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NIKITA PAPERS LIMITED

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Date: June 30, 2025

To,
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor |
Plot No. C/1, G Block Bandra - Kurla Complex
Bandra (E), Mumbai - 400051

Symbol: NIKITA
ISIN: INE0FLF01015

Subject: Transcript of the Earnings Conference Call for FY 25 held on June 24, 2025.

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Transcript of the FY 25 Earnings Conference Call held on **Tuesday, June 24, 2025 at 02.00 P. M.**, wherein the Audited Standalone Financial Results of the Company for the financial year ended March 31, 2025, along with discussions on the Company's business operations and future strategies etc. was presented, and the same will be available on the Company website i.e., www.nikitapapers.com.

You are requested to kindly take the above information on record.

Thanking You,
For Nikita Paper Limited

Ashok Kumar Bansal
Digitally signed by Ashok Kumar Bansal
Date: 2025.06.30 17:22:39 +05'30'

Ashok Kumar Bansal
Managing Director
DIN: 00321238

Sakshi Narvekar: Good afternoon, everyone, and welcome to Nikita Papers Ltd. Maiden Earnings Call to Discuss H2 & FY25 financial performance. The financial results and investor presentation has been uploaded on exchange and you can refer to the same during the discussion.

We have on the call Mr. Ayush Bansal, executive director, Mr. Anuj Bansal, promoter, and Mr. Atul Aeron CFO. We must remind you that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risk that the company may face.

May I now request Mr. Ayush Bansal to take us to the company's business outlook and financial highlights, after which we will open the floor for Q&A. Thank you and over to you, sir.

Ayush Bansal: Thank you, Sakshi. Good afternoon, everyone. I am truly delighted to connect with you, all following our successful IPO listing. FY25 marked a landmark year in the history of Nikita Papers and we are enthusiastic about the road ahead. We look forward to continued engagement with you as we advance on our growth journey.

Since this is our maiden call, I would like to take this opportunity to talk about Nikita Papers a little. Nikita Papers is a prominent waste paper and municipal waste recycling company, specializing in the production of high-quality graph paper used extensively in corrugation packaging. Packed by 35 years of industry expertise, Nikita Papers uses 100% recycled waste paper as a primary raw material and leverages captive power of 1.5 megawatt solar plant and 3.5 megawatt municipal waste to energy plant to sustainably recycle paper. Our product portfolio includes a wide range of craft paper, variants including prorogation paper, carry-back paper and floating paper catering to packaging, industrial, and commercial applications. We serve a diverse and loyal customer base comprising corrugated box manufacturers, FMCG companies, and packaging solution providers across India.

Nikita's specialization in manufacturing of high quality craft paper has facilitated import substitution as well. Backed by long-standing relationships with a reliable network of domestic and international suppliers for waste paper and other raw materials, the company has a robust procurement ecosystem. Nikita's strong focus on sustainability through initiatives like 0 liquid discharge, captive waste energy plant, a solar power plant, and lean operational efficiency underscores its commitment to the circular economy and positions it well for future growth. This commitment is further reinforced by favorable regulatory and industry tailwinds. The implementation of plastic waste management rules, which bans single use plastic since July 2022 is accelerating demand for economic friendly alternatives like Kraft paper.

Nikita stands to benefit directly by complying with extended producer responsibilities, EPRs, norms and generating EPR credits, creating an additional revenue stream. On the industry front, Kraft paper accounts for 55% of the packaging rate paper segment, which itself represents 70% of India's total paper consumption. With the Kraft paper market projected to grow from 7.67 million tons in financial year 2023 to 12.5 million tons by financial year 2030 at a CAGR of 10% between FY23 and FY28. Nikita is well positioned to capitalize on this rising demand and chart a path of sustained long-term growth. Coming to financial year 25 performance, I am pleased to share that Nikita has concluded the year on a strong note driven by consistent operational excellence.

Over the past 4 years, the company has maintained a solid growth trajectory, achieving impressive CAGRs of 33% in revenue, 42% in EBITDA , and 66% in PAT . So before diving into operational and financial highlights, I would like to throw some key highlights on the strategic updates. So Nikita paper successfully raised 67.5 crore through IPO in May 2025 and the proceeds are intended to be used for setting up a waste to energy power plant, meeting the working capital requirement needs and supporting general corporate purposes. As you know, Nikita currently operates captive Power Source comprising a 3.5 MW municipal waste to energy plant and a 1.5 MW solar rooftop plant. It is planning to expand its renewable energy portfolio by setting up a 9 megawatt refuse-derived fuel, RDF, waste-to-energy power plant.

The estimated capital expenditure for the same is approximately Rs. 50 crores. With this expansion, the company will achieve 100% energy self-sufficiency and completes a transition to green power within the next 15 to 18 months. Now coming to the financial year 25 operational performance, Nikita achieved a strong capacity utilization of 82% producing approximately 1.08 lakh metric tons of paper during the year. Compared to the previous year, capacity utilization declined mainly due to 2 factors.

First, the company transitioned with captive power generation from biomass to municipal solid waste derived RTF, which reduced the power plants capacity generation, but provided significant cost savings. Second, there was a strategic shift towards producing specialty grade paper, which resulted in lower production volumes compared to standard grades, but aligns with the company's value-driven growth objectives. The annual procurement mix of waste paper in financial year 25 comprised 88% domestic and 12% imported waste. Sales volume stood strong at 1.08 lakh metric tons. Now moving to financial results for H2 and FY 25 revenue from operations has increased to 370 crores up 9% year-on-year on annual basis and rupees 201 crores up 12% year on year on half yearly basis.

EPR sales contributed to rupees 5.29 crores to revenue in financial year 25. EBITDA increased by 24% to rupees 50 crores on an annual basis and by 18% to 27 crores on half yearly basis. H2 and FY 25 EBITDA margins stood strong at 13% plus. Profit after tax increased to 23 crores up 11% year on year on annual basis and to rupees 13 crore up 2 percent year on year on half yearly basis. The return on equity and ROCE stood strong at 22%and 12%.

To conclude Nikita is planning to simplify its group structure to enable seamless integration across the value chain and unlock synergies. It is also set to broaden its product portfolio by developing advanced craft paper grades and tailored solutions to meet evolving customer needs. A key priority is the proposed 9 megawatt waste to energy plant aimed at achieving 100% energy self-sufficiency and a complete shift to green power within 2 years. Supply chain optimization through technology adoption and procurement streamlining is also on the agenda. Along with expanding market reach by entering the B2C segment and showcasing its specialty paper products on international platforms exhibitions like Dubai, Cairo, Dhaka and Saudi Arabia.

With over 35 years of industry expertise, premium craft paper production capabilities, growing captive power integration, regulatory tailwinds, and a strong operational and financial foundation, Nikita is well positioned to deliver long-term sustainable growth. Friends, That's all from me. I would now request to open the floor for question and answers. Thank you.

Rakesh Arora : Thank you, Ayushji. Since we have kept the format a little bit more informal, and obviously we'll take questions. Atul, can you please type your question in the chat box. So I just wanted to start with many, both you and Anuj look very young. How did you start this company?

Can you give us a little background because most of the viewers

Ayush Bansal : - Rakeshji,

Ayush Bansal: we started this company in 1992. Back then we are the third generation in the company now, started by our late grandfather, Shri Narish Chandra Bhansal. So we had a machine, we had 1 machine with a modest capacity of 4, 000 tons per annum. Presently that machine approximately operates at 35 to 40, 000 tons per annum. In January 2021, during COVID period, We were happy to install a second machine, which is a state-of-the-art machine, which adds another 250 tons per day capacity.

Our total plant capacity presently now is 1, 33, 000 tons per annum. So that is a small group story. We had a captive power plant which was operating on coal and we took a conscious decision to convert it into biomass in 2018. Thereafter in 2022, we came up with this idea of waste to energy generating power from waste. So we converted a lot of our plant from biomass to waste to energy.

Okay. So that has been the growth story till now. We have a rooftop solar installed with us. So there is a lot of shift that we have on the energy side. We are working towards generating green energy towards self-sustainability and there is a lot of working that we do on the lean practices in the plant also.

Rakesh Arora : So when you started in 1991 with 4000 tons per year capacity, Did you start with a recycled paper only directly, or what were you using as raw material at that point in time?

Ayush Bansal: So that point of time, Rakeshji, we were not operating on recycled paper. We were operating on virgin fiber that was collected from agricultural waste such as bagasse, wheat straw and husk. Looking into the environment concerns and there was a conscious shift on shifting to recycling. we presently are a paper company that is producing products out of waste. So we have shifted from agro waste to recycle.

All of the waste paper that we use presently is collected from domestic throwouts or industrial or shopping malls. And there is a value chain system that supplies it back to us. So presently we don't operate anything on the fiber which is a fresh fiber or a wood fiber. We are 100 operational from waste to products.

Rakesh Arora: So can you tell us a little bit about this collection process? How do we collect? Do we take it through some scrap dealers or how do the scrap come to us? Do we have any centers that we have developed for collection of this?

Ayush Bansal: We have appointed integrators on the behalf of the company who complete the sourcing for us. Now what happens is, as all of us have seen that there are rack pickers who collect waste from households, from shopping malls, from shops, then that is supplied to a comparatively larger stockist who in turn send it to a truckload of dealers. So our aggregators responsibility is to coordinate with these semi integrated market and supply it to us. So that is how the sourcing of the waste is done.

Rakesh Arora: Okay. So what all locations do we collect? How many integrators do we have?

Ayush Bansal: I think Anuj Bansal .

Anuj Bansal: Hello Rakesh ji. The sourcing is done from approximately 100 kilometers in the range, specifically from Delhi, UP and NCR areas because it depends on the freight cost also plays a major role in the pricing of the Indian domestic waste paper and roughly we have around 20 to 25 stockish we have, but we have a few suppliers with us, we have long term agreements with them, monthly agreements, quantity agreements with them in place. So the sourcing is not an issue for us.

Rakesh Arora: So can you tell us the availability of raw material and the pricing and is there any competitive pressure that we see can emerge as more people get aware about this recycling?

Anuj Bansal: There is not much of a pricing pressure. The waste paper as you already know, we utilize, we use recycled waste paper only. So the product we send in the market in terms comes to us only. So the availability is not an issue with us for the domestic waste paper thing.

Rakesh Arora: And how is the costing done for this? What price we pay for paper And what is the duration? Is it every per truck it is, you know, price changes or it is like for 1 year?

Anuj Bansal: The price does not change every day. Generally, the pricing stands for 490 basis around 15-20 days. The price remains same. We have agreements in place with the suppliers for around 15 days and then looking at the market scenario, if the market requires a change in the prices be it upwards or be it downwards, then it is mutually decided with our suppliers.

Rakesh Arora: Okay. And do you have to pay, you know, do you get some credit for getting this material or we have to pay in advance or once the invoice is raised, how does the payment happens for this?

Anuj Bansal: Generally,the payment cycle for the waste paper is on credit basis only. Not much credit is given. We generally try to purchase it on the lower pricing so that the credit portion does not affect our pricing.

Rakesh Arora: Okay, so within 10-15 days we pay for it or?

Anuj Bansal: Approximately 15-20 days.

Rakesh Arora: 15-20 days, okay got it. And so what is the typical cost of a waste paper per kg if you can just if it is possible to tell us some rough numbers?

Anuj Bansal : Approximately it varies somewhere around 18.5 to 19 rupees per kg depending on the prices, depending on the market whole market scenario as well it changes.

Rakesh Arora: What would be the volatility of variability in 1 year? So like last year, what is the high price, low price that we have paid for paper? Is it more than 2, 3 rupees?

Anuj Bansal: Volatility Indian waste paper is not very volatile in nature. It does not change drastically. It may change depending on the international market, it may change somewhat but not drastically. So 1 or 2 rupees, it may change in 1 or 2 rupees upwards and downwards as well. But we make sure that our delivery schedules and our stocks are in place so that in order to mitigate any volatile, sudden volatile pricing changes.

Rakesh Arora: Understood. And the craft paper that we make, what is the selling price for that craft paper you and what are the varieties you have for craft paper?

Ayush Bansal : So We have various varieties that we are manufacturing. We are manufacturing corrugation grade paper. Then we are manufacturing food grade paper. Then now you see the shopping mall bags, the brown bags that you see in the shopping malls. So that paper we manufacture, not the bags.

So we are the paper manufacturer. So these are some various grades that we are trying to manufacture.

Rakesh Arora: And is something paper which is like more value added as compared to less value added. How would you grade them?

Ayush Bansal: The specialty grade papers that we do, the food grade, the carry back papers, they are the value added products in the market. Okay. The corrugation paper is a standard market but the speciality grade paper is something that we interact with the consumer. We have to understand the requirements. It is tailor-made as per their requirements.

Someone may ask for a waterproof paper. Someone may ask for a high strength paper. So those are the value added products that you manufacture for the market.

Rakesh Arora: Okay. So what percentage of your production is value-added paper?

Ayush Bansal: So presently approximately 8 to 10 percent of the total volume is the value-added product. The balance 88 to 90 percent is the corrugation segment that you are manufacturing.

Rakesh Arora: And what could be

the price difference

between this

value-added paper and?

Ayush Bansal: Pricingis a little business sensitive, so we will not be going by approximation, but on average it is a better value product for us and it fetches a value addition for the company.

Rakesh Arora: Okay.And 1 question I missed which Keshav has asked is the mix of raw material import and export. From what I understood you said that you buy locally only largely.

Ayush Bansal: No, no, we are doing, we are buying local raw material also and we are importing raw material from US and Canada also. The raw material that we import from foreign countries gives us the strength and ability to manufacture high-end paper.

Rakesh Arora: Okay, so that is an additive that you import from abroad?

Ayush Bansal: Yes, so the waste paper sources from US and Canada has longer fiber compared to the waste paper available in India.

Rakesh Arora Okay, understood. Okay. Keshav , please ask your questions on the chat board please. Thank you. Okay, So you have understood that.

Now let's come to the manufacturing process. What are the key costs apart from the paper that we have incurred for manufacturing this craft paper?

Ayush Bansal: So Rakesh ji, in the manufacturing process apart from the direct raw material, our main cost is energy and labor. That are the 2 main costs of it, out of which energy is a higher percentage because there is a lot of steam and electricity used in manufacturing paper.

Rakesh Arora: So you have steam and water, so how much energy is actually used per kg of paper?

Ayush Bansal: So we are using approximately about 400 units of electricity for 1 ton of paper manufacturing.

Rakesh Arora: 400 units per ton. And what about steam? Is it additional to that?

Ayush Bansal: The steam is additional to that because steam is used for thermally drying paper when you manufacture paper on the dryers on the machine.

Rakesh Arora: Okay, understood. So what is the kind of margin we make on paper under the current circumstances? Coming in please. What is the EBITDA margin we'll be making on paper segment alone?

Ayush Bansal: So we are doing about 13 to 14% on the operating margin on the paper segment.

Rakesh Arora: 13 to 14%, okay. Now current capacity is 1, 33, 000 and our capacity utilization is around 82 percent you said?

Ayush Bansal : Yes. Yes.

Rakesh Arora: So what are the plans here meaning what kind of you know capacity utilization we can go to? Number1?

Ayush Bansal: Our capacity utilization in FY 24 was higher because we were operating on biomass. Okay. FY25, the whole year we have shifted our boilers from biomass to waste to energy. So we had to compromise a little on the production volumes because the power plant gives us lesser capacity.

Now there are 3 segments to the production process, the pulp mill, the paper machine and the captive power plant, which gives you an electricity and power both. So when you convert from biomass to waste to energy, the efficiency of the power plant, the output of the power plant goes down. That is why our process, we are in the process of installing the 9 megawatt waste to energy.

The 9 megawatt waste to energy will give us further capacities. So that will increase our top line and bottom line both.

We will be able to operate that power plant completely on waste to energy and it will also provide us enough steam and power to add production volumes to our system.

Rakesh Arora :So when we say that we are at 82% on 133, 000 tons, what capacity utilization we can go to when power is available with us?

Ayush Bansal: On the safer side, we would like to target at least 10% addition to the existing capacity.

Rakesh Arora: 10% addition. And are there any plans to increase capacity on the paper side beyond this 133?

Ayush Bansal: Presently, not for now. Presently, our focus is purely on the 9 megawatt waste to energy.

Rakesh Arora We will come to it. So basically paper maybe will increase the specialty grade more and try to increase margins.

Ayush Bansal: That definitely we are focusing on because the specialty grade segment has a higher CAGR. It is increasing at an 18 to 20% market segmentation and it gives a value addition to the system also. So our consistent focus is to increase production on those levels.

Rakesh Arora: Okay. So the current constraint is the power capacity, which we are increasing and that will help us increase our production. We will focus more on value addition rather than increasing.

Ayush Bansal : Yes, it will operate entirely on waste and will generate more electricity and more steam and resultantly give us more production capacities.

Rakesh Arora: Okay, So now let's come to the power plant segment. So we have currently 3.5 megawatt which is operational, which is working on municipal waste. And we have 1.5 megawatt which is rooftop solar. Is it commissioned already?

Ayush Bansal: Yes, the 1.5 megawatt rooftop solar is commissioned and operational.

Rakesh Arora: Okay, and we have 9 megawatt for which we have raised money in the IPO. So what are the timelines for this 9 megawatt, you know, power plant which will be based on municipal waste?

Ayush Bansal: So we are expecting a commission installation period of about 17 to 18 months for the waste to energy complete 9 megawatt.

Rakesh Arora: Okay so by end of FY 26 no FY 27 we should be having this plant ready right?

Ayush Bansal: We are trying our best to close it by the third quarter.

Rakesh Arora Third quarter of F27. Okay got it. Now can you explain the economics here how this municipal waste is you know collected what is the cost that comes to us on per unit basis based on

Ayush Bansal: the initiative taken by the government of India rather the municipal bodies present all across tier 1 and tier 2 cities. Now this municipal solid waste is the waste that that is collected from the roads and from heaps as you see there are lots of stacks in the tier 1 cities and tier 2 cities. Now what the government does is it is an obligation on the government this is a this is a public waste. Now the government does is it subsidizes this waste it provides fees on clearing this waste The inert material from the municipal solid waste goes to the highways and the fillings as per government, the municipal solid waste guidelines. So what is not handled is the RDF, the organic matter or the combustible matter that is left over.

Now What happens is that combustible matter is shipped to us by the aggregator and the cost of transport is shared between both of us. Okay. So that is how it comes to us at a subsidized cost. The original cost of the material is 0. Even the transport cost is shared between the seller and us the buyers.

That is effectively a very low cost product, which is a very good source of energy for our installation in the boilers. Apart from that, we generate EPR credits, the extended producer responsibility credits on this waste because a major portion of this waste is plastic waste. So now the central pollution control board has a very fair platform where it provides where it has an offset system wherein any producer using plastic for productions has to account for EPR credits and he has to purchase EPR credits from recyclers or end of life cycle. For example, here end of life cycle is us Nikita Papers is an end of life cycle producer. So we produce EPR credits which are openly freely traded and sold to them.

It is a very good revenue stream for us.

Rakesh Arora : Okay. So can you just tell us, you know, so what is the cost of power? And when we say 13, 14% operating margin for paper, does it include the advantage of the low energy cost?

Ayush Bansal: Yes, for financial year 25, a certain portion of the costing came from waste to energy also.

Rakesh Arora: Okay.

Ayush Bansal : We are expecting once the 9 megawatt is commissioned, we will see a drastic gap between the energy costs, what we presently operate and after the 9 megawatt is commissioned.

Rakesh Arora So there was this question that from 9 megawatt plus 3.5 and 1.5 already there so 14 megawatt, how much paper can be manufactured?

Ayush Bansal: So we actually cannot add it up like this because 1.5 megawatt solar rooftop is only cyclic is only operational during sunlight days.

Rakesh Arora: That is true.

Ayush Bansal: It is not operational 24 7, whereas paper processing is operational 24/7. Solar rooftop is an initiative taken up by Nikita Papers which adds green credits to the system. It is an energy, it is an electricity generated out of solar energy but it cannot substitute the production process.

Rakesh Arora: That we have understood. So how much you know for running this 1 lakh 33000 tons per hour per year full capacity

Ayush Bansal: we are presently connected 9 megawatt but the balance power we are drawing from state board also the UP electricity state board we are drawing and we are that is going to be substituted by the 9 megawatt then we will be completely self-generating all the power that is required for manufacturing of papers.

Rakesh Arora:. So 13 to 14 percent operating margin is including 5-6 megawatt we are taking from the grid.

Ayush Bansal: And that is built to us we are paying forit.

Rakesh Arora: So what would be the saving once this 9 megawatt is operational?

Ayush Bansal: Our electricity bill for the last year was approximately, I think Atulji will be able to tell better.

Rakesh Arora: Atulji can you tell us what was the electricity bill last year and what

: will be the saving after 9 MWcomes in.

Ayush Bansal: Approximately, we would like to say about 18 to 19 crore was the electricity bill for the previous year.

Rakesh Arora :18 to 19 crore?

Ayush Bansal: Yes, per annum was the electricity bill for the previous year. And we would like to be conservative on the saving, but when the 9 megawatt is installed, we would not be dependent on the state board for electricity supplies.

Rakesh Arora: Okay, and how much surplus would be left from this 9 megawatt from, you know, after running the full plant?

Ayush Bansal: So if efficiently commissioned, we are expecting that we will be able to make up from somewhere around 8 megawatts for the process and the balance should be surplus.

Rakesh Arora: Okay. So, around 1 megawatt will be left as additionally available and we would save you know few crores on the electricity bill for internal consumption.

Ayush Bansal: So that will reduce our cost dependence on the state board plus though electricity supplying you Uttar Pradesh is very good but then again you have your seasonal cycles and then intermittent trips from the state board. So that are also a hindrance to the production process. So all this will be covered up by the 9 megawatt cell generation.

Rakesh Arora: And the ERP credit that you said, how is it calculated? And you know, how is the pricing for ERP credits? So once the 9 megawatt comes in, what kind of ERP number we are looking at?

Ayush Bansal: Yes, presently the government allows that 60% of the total quantum is credited to our account as EPR credits. Last year, for example, we did approximately 170, 000 tons of metric waste per annum and proportionately we were allowed EPR credits to our system. So once this 9 megawatt is commissioned, the total fuel or the total waste that would be incinerated for generation of 9 megawatt will be approximately 2.5 times of what we are doing presently. And retrospectively the EPR credits also go up.

Rakesh Arora: So, our capacity is going up by almost 2.5-3x. So EPR credit will also continue to grow at that level.

Ayush Bansal: In the same ratio.

Rakesh Arora: There's 1 question on the sustainability of this municipal waste availability. Tushar has asked this question. Can there be any disruptions today? So there's enough available, there's so much of dump.

Ayush Bansal: So there is plenty available, Rakeshji, that is physically visible to all of us that we see that is being piling up in the tier 1 and tier 2 cities. Tier 3 cities are also now adopting the model of collecting it and storing it properly then recycling it and supplying to us. So we are the municipal bodies continuously keep in touch with us and there is a pressure from the municipal bodies since we are processing this waste they are in touch with us and they keep an account of everything that is processed. So availability is not an issue.

Rakesh Arora: It's not an issue.

Ayush Bansal: Rather, rather the government is focusing a lot on collecting waste and putting it to a systematic model.

Rakesh Arora: Understood. There was 1 question which I missed which was on the 250 ton per day plant that we have installed. What are the CAPEX involved in that case?

Ayush Bansal: So this, this, the installation of this plant started in 2019 and completed in 2021 and the total CAPEX that we had put in this plan was approximately 83 crores.

Rakesh Arora: 80 crores? 83 crores. 83 crores. Okay. Understood.

Atul has a question on EPR profit. He says so annually we can do maximum 12 and a half crore. Is that correct number? On the? Total EPR profits after the 9 megawatt is operational.

Current year was 6 and a half crore. Right?

Ayush Bansal: So presently this year we have booked a profit of 5.29 crores on the EPR last year.

Rakesh Arora: 5.29 crores, so it will be more than 12.5 crores, right? .

Ayush Bansal: yes

Rakesh Arora: there any cost associated to sell EPR or?

Ayush Bansal: No, no, no. It's a freely traded total given by the central pollution control board. So whatever waste whatever amount of waste that you process in your waste to energy plant a proportion of that gets credited to your account directly. Okay, there are there are proper audits and checks to it which the government conducts time to time your papers are verified and then the credits are allowed to your system. Thereafter you can you have access to those credits you can log in and you can take a purchase order and transfer to the branch whoever is wanting to procurefrom you for their compliance purpose.

Rakesh Arora: Okay. Now, this question about in our RHP, the electricity bill is 27 crore and power fuel is around some 43 crore. So, I'm assuming the remaining

is for steam etc

Ayush Bansal: Would you repeat that? I'm sorry.

Rakesh Arora I'm saying so, he's saying that in RHP power fuel cost is

mentioned

: at forty-three crore. Yes. And electricity bill is mentioned at 27 crore.so the rest is team cost or what is it?

Ayush Bansal: Yes. So, we what happens is we use fuel to generate steam at a higher pressure, the boiler operates at a higher pressure, then the steam is passed through the turbine, The turbine generates electricity and the lower pressure steam is processed to the production process. So the energy that we use is divided into segments. 1 is the electricity bill and the other is the fuel bill. The fossil fuel that we use for operating captive power.

Rakesh Arora: Okay. Now coming to these plants, Jayesh has a question whether these plants are fungible to manufacture corrugated and specialty or do you really need some additional machinery to do specialty paper?

Ayush Bansal: I would answer it in short because this is slightly specific to our process and

Rakesh Arora: we are not trying to be genius.

Ayush Bansal: So there are some machines, no, no, I will since I will answer it. There are some machines that you install which are there online available with you. So when you are manufacturing a normal product, you are not using those lines. But when you are manufacturing the speciality grade, that process also comes into picture. So that is there is some difference in the process, but not entirely different.

Rakesh Arora: Okay, so now coming to you know, yeah, so now coming to our, you know, sale of product. So how do we sell this craft paper? Do we sell it through dealers, wholesalers or directly B2B? How does it happen?

Ayush Bansal: Rakeshji, the corrugation segment that we are manufacturing is sold through distributors. We have long term relations with distributors who in turn are connected with converters to the tune of about 75 to 100 converters at any given point of time. The converters keep changing but the distribution system stays So it is their responsibility to take care of their demands and process it to us. So that is for the the corrugation segment. The specialty grade segment may operate through corrogators also, and we are happy to interact with direct consumers also, because that is 1 segment wherein we need to understand the requirement of the consumer and design the product accordingly.

So even if the order is placed to a distributor, it is handled directly by the company and we interact with the Purchaser first understand his needs and accordingly manufacture the product.

Rakesh Arora: So how does the payment cycle work here? How much longer does it take for the payment to come to us?

Ayush Bansal: The payment cycle is shorter for the specialty grade segment because that is there is a direct interaction. But when you talk about the corrugation segment, the corrugation segment is something that we are manufacturing for the FMCG segment. So what happens is we are only manufacturing paper, it gets converted into a box. The box is then sent to the FMCG company, packaged into a product and sent out in the market. So once the payments is receded back to the converters, they receded to us.

So for the corrugation segment, the collection period is slightly longer compared to the specialty segment.

Rakesh Arora: So Keshav, this question on, you know, how do we take the orders meaning we keep on producing what you're producing or it is backed by we get order for certain quality. So I'm assuming corrugated we continue to produce as much as we can. Is that the case? How does it happen?

Ayush Bansal: So once see when, when you're producing about 88 to 90% of corrugated grades, so that is, that is a regular product for which orders are placedwell in time . Now what happens is we, there are certain sizes that are cut on the machine. We cannot process that without an order. So that is also produced on order basis only. For the specialty grade segment, we try to accumulate a certain size of order and then put it to the machine.

Because there are various sizes, there are various qualities. Let's say we are processing the food grade. So in that case, we will try to collect order up to a certain quantity up to a minimum batch size and then place the schedule with the production team.

Rakesh Arora: Understood and so there was 1 question about our participation in international exhibitions and there was a question on some exports. So can you throw some light on what is our export strategy and how is it heading?

Ayush Bansal: So this year we did not have much exports because of the geopolitical conditions going across the globe. But prior to that, yes, we definitely participate in exhibitions and our focus keeps on exporting special grade paper.

Rakesh Arora: Okay. So for pricing of this craft paper, there's a question from harsh about the competition in craft paper. So what is kind of India's demand? How many players are there who, you know, supply craft paper and is there intense competition or if you can just tell us.

Ayush Bansal: So if we, if we divide our product mix Rakeshji for the corrugation grade, yes there are other mills also that are manufacturing the same grade and it is a fair competition, fair pricing in the market, demand driven pricing is there and production cost driven pricing also is there. That is for the corrugation grade. For the specialty grade segment, since it's a one-on-one interaction with the consumers, there is not much competition present in the market. There is us and there might be 1 or 2 other units. I don't want to name them, but not much competition in the market.

It is a rapidly growing segment and well catered by us. So that is all.

Rakesh Arora: When you say there's competition in the market for the corrugated paper, but ours is made out of recycled paper. So competition is from recycled paper or is it from, you know, virgin paper or is it imports? Where is the competition coming from? So that that defines what the your own material will define the grade of paper that you're manufacturing and likewise you have your consumers and yes certain competition is there I would not define but it's a very fair competition it does not bother your sales policies or how you supply your consumers.

Rakesh Arora: who are the main competitors in India for us

Ayush Bansal: There are various mills they are located segment wise Let's say we have we have a cluster in Muzaffarnagar . We have a cluster in Meerut.

Rakesh Arora: So, who would be the key you know competitors, if you can: name 1 or 2 big ones,

Ayush Bansal: So, we have genus paper we have Paswara paper. Then we have to name a few. There are certain competitors in the corrugation segment

Rakesh Arora: and they are based on wood pulp or recycled paper.

Ayush Bansal: Partly both

Rakesh Arora: partly both. Not 100% recycled. And for the specialty grid, do we have any competition?

Ayush Bansal: For specialty grid segment, we are connected with the consumer directly and there is not much availability to the consumer. We have to design the product as per their requirement. So yes, there is 1, there are 1 or 2 other players also trying to do see anything that you introduce in the market new. It is not that you are the only 1 who will be producing the same replicas will definitely come out. But then it is your USP on how you cater to your consumer, how better you feed him that keeps you the leader in the market.

Rakesh Arora: So Shubham,is asking this question that for the last 3 years, we haven't grown our top line. And looking at the discussion we are having, maybe the top line may not grow that much because only 10% volume increase we will achieve with, but our margins will definitely improve. So what is the strategy on the top line is when are we going to increase the paper capacity?

Ayush Bansal: So our interest is to foray into the B2C segment now Rakesh ji. We are already operational, we are doing a good volumes in the B2B segment, manufacturing, various grades of craft paper on Nikita papers. Now our interest forward into the B2C segment increase our presence in the consumer segment directly.

Rakesh Arora: Understood. So currently we are focusing on reducing our costs through you know.

Ayush Bansal: So the 9 megawatt waste to energy will give us both will give us top line and bottom line jumps both.

Rakesh Arora: Top line is not a little bit top line because 10% your volume will go up. What I'm saying is that you want to focus on B2C which will improve your working capital cycle and as well as give you better realization. So when you say B2C what will you have to do to become B2C? You will have to make boxes yourself or what will you have to do?

Ayush Bansal: So there are a lot of converters in the market. So what happens is when you manufacture paper, the paper goes to a certain brand for use. Now that brand certifies the quality of paper and then that certification gets us help to enroll various converters that supply to the brand. Now we are regular in touch with the brand. Now the brands have, you know, once our paper is certified with them, why not produce products for them?

That is what we think. So that is how we are, we are planning to enter into the B2C segment and connect directly with our consumers.. So we're looking for strategic, how this is to be planned. This is yet in discussion and we will be coming out with news.

Rakesh Arora: Okay. So Keshav has a long laundry list of questions. Let me see if we can handle a few of them. Manufacturing, order size and we have covered, business cycle that we have covered, pre IPO funds. He is asking you raise some pre IPO funds, 6 crores.

What was the utilization at that time? Have you given any plans for what are the money to be utilized?

Ayush Bansal: No, the pre IPO funds were taking the working capital cycle only.

Rakesh Arora: Okay. And similarly is asking for the IPO funds. So out of 86, 50 go for the power plant

Ayush Bansal: IPO was 67.5 crores

Rakesh Arora: . Okay.

Ayush Bansal: Out of which 50 crores is packed for the waste to energy plant, 5 crores is reserved for the working capital requirements and meeting out the expenses of the IPO, the other is for the general corporate purposes.

Rakesh Arora: Okay. And he's asking about subsidy expectation. When do we expect to receive the 18.71 crore is there any subsidy which we expected to be received?

Ayush Bansal: Yes, we are running the installation of the power, the PM 2 the paper machine2 we qualified for state government subsidy. And we have already filed papers and see it's a government process, it takes time. So we really cannot comment on when the subsidy is to be received, but the compliance and the paper formalities from our end are complete.

Rakesh Arora: Acha. Understood. And I think the, Can you just, Atulji, if you can tell us what is the debt situation on our books at the moment? What is the rate of interest? Is there any debt repayment which is coming up?

If you can just throw some light on that.

Rakesh Arora: is the total debt on our books? How much is term loan? How much is working capital? And when are what is the interest rate?

Atul Aeron: Working capital and term loan 9%

Rakesh Arora: right now. And 9% you are saying is the cost of debt?

Atul Aeron: What?

Rakesh Arora: Your voice is not very clear. Can you just speak up a little bit?

Atul Aeron : Hello.

Rakesh Arora: Please go ahead.

Atul Aeron: 9% pa interest, term loan and CC.

Rakesh Arora: How much is the amount of term loan and working capital?

Atul Aeron: Term loan is about 32 crores and CCM is 88 crores.

Rakesh Arora: So term loan is 32 crores and how much was working capital?

Atul Aeron: 88 crores.

Rakesh Arora: 88 crores. Okay. Yeah. Okay, so understood. So currently, you know, the IPO funds will go for expansion purposes and the term loan repayment etc will continue at its own pace.

Is that correct?

Ayush Bansal: Yes.

Rakesh Arora: Okay. So we don't have any plans to bring down the debt beyond the natural repayment.

Ayush Bansal: We have no plans to raise that also, Rakeshji. The schedules are already in place for the repayments or debts and presently the IPO proceeds are being utilized for expansion purposes.

Rakesh Arora: Okay. So I think, you know, the last question everybody is kind of trying to ask you, what would be the top line growth and margin for FY26? So do you have any guidance to give for these?

Ayush Bansal: We are expecting an exponential jump once the 9 megawatt is installed but yes given the gestation period FY26 will see the modest industry growth reflecting in our balance sheets which we are expecting to be somewhere around 7 to 8 percent growth.

Rakesh Arora: Okay so 7 to 8 percent top line growth we're expecting this year And FY27 we should see a little bit of top line growth as well as cost reduction.

Ayush Bansal: fourth quarterFY27 should show the results of the power plant installation that we are planning to do.

Rakesh Arora: Keshav power plant cost is 50 crore not 85 crore. So you can correct that. Amit is saying the short term borrowing was 145 crore as per the balance sheet data. Is it correct Atulji?

Atul Aeron: Yeah.

Rakesh Arora: So 145 crore. But we are mentioning 88 plus 32. So we have repaid a little bit this year. Amit is saying that short-term borrowing was 145 crore as per the balance sheet data is this correct number or?

Ayush Bansal: This would be reflecting the LC capacity that we operate from bank for the imports of imported waste paper also.

Rakesh Arora: check. Yeah, please. Amit is saying Term loan alone is is 77 crore not37 crore. It is wrong?

Atul Aeron: No, just a minute.

Ayush Bansal: The term loan is not 77 crore.

Rakesh Arora: Amit, we can get back to you offline. The term loan is 37 crore and working capital is 88 crore. But if there are any further clarification, we will get back to you. You can reach out to Sakshi from our team and she'll be able to answer all your questions. So I think we have largely covered everything.

I think we had a decent year and congratulations on your listing. Thank you.

Atul Aeron: Yeah, term loan 77 crores is including unsecured loan.

Rakesh Arora: So what is that unsecured loan?

Atul Aeron : Unsecured loan from promoters, actors and other related parties.

Rakesh Arora: So what is the terms with the promoters? Is it interest bearing or interest free loan or how much we are paying for that?

Atul Aeron: Non-interest bearing.

Rakesh Arora: Sorry, normal?

Atul Aeron: No. Terminals from promoters are non-interest bearing.

Rakesh Arora: Okay, so I hope you know, Amit, your question is answered. And if there is any further question, you can just get back to our team.

Keshav Jha: Sir 1 last question. Sir, one last question. Right?

Rakesh Arora: Okay. So do you have to type? Sorry. Because I haven't allowed any Only one minute, sir. Only one minute, sir. You can type. We'll wait for you. Don't worry.

Please type your question. Okay. Okay. So, ayushi, you know so all eyes are on a five twenty seven when you ramp up your power capacity. But in the meantime, there would be some 7-8% growth that you are mentioning in a FY26.

And, when you go to B2C, what kind of difference, can it make, and what are the plans for going to b two c? Will it happen by FY27? We'll get some action, or, we'll have to wait for FY '28? Can you give us a little bit about B2c till we wait for, you know, Keshav's question?

Ayush Bansal : Rakesh Ji, let us, let us wait for the management to finalize the way forward on this.

Is this still in discuss with the management? So let us finalize a concrete plan and then get back to you on this, please. Okay.

Rakesh Arora: And, so Amit is still not satisfied with our debt. He says that the debt is too much.

And, so are there any plans, for what you do with your unsecured loan to the company? Will at some point be converted back to equity? Currently, you can't because you need 75%, free float.

Ayush Bansal: Yes. So let us strategically, plan this and then get back to the investors for this.

Rakesh Arora: Okay. So, Keshav, you are typing a question or you can, you know, just write it to us. We'll definitely come back to you with all the answers.

Keshav Jha: Sir, one more thing. Just one thing to ask.

There's 67 crores IPO fundraising, power plant cost in RHP around 85, like, something 86 crores, company allocated 50 crores so how will the balance portion allocated.

Ayush Bansal: There is a, there is a techno with viability by DNB also enclosed in the, RHP. This may the costings that is the total of the quotations given. Yes.

Counting the discounting given the total cost of CapEx will be 50 crores only, which is scheduled in the IPO proceeds. Okay. So 5 crore working capital you have allocate here. What will help up the company or case a better position? Working capital cycle is very weak. Operation losses from last three years

Ayush Bansal: we have 13-14% EBITDA. We are working well with the yes. We agree. Corrugation segment recycling receipts come for longer period. We are working on that.

We are trying to shift the specialty grid segment also to cover that up. But that is not that is why we haven't used for, debt reduction, and we have not used a very good amount for working capital. We are okay. We are managing well with that. Okay, sir.

Thank you. Thank you, Keshavji.

Rakesh Okay. So I think that concludes our call for today. Thank you, Ayush. Thank you, Anuj ji. Thank you, Atul.

Ayush Bansal: Thank you, Rakesh ji. Thank you, everyone, for joining us. Thank you for hosting the call, Rakesh ji.

Rakesh Arora: Thanks a lot. And anybody has any questions, please feel free to reach out to our team. We'll surely help you.