the government authorities. But what has happened in the interim is that the MIP for paperboard continues, and we have got an extension for one year for MIP to be in place for the paperboard segment. So, I'm very confident and sort of looking forward to the government considering the MIP on writing and printing paper also favorably.
- Saania Jain:** Okay. Thank you for the opportunity.
- Moderator:** Thank you. Next question is from the line of Parth from IDBI Capital. Please go ahead.
- Parth:** What are our utilizations for this quarter?
- Jagdeep Hira:** So on the utilization front, if we talk of the OE levels, so they are above 92%, and this is post expansion of all the 3 machines, PM 4, PM 1 and PM 2. And we are looking forward for next quarter of upgrading our PM 3 as well.
- Parth:** So, PM 3's time line was around May, if I'm correct? So, has it been delayed or?
- Jagdeep Hira:** Yes, it has been delayed a bit because of the global crisis. So major parts are from Germany, which is import. So those got delayed. So, we have to defer the upgradation.
- Pavan Khaitan:** So, it's on -- planning it in by mid-June.
- Parth:** Okay. And any cost escalation on the same? I think last time you mentioned it was INR140 crores, INR150 crores. So, any cost escalations?
- Pavan Khaitan:** No.
- Jagdeep Hira:** Not much.
- Parth:** Okay. Also, on the capex front, what are you planning for FY27 or '28, if you can guide on that?
- Pavan Khaitan:** After this round of capex, we are not really foreseeing any other capex or any kind of investment happening. We are looking forward to coordinating within all these projects and ensuring that we put them to good fruition and consolidating our operations at this level.
- Parth:** Understood, sir. Thank you and all the best.
- Moderator:** Thank you. Next question is from the line of Madhav Jhawar from SKP Securities. Please go ahead.
- Madhav Jhawar:** Hi sir. Congratulations on the Q4 numbers. So, my first question is on the realization front. So, we've been speaking to a few dealers. And what they said is that the price hike in May are not fully sustaining in the market. So, what is the current pricing scenario right now?
- Pavan Khaitan:** Well, for us, we are a little more stable than others in the industry. Though yes, I agree that we've had to return the price increase and fall back on a reduction what we had created for ourselves

in Q4. It slipped back a little, but we are being able to maintain our pricing at a healthy level of about between INR69,000 and INR70,000 per ton, and it's working well and stable for us.

**Madhav Jhavar:** Okay. Sir, can you guide me on the capex and the debt numbers? What are you expecting the debt and the capex numbers in '27 and '28, FY27, FY28?

**Vikram Kumar Khaitan:** Yes. On the debt position, as on 31st March, we have a long-term debt of INR720 crores. And it will be reduced by almost INR100 crores by repayment of existing debt, although there will be further disbursement of term loan on the front of existing capex which is going on.

So the peak debt will be in between 650 to 675 by end of 2027. Further, on the capex front, as Pavan sir told that we are not looking for any new capex. The existing capex will be completed within 2026, '27. On that front, we have already the remaining capex of around INR125 crores, which will be expensed out during this year.

**Madhav Jhavar:** Okay. But sir, one more question on the capex. The thing is the pulp capacity has not yet been capitalized, if I'm not wrong. So have we incurred that into our, have we capitalized? Or is it in the CWIP, or do we still need to spend on that?

**Pavan Khaitan:** No. Pulp upgradation is happening side by side, and it is going to come on stream by the time PM3 comes online, which is in the month of July.

**Madhav Jhavar:** Okay. And sir, last question on the raw materials. So can you please guide like how much of the chemical costs increased? And are you able to pass on that chemical cost? How much are you able to pass on those chemical costs?

**Jagdeep Hira:** So this is a bit of a temporary stage where we see the input chemical cost has risen in some chemicals, not all by around 3% to 5%. So right now, pushing that, looking at the market scenario is a bit difficult. We are trying to sustain that cost on NSR front. And by other means, we are trying to reduce by improving the efficiencies of the plant, trying to reduce the input, the manufacturing costs.

**Madhav Jhavar:** Okay. And sir, last question on the wheat straw and wood cost. So do you see any major correction on those prices as well?

**Jagdeep Hira:** Yes. Wheat straw has been a bit challenging during the open of the season, primarily coming from two factors. One is the flood-like situation during the last year which has impacted the crop and the availability was lesser at the fag end of the season.

So everybody, whatever was dumped has pushed out to the market. Second, initially, what has happened is it was continued to be used as a fuel, which never happened in years together. So this also impacted the availability in the market and the scarcity of the raw material. So we had seen a bit of a price escalation at the start of the season. But looking forward for it, it should come down now.

**Madhav Jhavar:** Okay. And any price correction on the wood and wood chips?

**Jagdeep Hira:** Pretty stable, almost stable.

- Madhav Jhavar:** Okay. Thank you sir.
- Moderator:** Thank you. Next question is from the line of Rajesh Bhandari from Nakoda Engineers. Please go ahead.
- Rajesh Bhandari:** Yes. Good afternoon sir. Sir, for next 2 to 3 years, what kind of turnover and profit we can expect?
- Pavan Khaitan:** Well, you're asking a listed company to be futuristic, but without sort of naming numbers, we are seeing a potential growth because our volumes are going to increase from the current level of about 1,62,000 tons or 1,63,000 tons thereabouts. We should be manufacturing and selling about 2,30,000 tons. So that's the kind of increase that we are expecting, which is about between 40% to 50%.
- And considering that the future market pricing should be more stable than what we've seen in the past two years, there is a kind of an uptick that we will like, that we are likely to get from the market pricing and sales realization as well. So you can expect the top line to be in the range of INR1,600 crores to INR1,700 crores thereabouts. And profit dimension, I think we should try and touch about between 18% to 20% EBITDA.
- Rajesh Bhandari:** Okay. And sir, if we see the debt our turnover versus debt is quite high, actually. And almost in the interest about 5 EPS goes. So how will we lower this debt? So the profitability as it is also goes up?
- Pavan Khaitan:** Yes. So that's the plan. With every successive year, our debt repayment is going to happen on time and that is going to help us keep a strict control over the debt. And as Vikram, just said that our peak debt is going to be at INR650 crores. And every year, it is going to reduce by between INR100 crores to INR200 crores.
- Rajesh Bhandari:** Means next 5 years, you can expect that it will be within INR200 crores?
- Pavan Khaitan:** Oh, yes, for sure. Unless by that time, maybe some other expansion plan comes in. 5 years is a long time. I'm sure for companies to grow, they need to have good expansion plans in their pocket. So I think in another 2 years time, we may be stepping towards another expansion.
- Rajesh Bhandari:** Sir why don't you take rights and QIP so that there would be less load on interest?
- Pavan Khaitan:** We are looking at various options. We will certainly take your advice and take note of what you're saying. And we will look at alternate options of how to get in low costing capital into the company so that our impact on interest and repayment is lowered. Thank you for that.
- Rajesh Bhandari:** Yes sir, just one line. Because compared to other paper companies, our debt is on the higher side, actually. Much higher side. So we must lower the debt sir.
- Pavan Khaitan:** Sure. Sure. A point well taken.
- Vikram Kumar Khaitan:** I would like to add here that this is due to new expansion of INR735 crores, which is going on. Otherwise, if you will eliminate this, our debt is only INR200 crores long-term debt.

- Rajesh Bhandari:** So next year sir, FY27 we can expect 1,600 to 1,700 turnover, sir? FY27?
- Pavan Khaitan:** FY27, it will be like about INR1,400 crores to INR1,500 crores and then gradually inch up to INR1,600 crores.
- Rajesh Bhandari:** FY28, 1,600 to 1,700. Okay.
- Pavan Khaitan:** Sure.
- Rajesh Bhandari:** Okay. Thank you sir.
- Moderator:** Thank you. Next question is from the line of Rishi Mody from RDM Advisory. Please go ahead.
- Rishi Mody:** Hi sir. So just like while these questions have been touched upon, I just wanted to get some more details on it. I'll start off with the quicker answers that you can give me. Just wanted to understand what's the status for the lobbying that was being done for the antidumping duty?
- Do you think on writing and printing paper, do you think that will come in, in this year? And how does it normally get applied? Like is it a blanket ADD for all countries? Or there's some calculation being done by the government?
- Pavan Khaitan:** So interesting question. Antidumping is an application that we have already filed lying with the government authorities. But please, sort of the alert is that it will normally take about 1.5 to 2 years for it to start getting implemented.
- That's the kind of time line the government sets out to consider any antidumping application. However, we've also submitted an anti-subsidy application, which works faster. And we are expecting that to be processed and come to fruition by, let's say, this year-end or by this financial year-end. So the anti-subsidy, which is very similar to the antidumping duty that should work to our favour and will work faster than antidumping.
- Rishi Mody:** So, say, the anti-subsidy duty comes into play, how much realization growth for you guys for the domestic players can happen in the market? Like considering the demand situation is the same, no uptick, no downtick?
- Pavan Khaitan:** Well, I won't be able to comment on how much increased realization will happen, but we will certainly be experiencing lesser competition from imports. And that is what is...
- Rishi Mody:** Okay. So, volume growth might come through for us rather than realization growth?
- Pavan Khaitan:** I'm saying realization growth will come in. But also, there are differential factors operating at different points of time. So, I'm saying that, with lesser competition from imports, there is going to be a benefit. How much, that is, only time will tell.
- Rishi Mody:** Okay. Second, I just wanted to touch up on this new capacity expansion, right? You mentioned we are targeting around INR1,400-plus crores of top line, which is, say, almost 60% utilization on the new capacity, by my math, assuming the realizations remain same.

Now just given you said, right, the market demand environment is not that great currently, and it's been that way for the past couple of years. How is this absorption of the capacity going to happen? Like your dealers are going to -- like are we -- is it going to happen because of market share gains? And how will that market share gains happen? Like what's the plan to get that offtake?

**Pavan Khaitan:** Okay. So, I would like to just give a clarificatory note here, that our capacity utilization is not 60%. We are targeting 95% plus. And...

**Rishi Mody:** No, no. I'm talking about the incremental -- just simple math, like 50% capacity expansion, 30% top line growth, means 60% utilization on new capacity while the current utilization on current capacity remains same. That's my math. I don't know.

**Pavan Khaitan:** Sure, sure. So again, I stand corrected. But going forward, we are intending to utilize more than 90% of the capacity as and how it comes on stream. And that is why you will see, our increased production volumes coming in, and eventually reaching 2,30,000 tons annually.

We are very confident that our existing network itself will be able to take on this additional capacity and selling this will not -- I'm not foreseeing any kind of problem in this because one is, our dealer network is very widely spread, widely sort of penetrated into the entire country length and breadth. We have about 90-odd dealers who are committed to us and the offtakes are very regular.

And add on to that, about 20 other dealers, which do even if irregular fairly good business with us. So, with this very well-established network of dealers all across the country and the fact that we have reached out to certain global markets in the Gulf and Northern African countries, selling this kind of quantity is not going to be an issue at all. And we are not foreseeing any kind of stiff competition, particularly for us.

As an industry, whatever competition is there, we will have to sort of partake in that. And one of the other ways in which we are going to offset is, by coming out with differential qualities of paper, by way of sort of specialty papers, which has very, very niche applications, and we are going to look at having about 25% to 30% of our entire capacity sort of catering to specialty needs.

**Rishi Mody:** Okay. Got it. Yes. This makes sense. And just harping on to the new capacity, we also are -- so firstly, the capacity will have new machines, which will mean lower cost of production, lower wastage. And secondly, we are also doing this new digital revamp project, AI integration into our production manufacturing processes.

So just, if you are to talk about opex per ton reduction from all of these initiatives and from the new capacity, how much would you say, you will ultimately achieve in the next 1 year once all these capacities are online?

**Jagdeep Hira:** So overall, on the operational cost, if you see, having through and through AI implemented on all the machines. So, this is partly we have done on one of our biggest machines, and at the back

end once we have everything in place, we look forward at around 5% to 8% of total cost of manufacturing coming down from the existing levels.

**Rishi Mody:** And this AI project will be implemented on all machines by end of next year?

**Vikram Kumar Khaitan:** Yes. Next year, '27.

**Pavan Khaitan:** '27, '28?

**Rishi Mody:** Okay. So FY28, it will drop into FY28.

**Pavan Khaitan:** That is what the plan is, but we are going to see the kind of success rates that we get. We are implementing it machine by machine. So, we will see what is the kind of success rates that we get. So, we are implementing in our biggest machine and we are also including other parts of our operations like the pulp mill and the chemical recovery, which sort of adds on to our costs a lot. So, any reduction there is going to help us reduce our overall cost of production. It's not only limited to paper machines, it's all across mill-wide that we are planning.

**Rishi Mody:** Understood. Third, I just wanted -- on the wood chip prices, right, wheat prices, you told me there's some issue that's happening. So also on wheat straw, you mentioned something that new application of wheat straw is being used. So could you just harp on that, and then we can move on to the wood chips piece. I had a question on that as well.

**Pavan Khaitan:** So actually, in the state of Punjab, rice straw is -- has been established as a fuel. There are lots of boilers, which are using rice straw per se, which has no other application mode. So, rice straw is being used quite conveniently and economically by boilers. So, the fact that rice straw pricing was going up when the wheat straw season started in April, the people saw a huge opportunity in terms of lower cost of input by way of purchasing wheat straw.

And that is what -- when the industry saw that wheat straw was being pushed towards usage as fuel, that's when everybody sorts of raised their eyebrows, and said that if its alternate application mode is created then obviously, we are going to be having competition, extra competition.

And that's what led to an increase in the wheat straw pricing in the initial stage itself, and the pricing at it, which it is now the usability of wheat straw as a fuel completely stands eroded. It's not going into the fuel vertical at all.

**Rishi Mody:** No. Could you just repeat the last statement? You said wheat straw is not going now into the only because of the pricing currently or?

**Pavan Khaitan:** Yes. Because of the pricing, within a week or 10 days max of the opportunity that was created by the traders of sequestering wheat straw towards fuel that opportunity itself got completely annulled with the increase of wheat straw pricing in the initial stages.

**Rishi Mody:** But the technology is still valid that wheat straw can be used for fuel now?

**Prachi Sharma:** Just to add to that, while it can be used as fuel, but since it's primarily a fodder for the animals, the use of wheat straw for the purposes of fuel that concept in Punjab is now being culled by the

farmers themselves. So, they saw a limited opportunity. They took advantage of that. But as things stand today, this practice has been stopped.

**Rishi Mody:** Okay. And finally, just on the numbers, this debt repayment schedule for the next 2, 3 years? And what's your current cost of funds, and how much can we -- are we exploring refinancing on the current debt, if we have anything available?

**Vikram Kumar Khaitan:** Yes. Annual repayment is almost in between INR170 crores to INR180 crores per year in next 2, 3 years. And the average cost of fund for long-term fund is around 8.5%. And we are regularly looking into that how we can further reduce cost of fund by way of FCNRB loan or other cheaper funds mode.

**Rishi Mody:** Right. And till the time we don't repay your debt, no scope for doing any buybacks, is it?

**Vikram Kumar Khaitan:** We are not looking for the same as of now.

**Rishi Mody:** Okay. All right.

**Moderator:** Next question is from the line of Saurabh, Individual Investor. Please go ahead.

**Saurabh:** I just wanted to ask, like, we are recovering 95% of caustic soda in our manufacturing process. However, chemical cost -- quarterly chemical costs that we are incurring as per quarterly results is roughly INR50 crores, INR60 crores. So apart from caustic soda what are the key chemicals that are used?

**Management:** So, one -- I'll just name two, three on the top -- from the top line. Yes. one is the filler which we have an integrated plant within the plant provided by the MNC. Second is AKD, which is the sizing chemical and rest are on the lower scale.

**Pavan Khaitan:** Even bleaching like chlorine dioxide is...

**Management:** Yes, dioxide is one which chlorine is being imported in India, and that's it. These are top 5 to 6 chemicals.

**Saurabh:** Okay. Sir, next is; while comparing the key balance sheet numbers between '25 and '26, there's a key reduction in other current assets from roughly INR836 million to INR306 million. And what I saw was that key component of this is advanced to suppliers. So, has there been any change in payment terms with suppliers, which have resulted in such a significant decline?

**Pavan Khaitan:** These are actually not trade suppliers. These are capital asset suppliers. So obviously, the project was under implementation over the last two years. So, there was a fair amount of advance lying for project implementation. So that is what is reflected under advance to suppliers. Now all that plant stands executed, and obviously, the advance has turned into asset capitalization.

**Saurabh:** Sir, just a follow-up question on this. Advanced to capital creditors -- sorry, capital supplier was part of other noncurrent assets roughly INR60 crores. Other than that, other kind of assets also had advances to suppliers. So those two were also capex supplies?

**Vikram Kumar Khaitan:** Some are on the part of regular suppliers, which has been recovered due to quick supplies, and we have a discontinued business with them. So, on that front, there is recovery, so it has reduced.

**Saurabh:** Okay. One more thing like, how much is the notebook paper proportion of our overall sales?

**Pavan Khaitan:** Well, before this change in GST came in, which was in September of last year, about 22% was going into this sector. But now with this change happening, we are gradually reducing our sort of quotients there. We are already down to about 7% to 8%. And after the upgradation of this -- all our machines that happens, we will be looking at an option of not serving the sector at all, and coming out of it.

**Saurabh:** Okay. And one more thing like we have already -- April, May is almost complete. So, this quarter, how we are seeing the realization and profitability?

**Pavan Khaitan:** Well, if you see our Q4 results, they are better than Q3, which is on the back of being able to increase our realization and have a fair bit of cost efficiency as well, which has been only and only dampened by increased cost of inputs. But despite that, we've been able to increase our margins by about 2% and so -- which is a good trend.

Going further, I think this is a lean season, the next 2, 3 months. And historically also, we see dampening in pricing. And this is what we're going to have an impact on our operations also. But, I think, we will see a reversal in trends into the positive, in and around September or so. So, I think overall, year operation looks to be better than last year with our increased volumes and reduced cost of operation.

**Saurabh:** Okay. Thank you, sir. I'll get back in the queue if I have more questions. Thank you.

**Pavan Khaitan:** Thank you.

**Moderator:** Next question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:** Thank you for the opportunity, sir. I understand that whatever issue you mentioned, just how is the pricing right now versus it was last year. So, if I look out on a gross margin basis, is it better? Or is it worse than what it was last year, if you could help us understand?

**Pavan Khaitan:** Wheat straw pricing is higher by about 50%, 60% compared to last year in a similar period. And so yes, that impact is there. It is prevalent, and that is something which will not stay for long. It is likely to start coming down once this rice sowing season starts, which is somewhere in early June, that's the time when they will have to clear out the entire field on which the wheat straw is, right now, lying.

So, they have to clear that out to start sowing for and preparing for the rice straw season. And that is when we will see the pricing of wheat straw coming down. Sorry, as Jagdeep said earlier, this is a temporary phase and likely to get balanced in the next month or so.

- Madhur Rathi:** Got it. And sir, on the tissue paper plant, sir, are there any updates on that? Have we figured out that we want to go ahead with it and if so, how -- what kind of internal -- what kind of capital allocation are we talking about between debt and equity?
- Pavan Khaitan:** So right now, at the moment, because we have our hands full with the current expansion. The plan for tissue project only stands deferred. It's not shelved. It's deferred for a certain point of time until we get our entire operation in control and as debt under control, one of the earlier participants had also asked this question, and we said that we have to keep a close look at all our financials.
- And till the time that we have our debt in a good balanced situation, we will not be incurring any other investment. But as and how we get an opportunity to set up the tissue plant, that will be clearly our next investment going forward.
- Madhur Rathi:** And sir, the raw material for tissue paper plant, would that be entirely imported? Or -- because right now, we have advantage of being in Punjab, which is a wheat and rice, because of that, we get a better raw material cost versus any other producer. So, for tissue paper plant, how should we think about location and raw materials?
- Management:** Yes. It will be a combination of both our own pulp, which is both majorly and imported as well. That will be a combination of both and we see the placement according to the product mix once it is in the place, a product mix on the other machine as well.
- Madhur Rathi:** Got it. Sir, just final question from me, sir, with the pulp plant commissioning in mid-June as well as the PM3, as well as the chemical plant recovery that has been commissioned, so sir, conservatively what kind of operating expense reduction and power cost reduction can we expect for the quarters going forward?
- Management:** Overall, as we indicated earlier, it's 5% to 7% of mix of all, reduction in the operating costs.
- Madhur Rathi:** Got it. So that was from mine. Thank you so much and all the best.
- Moderator:** Thank you. Next follow-up question is from the line of Saania Jain from Care PMS.
- Saania Jain:** Thank you for the opportunity. Just adding to the previous participant's question. Could you also call out the current price in wood chips and what has been the change? And where do you see that prices heading?
- Management:** You're talking of NSR levels or the input...
- Saania Jain:** Wood chips?
- Management:** So, wood chips is almost same. We see a trend of the quarter-on-quarter last year and this year almost same. But we are somehow maintaining the input cost as parallel to last year by changing the mix. So, we have components in it. Yes.
- Saania Jain:** Okay, got it. Thank you.

**Prachi Sharma:** And as a company, we're also actively working to reduce this cost through our social farm forestry program, which will allow us to buy back wood from the farmers at much more competitive rates than the market. So that input will also help us as we go forward in our cost reduction.

**Saania Jain:** Okay. Thank you.

**Moderator:** Thank you. Next follow-up question is from the line of Rishi Mody from RDM Advisory. Please go ahead.

**Rishi Mody:** Hi. Thank you for giving me the opportunity to ask a question. On the wood chip prices, what I've understood is kind of linked to the real estate market and the latter half of the real estate market. Currently, what we're hearing is that there is a slowdown in the real estate market yet the wood chip prices have not sort of come off. So, what's holding up the prices if you can explain that?

**Pavan Khaitan:** So, I think we are seeing a gradual increase in the land under growth. And we are seeing an expansion of the tree cover and tree particularly for harvesting and usage purposes expanding. And so, the supply side is expanding on the wood side.

That is what is leading to the pricing remaining stable, and we are actually foreseeing that we'll possibly see a reduction in this pricing, even though it's very, very minimal going forward. The other thing is that a lot of industry is going into social forestry programs and that is what is leading to this increase in wood area -- land area under cultivation.

And the second thing which has come about is that the government has allocated within the forest land, which is not -- which is cultivable, but not to be precluded by the forest area, they have opened that land for tree growth as well.

So additional area is going to be available for the purposes of planting trees and which will then be utilized both by the paper industry as well as other users like real estate, as you suggested. So basically, there are signs that are visible that the supply side is going to get enhanced and which clearly will lead to pricing remaining stable or reducing slightly.

**Rishi Mody:** So also, there's no mandate for these plywood companies to have a social forestry program? Do they participate as actively as we do in this by their own -- like for their own backward integration?

**Management:** As of now, no. There is no mandate as such from the government. But yes, for the security of raw material, everybody is initiating that program, as we have done 3 years back, and to add on is more of the innovations coming in, in the seeding, where you would find a decade back, eucalyptus will be harvested 10 years life. Now it has come to 5 years of life. So that way the replenishment of the land is more faster.

**Rishi Mody:** Understood. And also, I was reading up on JK Paper they have come up with this new variety of plant or I don't know what it is, it's called Subabul or something, which has less than 3 years of cultivation life. Are we exploring such avenues to shorten the cultivation time?

- Management:** Yes. We are doing on the similar lines. In fact, we also have come up with two seedlings which is P29 and E2. So more friendly to the Punjab soil. And we see a drastic change in the mature life of the eucalyptus. So, we are looking on those lines. We have a large industry we are investing heavily on that nursery as well.
- Prachi Sharma:** Just to add again, I think the plant variety that you're probably mentioning is Subabul.
- Rishi Mody:** Right.
- Prachi Sharma:** Yes. If it is Subabul, happy to add that as Kuantum, we have also initiated the program for Subabul and another two varieties called Melia and Casuarina. These are also new varieties that we are introducing, which have a shorter turnaround time in terms of maturity and have good pulp yields, and we are introducing these to the farmers of Punjab.
- Rishi Mody:** And the offtake has been good from their end because I'm sure there will be some offsetting on the soil quality or some apprehensions around that with them, right?
- Prachi Sharma:** So, we worked very extensively with the farmers on ground. We've been working or operating for 45 years out of that area. Our linkage with the farmer is very high. And we work with them with our on-ground team for pre plantation and post plantation.
- So, the level of education that we impart to our farmer community is helping us get these new varieties and them being taken up for offtake. So, we are building that positivity into the environment.
- Management:** And what we do differently is that we plant these trees ourselves in our premises and show these farmers the growth that is happening and the growth that can be expected. So, there is a visual expectation that is created and which comes in handy in enticing the farmer.
- Rishi Mody:** So today, how much percentage of our wood procurement would be from our social forestry program?
- Management:** So, what happened is one, there is a tree, it goes into 3 to 4 utilization. One is for the plywood industry, one for the paper and one for the fuel as a fuel. So really coming on to that percentage is a bit difficult.
- If you see our journey since we have conceptualized this farm forestry program. Right now, we are associated with 19,000 farmers over 3 years' time. So, this is pretty well growth what we have till date. And in time to come, we also look for doubling this capacity.
- Rishi Mody:** Okay. Got it.
- Management:** What we're doing is just helping the growth of tree plantations, which will help secure our supplies better in future.
- Rishi Mody:** Yes, I know it's all at market pricing, we don't get any favourable pricing, but we get assured supply and maybe some savings on the logistics piece for procuring. So that's why I was just asking?

- Management:** So, the vision of the organization is to make the vicinity surplus of wood so that we do not face the heat of the competition on the wood.
- Rishi Mody:** All right. Got it. Thank you. That's it from my end.
- Moderator:** Thank you. Next follow-up question is from the line of Madhav Jhawar from SKP Securities. Please go ahead.
- Madhav Jhawar:** Hi, sir. So, another follow-up question. The thing is, the incremental volume that is adding, we don't have the pulp capacity. So, are we going to import the raw materials? Or are we going to - so if we import, so will there be a cost impact on that as well because of the rupee depreciation?
- Pavan Khaitan:** Well, we are going to beef up our sort of requirement through not only imports, there is pulp available within India. There are companies who are manufacturing bagasse pulp and we have utilized that in the past as well, and we will look at using -- reusing -- restarting using that again in the future.
- But the good part is that even if the cost of our pulp increases due to this pulp content, the quality, it has a beneficial impact and a favourable impact on the quality of paper and which, in turn, allows us to increase our sales realization in the market.
- With better quality, we will be able to position ourselves more strongly in the market and help secure a better realization for ourselves. So, the impact on margins will be curtailed accordingly.
- Madhav Jhawar:** Okay got it. Sir, the next question...
- Management:** We are also looking at around 20% to 25% of product mix in the specialty grades, which probably will require a better pulp, which is pine and we will be looking at higher contributions from that group as well.
- Madhav Jhawar:** Sure. Got it. Sir, there is this -- so someone had asked earlier about the decrease in other current assets from INR80 crores to INR30 crores to which you mentioned that this was nothing but advances to suppliers of machinery. So, this INR30 crores will also be capitalized, that's what I'm assuming, right?
- Management:** Either capitalized or CWIP because PM3 and lime kiln has yet to be capitalized. So, it is either part of CWIP or predated.
- Madhav Jhawar:** Okay, sir. That's it from my end. Thank you.
- Management:** Thank you.
- Moderator:** Thank you. A reminder to all the participants, you may press star and 1 to ask a question. Next follow-up question is from the line of Saurabh, Individual Investor. Please go ahead.
- Saurabh:** Sir, just wanted to ask, like you said, after GST on notebook paper our share in this segment has reduced to 7% to 8%. So, what are the key other segments that make up our top line, if you can in some broad numbers as percentage?

**Pavan Khaitan:** This was a conscious call and intentionally, intentional decision to reduce the percentage from 20% plus to less than 10% and which, over time, will gradually be eliminated because with GST at 0, we have to reverse appropriate tax input credit and which is quite a cost to us. So, it's a conscious call not to remain in this segment.

And what is replacing this is that -- and even with our machine upgradation happening, we are enabling ourselves to produce better quality papers. And so, the printing, publishing, copier segments design notebooks, high-end printing requirements, all those markets are going to get extended for us, and that is going to be taking up our volumes into the future.

**Saurabh:** And what are the other segments that we are supplying to?

**Pavan Khaitan:** Yes. One is that we are increasing our share of copier, which is a good steady growth. We are increasing high-end printing requirements, which is -- for which we make Maplitho grades and size grades of paper and also the specialty paper segment, which we're going to focus on and increase it to about 25%, 30% of our entire production volume. I hope that answers your question.

**Moderator:** Sir the line for the participant dropped. A reminder to all the participants, you may press star and 1 to ask a question. As there are no further questions, I would now like to hand the conference over to Mr. Pavan Khaitan for closing remarks.

**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, and wishing you all a great day ahead.

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